



STAFF REPORT ACTION REQUIRED

Extension to Operations Contract 47012597 at the Green Lane Landfill

Date:	April 27, 2012
To:	Public Works and Infrastructure Committee
From:	Acting General Manager, Solid Waste Management Services Acting Director, Purchasing and Materials Management Division
Wards:	All
Reference Number:	P:2012/SWMS/May/005PW (AFS #15539)

SUMMARY

The purpose of this report is to request authority from City Council to exercise the final twelve (12) month extension clause in Contract 47012597 for the period from April 1, 2013 to March 31, 2014 with CRA Landfill Operations Limited for operation of the Green Lane Landfill. Following Council instructions, staff in 2007, negotiated and entered into an Operations Contract with CRA Landfill Operations Limited for a period of five (5) years with the option of extending the contract of up to two (2) possible twelve (12) month extensions subject to Council approval.

This will increase the Purchase Order for Contract 47012597 by \$16,608,770.00, from \$51,426,130.00 to \$68,034,900.00 excluding taxes.

RECOMMENDATIONS

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

1. City Council authorize the Acting General Manager of Solid Waste Management Services to extend Contract 47012597, between the City of Toronto and CRA Landfill Operations Limited for the operation of the Green Lane Landfill for the second and final twelve (12) month extension for the period from April 1, 2013 to March 31, 2014 and to increase the contract value by \$16,608,770.00, from \$51,426,130.00 to \$68,034,900.00 excluding taxes.

Financial Impact

The cost of the work associated with exercising the second and final twelve (12) month extension for 2013/2014 in the CRA Landfill Operations Limited Contract for the period April 1 2013 through to March 31, 2014 is \$16.609 million excluding taxes, or \$16.901 million net of HST recoveries. The level of funding should be considered as a maximum expenditure as waste tonnages received at the landfill are generally declining year over year and are paid on an established rate per tonne. Funding for Contract 47012597 will be provided from the Green Lane Landfill Operating Budget Cost Centre SW0901 and Capital Budget WBS No. CSW007 as follows:

Cash Flow by Year (\$000s) (Net of HST Recoveries) (CRA Landfill Operations Limited)

Year	Operating –SW0901	Capital – CSW007	Total
2013	7,765	4,911	12,676
2014	2,588	1,637	4,225
Total	10,353	6,548	16,901

The Approved 2012 Operating Budget provides for \$7.7 million for contracted landfill management. The operating expenses in this extension year of the Operations contract are estimated to be \$10.4 million. The increase in expense in the order of \$2.7 million is primarily due to tonnage and other contingency allowances (\$2.13 million), leachate treatment plant and landfill gas control operation and maintenance (\$0.2 million), and other operating expenses (\$0.04 million). The 2013/2014 future years' estimated operating expenses will be submitted as part of the Solid Waste Management Services Operating Budget in each corresponding year in Cost Centre SW0901 (Green Lane) and will be subject to budget approval.

The Approved 2013-2021 Capital Plan for Solid Waste Management Services currently has \$13.517 million in cash flow commitments from 2013 to 2014 to provide for required work at the Green Lane Landfill. There is no change required to the cash flow commitments by exercising the second and final twelve (12) month extension in the CRA Landfill Operations contract.

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

DECISION HISTORY

On September 19, 2006, City Council issued instructions to staff, and in so doing, adopted, as amended, the confidential report (September 18, 2006) from the General Manager, Solid Waste Management Services, and the Deputy City Manager and Chief Financial Officer, entitled “Long Term Waste Disposal Capacity”.

City Council Decision document can be viewed at:

<http://www.toronto.ca/legdocs/2006/agendas/council/cc060919sp/cofa.pdf>

In accordance with City Council instructions, staff negotiated and entered into an Operations Contract with CRA Landfill Operations Limited, Contract 47012597, which was executed on March 29, 2007. This Operations Contract was for a period of five years, with two (2) possible twelve (12) month extensions and provided for the day-to-day operations of the Green Lane Landfill.

The Operations Contract was amended in 2009 when City Council approved an amendment to the 10-Year Capital Plan and Forecast for Solid Waste Management Services that advanced cell development at the Landfill, with an additional cell to be constructed in 2010. This necessitated a change in the sequence and scope of Landfill development and operations to be performed by the Operator.

City Council Decision document “EX31.3 – Amendment of the Capital Plan for Green Lane Landfill to Accelerate Cell Excavation and Base Construction” can be viewed at:

<http://app.toronto.ca/tmmis/viewPublishedReport.do?function=getCouncilDecisionDocumentReport&meetingId=2205>

The Operations Contract was amended in 2011 when Council approved the first twelve (12) month extension. Under this extension, the City of Toronto and CRA Landfill Operations Limited have developed and agreed upon a list of items and related costs to be added as a new payment schedule, Schedule “2C” to the 2011 Amending Agreement to cover additional cost, beyond the Operating Fee, to be incurred in the Extension Year.

City Council Decision document “PW3.2 – Extension to Operations Contracts 47012597 at the Green Lane Landfill” can be viewed at:

<http://app.toronto.ca/tmmis/viewPublishedReport.do?function=getCouncilDecisionDocumentReport&meetingId=4417>

ISSUE BACKGROUND

On November 7, 2011 the City issued RFP No. 3907-11-3073 to provide for the Operations, Maintenance and Construction Services for the Green Lane Landfill.

The City received two (2) submissions, however, they were both over-budget and the Request for Proposal was cancelled as a result. Solid Waste Management Services staff believe that it is prudent to extend the existing contract with CRA Landfill Operations Limited as staff need time to review the Request for Proposal, and the 10-year Capital Budget and make necessary improvements to ensure that the next Request for Proposal will be successful. This will also allow staff to clarify tonnage estimates as we refine our Target 70 Strategy.

COMMENTS

CRA Landfill Operations Limited has been the Operations Contractor since the City of Toronto began Operating the landfill in 2007. Operating costs provided by CRA Landfill Operations Limited are competitive and representative of the required work, and the Acting General Manager of Solid Waste Management Services is satisfied with the quality of work performed by CRA Landfill Operations Limited.

The existing Landfill Operations contract requires the Contractor to provide, amongst other things, the following services:

- Disposal operations for solid waste, including all labour and administration, parts and equipment, materials supply, fuel, and maintenance and repairs to equipment to carry out these operations;
- Installation and operation of Landfill Gas Control Systems;
- Installation and operation of the Leachate Control Systems, including the operation of the on-site Leachate Treatment Plant;
- Operation and maintenance of the weigh-scales; and
- Ancillary activities which include dust, odour and litter control, snow and ice removal, general property maintenance and site security.

Prior to the expiry date of March 31, 2014, staff will prepare a Request for Proposal to provide future operations services at the Green Lane Landfill. The competitive bidding process will be completed in time to have the new long-term contract in place at the end of the second extension year.

CONTACT

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SIGNATURE

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