



STAFF REPORT ACTION REQUIRED

Design, Build and Operate a New Source Separated Organic Material Processing Facility at the Disco Road Transfer Station on a Sole Source Basis

Date:	October 26, 2009
To:	Public Works and Infrastructure Committee
From:	General Manager, Solid Waste Management Division Director, Purchasing and Materials Management Division
Wards:	All
Reference Number:	p:/2009/swms/Nov./018PW

SUMMARY

The purpose of this staff report is twofold: First, to advise City Council on the results of the Request for Proposal (RFP) 3907-09-7053 to Design/Build/Operate New Source Separated Organic Material Processing Facility at the Disco Road Transfer Station.

Two (2) Proponents responded to the RFP; Integrated Municipal Services Inc. (IMS) who submitted a Base Proposal, and AECOM Canada Ltd. (AECOM) who submitted a Base Proposal and also an Alternative Proposal. The Alternative Proposal submitted by AECOM did not pass the technical evaluation and did not proceed to the next stage of evaluation and its cost of services proposal was not opened. The other two (2) Proposals passed the technical evaluation and their cost of service proposals were opened. The AECOM-Base Proposal had the highest technical score and the lowest cost and therefore also had the highest total score and was ranked first.

The cost of service proposals for both Proponents exceeded the approved capital budget allocated for this project. As a result, staff cancelled the RFP.

Second, given the importance of this project to the City's waste diversion goals, the General Manager is requesting City Council authority for the General Manager, Solid Waste Management Services to negotiate with AECOM Canada Ltd. on a sole source basis for a contract to design, build and operate a new Source Separated Organic (SSO) material processing plant at the Disco Road Transfer Station and to subsequently report the outcome of the negotiations to City Council.

The RFP to purchase the required services failed to identify a successful Proponent with a cost of services proposal within the approved capital budget, therefore a request to enter into negotiations is being requested in this report. Reissuing the RFP with a revised scope of work is not a recommended alternative as it is not known exactly what changes to the scope of work are required to resolve the difference between the cost of services and the approved capital budget. Authority to negotiate with only AECOM Canada Ltd. on a sole source basis is being requested as they were the highest scoring proponent and the lowest cost.

In accordance with the Procurement Processes Policy approved by Council, section 3.0, item 2, a non-competitive procurement process (sole source) can be used if an attempt to purchase the required goods and services has been made in good faith using a competitive method and has failed to identify a successful supplier.

RECOMMENDATIONS

The General Manager, Solid Waste Management Services, and the Director, Purchasing and Materials Management, recommend that:

1. City Council authorize and direct the General Manager, Solid Waste Management Services, to enter into sole source negotiations with AECOM Canada Ltd. for a contract to design, build and operate a new facility to process the City's source separated organic material at the Disco Transfer Station site; and,
2. The General Manager, Solid Waste Management Services, report back to City Council on the results of the negotiation.

Financial Impact

The recommendations presented in this report have no financial implications.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

City Council on June 19, 20 and 22, 2007, considered Report PW6.1 "SSO Public Facility Business Plan – Recommendations of the Planning Study for Expanded Public SSO Processing Capacity" and adopted the following motions:

1. A new organics processing facility to process 55,000 tonnes of SSO using wet pre-treatment operations and anaerobic digestion be constructed at the Disco Transfer Station.
2. The Dufferin Organic Processing Facility be reconstructed to increase processing capacity to 55,000 tonnes of SSO using wet pre-treatment operations and anaerobic digestion.
3. Staff continue to explore public and private options for secondary processing of the digester solids material to be produced by the new SSO facilities, including the possible development of a secondary processing facility at a City-owned property external to the City.
4. The Acting General Manager of Solid Waste Management Services and the Director Purchasing and Materials Management be directed to issue a Request for Proposals (RFP) for contracted professional services to: provide contract administration services; conduct soils investigations at the Disco Transfer Station and Dufferin Waste Management Facility; prepare an RFP to design, build and operate the SSO processing facilities; and provide construction supervision services, and to report the results of the RFP to the Bid Committee.
5. The Acting General Manager of Solid Waste Management Services and the Director Purchasing and Materials Management be directed to issue a Request for Expressions of Interest (REOI) for the purposes of pre-qualifying and short-listing vendors of wet phase pre-processing technologies for SSO, such as hydropulping, and anaerobic digestion technologies.
6. The Acting General Manager of Solid Waste Management Services and the Director Purchasing and Materials Management be directed to issue a Request for Expressions of Interest (REOI) for the purposes of pre-qualifying and short-listing proponents to design, build and operate new SSO processing facilities employing processing technologies pre-qualified in accordance with Recommendation 5.
7. The Acting General Manager of Solid Waste Management Services and the Director Purchasing and Materials Management be directed to issue a Request for Proposals (RFP) to proponents pre-qualified in accordance with Recommendation 6, to design, build and operate, for a term of up to 5 years, two 55,000 tonne per year SSO processing facilities, one at the Disco Transfer Station and one at the Dufferin Waste Management Facility.
8. Staff be directed to include additional funding requirements for the new SSO processing facilities in future capital and operating budget submissions.

City Council Decision document can be viewed at (relevant pages from 64 to 65):
<http://www.toronto.ca/legdocs/mmis/2007/cc/decisions/2007-06-19-cc10-dd.pdf>

ISSUE BACKGROUND

In accordance with the 'Decision History' Recommendation No. 4 above, the Purchasing and Materials Management Division (PMMD) issued Request for Proposals 9117-08-7038 for Professional Engineering Services for the New Source Separated Organic Material Processing Facilities at the Disco Transfer Station and the Dufferin Waste Management Facility. The RFP resulted in the award of a contract to Conestoga Rovers & Associates.

In accordance with the 'Decision History' recommendation 5 above, in April 2008, the PMMD issued Request for Expressions of Interest (REOI) 6022-08-7136 for pre-qualification of source separated organic material processing systems. The purpose of the REOI was to pre-qualify respondents to provide SSO processing systems that:

- a) process SSO by wet pre-processing followed by anaerobic digestion; and,
- b) are capable of satisfying the City's functional requirements and performance objectives for SSO processing.

Through the REOI, two Pre-Qualified respondents providing SSO Processing Systems were selected; the system proposed by Ros Roca SA and the system proposed by Canada Composting Inc.

In accordance with the 'Decision History' Recommendation No. 7 above, RFP 3907-09-7053 for the Design / Build / Operate New Source Separated Organic Material Processing Facility at the Disco Road Transfer Station was issued by PMMD on March 31, 2009. The scope of work described in this RFP included:

- a) excavation, haulage and disposal of buried waste in preparation for the construction of the new SSO facility;
- b) design and construction of a new facility including a minimum of two separate processing trains to process 55,000 tonnes per year of SSO, and a minimum of one additional redundant processing train capable of processing 20,000 tonnes per year of SSO as contingency processing capacity, and including related systems for residue and digester solids management, odour control and treatment and wastewater treatment;
- c) the SSO processing trains to be based on one of the two SSO processing systems pre-qualified through REOI 6022-08-7136;
- d) design and construction of ancillary facilities including a new electrical sub-station for the Disco transfer station site, a new surface water management system, new and widened roads and paved areas, and including landscaping and site restoration;
- e) commissioning the new SSO facility including processing SSO during commissioning; and,

- f) operating the new SSO facility for a period of three years plus an optional extension for up to an additional two years at the discretion of the General Manager.

The RFP required Proponents to provide a proposal which responded to the requirements of the scope of work as set out in the RFP (the 'Base Proposal'), and also explicitly invited Proponents to express their suggestions for improvements to the work, which could have included improvements to the design or functional or performance specifications for the new SSO facility, in an optional and separate Proposal (the 'Alternative Proposal'). An Alternative Proposal, if submitted, would be evaluated using the same evaluation criteria stated in the RFP.

COMMENTS

The RFP was posted to and available for download from the City's on-line call document system on March 31, 2009. The RFP closed on August 21, 2009.

Two Proponents responded to the RFP, as follows:

- Integrated Municipal Services Ltd (IMS) utilizing Ros Roca SA technology, submitted a Base Proposal only; and,
- AECOM Canada Ltd. utilizing Canada Composting Inc. technology submitted a Base Proposal and also submitted an Alternative Proposal.

All Proposals satisfied the mandatory procedural requirements set out in the RFP document which included submission of separate Technical proposals and sealed cost of services proposals.

Following the selection process set out in the RFP, the technical proposals were evaluated by a Technical Selection Committee comprised of three City staff from Solid Waste Management Services (SWMS) and Technical Services Divisions and two (2) members of the consulting team. The evaluation process was facilitated by one co-facilitator from each of the Technical Services and Purchasing and Materials Management Divisions.

Technical proposals were evaluated against the criteria set out in the RFP and assigned a score out of a possible 100 points, with 60 points being the minimum score required for submissions to proceed to the next step of the selection process.

The Technical Selection Committee determined that the technical score of the AECOM-Alternative Proposal did not achieve the required minimum technical score of 60 points and therefore would not proceed to the next stage of the evaluation process and the corresponding cost of services proposal would not be opened.

The Technical Selection Committee determined that the IMS-Base and AECOM-Base technical proposals met or exceeded the minimum technical score requirement and therefore were eligible to proceed to the next stage of the evaluation process.

The cost of services proposals corresponding to the IMS-Base and AECOM-Base proposals were opened and evaluated by the Financial Selection Committee comprised of two City staff from SWMS Division and one City staff from each of the Technical Services and Finance Divisions and one representative of the consulting team. A cost score was calculated for each proposal and added to the technical score to produce a total score for each Base Proposal.

The AECOM-Base Proposal has the highest technical score and also the highest cost score, i.e., has the lowest cost.

Upon completion of the selection process, the AECOM-Base Proposal was ranked first with the highest total score.

The engineering estimate for the design, construction and commissioning phases of the work was \$ 64 million net of GST and including 10% contingency. Both Proponents, however, quoted construction costs for the SSO Facility building, including the structure and basic electrical and mechanical systems, which exceeded the estimated costs for these items. The estimated costs were based on current actual costs for the construction of similar buildings in the Greater Toronto Area.

As a result of the over-budget Proposals, PMMD and SWMS staff cancelled the RFP. The RFP to purchase the required services using the competitive RFP method has failed to identify a successful Proponent with a cost of services proposal within the approved capital budget, therefore a request to enter into negotiations is being requested in this report. Reissuing the RFP with a revised scope of work is not recommended as the changes to the scope of work necessary to resolve the difference between the cost of services and the approved capital budget will be revealed only through discussions with AECOM Canada Ltd. Given the importance of this project to the City's waste diversion goal and the importance of this project within SWMS's business plan, the General Manager, SWMS, is requesting City Council authority to negotiate with AECOM Canada Ltd. on a sole source basis for a contract to design, build and operate a new SSO material processing plant at the Disco Road Transfer Station and to subsequently report the outcome of the negotiations to City Council.

The Procurement Processes Policy, which was approved by Council, allows for a non-competitive procurement process (sole source) when an attempt to purchase the required goods and services has been made in good faith and has not identified a successful supplier.

Proponent's scores, financial comparison and staff analysis of the evaluation results can be provided to Councillors in an in-camera presentation if requested by Committee members.

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SIGNATURE

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