



REPORT FOR ACTION

Contract Award: Request for Quotation No. 6033-19-0109 for Waste Transport Services from the City of Toronto Transfer Stations to the Green Lane Landfill and Alternate Landfill Sites

Date: May 27, 2019

To: Infrastructure and Environment Committee

From: General Manager, Solid Waste Management Services and Chief Purchasing Officer, Purchasing and Materials Management Division

Wards: All

SUMMARY

This report advises on the results of Request for Quotation (RFQ) No. 6033-19-0109 for Waste Transport Services from the City of Toronto's Transfer Stations to the Green Lane Landfill and Alternate Landfills and requests authority to award two (2) separate Contracts to two (2) separate vendors. Verspeeten Cartage Ltd. is being recommended for an award for Districts 1 and 3 in the amount of \$104,590,034 net of all taxes, (\$106,430,819 net of HST recoveries) and Laidlaw Carriers Bulk GP Inc. is being recommended for award for Districts 2 and 4 in the amount of \$86,767,244 net of all taxes, (\$88,294,348 net of HST recoveries) each for a term of ten (10) years beginning January 1, 2021 and ending December 31, 2030.

RECOMMENDATIONS

The General Manager, Solid Waste Management Services and the Chief Purchasing Officer, recommend that:

1. City Council authorize the General Manager of Solid Waste Management Services, to enter into two (2) separate Contracts with two (2) separate vendors for Waste Transport Services as a result of Request for Quotation No. 6033-19-0109 for Waste Transport Services from the City's Transfer Stations to the Green Lane Landfill and Alternate Landfills, for a term of ten (10) years each beginning January 1, 2021 and ending December 31, 2030, all in accordance with all specifications, terms and conditions set out in the solicitation being the lowest bidders meeting specifications as follows:

(a) Verspeeten Cartage Ltd. for Districts 1 and 3 in the amount of \$104,590,034 net of all taxes, \$106,430,819 net of HST recoveries and \$118,186,739 including all applicable taxes and charges. All prices include allowances for a Fuel Surcharge and Contingency Transport Services.

(b) Laidlaw Carriers Bulk GP Inc. for Districts 2 and 4 in the amount of \$86,767,244 net of all taxes, \$88,294,348 net of HST recoveries and \$98,046,986 including all applicable taxes and charges. All prices include allowances for a Fuel Surcharge and Contingency Transport Services.

FINANCIAL IMPACT

The total cost to the City is \$194,725,166 net of HST recoveries, \$216,233,724 including all applicable taxes and charges and \$191,357,278 net of all applicable taxes and charges including allowances for Fuel Surcharges and Contingency Transport Services.

For award purposes, the estimated tonnages remains the same annually for each of the two (2) Contracts; however, this may increase or decrease each year. Request for Quotation No. 6033-19-0109 requested bids based on estimated annual tonnages for District 1 and District 3 (Contract A), and District 2 and District 4 (Contract B) for a term of ten (10) years each.

The two (2) Contract values are:

Contract A - District 1 and District 3 award to Verspeeten Cartage Ltd.

Year	Estimated Annual Tonnage	Estimated Annual Loads	Total General Transport Price Net of HST	Allowance for Fuel Surcharge Net of HST	Contingency Net of HST	Total Price , Net of HST
2021	282,708	7,440	\$8,135,437	\$813,544	\$200,000	\$9,148,981
2022	282,708	7,440	\$8,379,500	\$837,950	\$200,000	\$9,417,450
2023	282,708	7,440	\$8,630,885	\$863,089	\$200,000	\$9,693,974
2024	282,708	7,440	\$8,889,812	\$888,981	\$200,000	\$9,978,793
2025	282,708	7,440	\$9,156,506	\$915,651	\$200,000	\$10,272,157
2026	282,708	7,440	\$9,431,201	\$943,120	\$200,000	\$10,574,321
2027	282,708	7,440	\$9,714,137	\$971,414	\$200,000	\$10,885,551
2028	282,708	7,440	\$10,005,561	\$1,000,556	\$200,000	\$11,206,117
2029	282,708	7,440	\$10,305,728	\$1,030,573	\$200,000	\$11,536,301
2030	282,708	7,440	\$10,614,900	\$1,061,490	\$200,000	\$11,876,390
Total	2,827,080	74,400	\$93,263,668	\$9,326,367	\$2,000,000	\$104,590,034

Contract B - District 2 and District 4 award to Laidlaw Carriers Bulk GP Inc.

Year	Estimated Annual Tonnage	Estimated Annual Loads	Total General Transport Price 1,3 Net of HST	Allowance for Fuel Surcharge Net of HST	Contingency	Total Price Net of HST
2021	222,512	5,856	\$6,722,081	\$672,208	\$200,000	\$7,594,290
2022	222,512	5,856	\$6,923,744	\$692,374	\$200,000	\$7,816,118
2023	222,512	5,856	\$7,131,456	\$713,146	\$200,000	\$8,044,602
2024	222,512	5,856	\$7,345,400	\$734,540	\$200,000	\$8,279,940
2025	222,512	5,856	\$7,565,762	\$756,576	\$200,000	\$8,522,338
2026	222,512	5,856	\$7,792,735	\$779,273	\$200,000	\$8,772,008
2027	222,512	5,856	\$8,026,517	\$802,652	\$200,000	\$9,029,169
2028	222,512	5,856	\$8,267,312	\$826,731	\$200,000	\$9,294,043
2029	222,512	5,856	\$8,515,332	\$851,533	\$200,000	\$9,566,865
2030	222,512	5,856	\$8,770,792	\$877,079	\$200,000	\$9,847,871
Total	2,225,120	58,560	\$77,061,131	\$7,706,113	\$2,000,000	\$86,767,244

The total value of the work for the two (2) Separate Contracts are:

Contract A: Districts 1 and 3	\$104,590,034
Contract B: Districts 2 and 4	\$86,767,244
Total Contract A + Contract B	\$191,357,278
Total including 13% HST	\$216,233,724
Total Net of HST Recoveries	\$194,725,166

1. The above costs reflect a three (3%) percent increase in the Consumer Price Index for the years 2022 through 2030.

2. For award purposes, the above costs reflect a ten (10%) percent potential increase in the Allowance for Fuel Surcharge.

The RFQ contains a Fuel Adjustment Formula. The Fuel Adjustment Formula allows an equal start point from which all Contractors may apply fuel related costs. With this approach, the City manages risk by not building in potential higher contract costs to account for unknown future diesel pricing. Diesel pricing is based on market pricing. A Fuel Surcharge Fee will be added to, or subtracted from, the General Transport Price to allow for fluctuations in diesel fuel and/or dual fuel (diesel/CNG) price through to 2030. When the Ontario Ministry of Energy and Infrastructure, Southern Ontario average weekly published prices for diesel equals \$1.063/litre the Fuel Adjustment Formula will equal zero (\$0.00).

Fuel Adjustment Formula:

$(\text{Travel Distance}/\text{Fuel Consumption Rate}/1 \times \text{Adjusted Fuel Rate}) - (\text{Travel Distance}/\text{Fuel Consumption Rate}/1 \times \text{Base Fuel Rate}) = \text{Change to Price/ Load}$

3. General Transport Price information is reflective of Appendix "C" Price Form as provided by Bidders for Request for Quotation No. 6033-19-0109. The calculation: (estimated number of loads per year) x (general price per load)

Solid Waste Management Services will budget for the appropriate amounts in the Operating Budget in each corresponding year. Green Lane Landfill Site will be charged to Cost Centre SW0902 (Green Lane – Net Disposal Savings), Cost Element 4416 (Transfer Haulage) and Alternate Landfills will be charged to Cost Centre SW0664 (Ontario Landfill Disposal Contract), Cost Element 4416 (Transfer Haulage). For Year 1 of the contract starting January 1, 2021, the following will be the budget requested:

Cost Centre	Cost Element	Estimated budget, Net of HST Recoveries
SW0902	4416	\$ 15,494,444
SW0664	4416	\$ 1,543,507
	Total	\$ 17,037,952

4. The \$200,000 annual value for Contingency Transport Services is reflective of Appendix "E" Price Form as provided by Bidders for Request for Quotation No. 6033-19-0109. The service pricing for Unforeseen Circumstances as requested and approved by the City's Contract Manager based on an itemized hourly rate and/or kilometer rate.

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

DECISION HISTORY

The City of Toronto currently has a Waste Transport Service Contract with Verspeeten Cartage Ltd. for the transport of the City's residual waste at the Green Lane Landfill (Request for Quotation No. 6033-09-3077) and Alternate Landfills (PW4.6 "Haulage costs to the contingency sites are based on the bid rates from Verspeeten Cartage Ltd. as provided in the 2009 Haulage RFQ, adjusted for distance and load turn-around time." <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2011.PW4.6>) These two (2) Contracts will expire on December 31, 2020 and August 31, 2021.

COMMENTS

The City of Toronto's Solid Waste Management Services (SWMS) Division receives solid waste at seven (7) transfer stations. These wastes are required to be subsequently transferred by contracted services on a daily basis to the Green Lane Landfill and, when required, to the Alternate Landfills for final disposal by landfilling.

On March 11, 2019, the City issued Request for Quotation No. 6033-19-0109 for the provision of Waste Transport Services from the City of Toronto's Transfer Stations to the Green Lane Landfill and Alternate Landfills. The Request for Quotation closed on April 15, 2019.

Bidders were requested to specify the General Transport Price per kilometer (km) and General Transport Price per Load (based on 38 tonnes per load for diesel and dual fuel (diesel/CNG) trucks and 28 tonnes per load for CNG trucks to transport loads from Transfer Stations to the Green Lane Landfill Site and Alternate Landfill Sites.

Transfer Stations are located in four (4) districts as determined by SWMS as follows:

District 1 (West of Humber River): Disco Transfer Station

District 2 (West of Yonge St.): Dufferin and Ingram Transfer Stations

District 3 (East of Yonge St.): Bermondsey, Commissioners, and Victoria Park Transfer Stations

District 4 (East of Victoria Park): Scarborough Transfer Station

The RFQ stated that the City will not award a Contract to provide Waste Transport Services in Districts 1 and 3 and Districts 2 and 4 to the same Contractor. The award of two (2) separate Contracts eliminates the reliance on one (1) Contractor providing all Waste Transport Services while providing for Contingency Transport Services in the event that one Contractor fails to perform the work.

The RFQ also extended aspects of the requirements of the City's Social Procurement Program – Workforce Development to include:

The Bidder shall strive and make attempts to:

- Hire up to 2 new staff per year to be trained to achieve an MTO Class AZ driver's licence and to perform work for the duration of this contract.
- Hiring will be targeted to people who identify with an equity-seeking group, specifically indigenous persons.
- The City of Toronto agrees to pay the training costs for up to two (2) new hires per year directly to an approved Ontario designated school upon receipt of the registration and invoice from the Bidder.

In the event the Contractor fails to meet the Waste Transport Service standards set out in the terms of the RFQ, liquidated damages were set as described in the table below:

Default of Contractor Obligations	Liquidated Damages	Relevant Section of RFQ or Form of Agreement
Missed Loads exceed 10 percent of total Schedule loads	\$200 for each Missed Load, after the 10 percent threshold has been exceeded	Form of Agreement, Section 9.02
Failure to load Trailer within scheduled loading hours	\$200/hour outside of scheduled loading hours	Form of Agreement, Section 9.02 RFQ, Section 9.9.10 - Forecast Loading and Transport Schedule
Failure to unload Trailer within the Green Lane Landfill or Alternate Landfill operating hours	\$200/hour outside of the relevant landfill's operating hours	Form of Agreement, Section 9.02 RFQ, Section 9.9.16 -Landfill disposal hours of operations

Five (5) Bidders responded to the Request for Quotation. Bids were received for Price Schedules "A" and "B" for trucks utilizing diesel and dual fuel (diesel/Compressed Natural Gas) and no Bids were received for Price Schedules "C" and "D" for trucks utilizing Compressed Natural Gas (CNG) fuel as summarized in Table 1.

Table 1: Bid Prices for Diesel and Dual Fuel

	Price Schedule "A" Diesel Fuel and Dual Fuel (Diesel/CNG) Districts 1 and 3	Price Schedule "B" Diesel Fuel and Dual Fuel (Diesel/CNG) Districts 2 and 4
Bidder	Total Price net of HST for Year 1 – 2021	Total Price net of HST for Year 1 – 2021
Verspeeten Cartage Inc.	\$8,135,437	\$6,750,806
Laidlaw Carriers Bulk GP Inc.	\$8,890,475	\$6,722,081
Challenger	\$8,901,212	\$6,917,088
GFL Environmental Inc.	\$9,386,075	\$8,376,724
Waste Management Inc.	\$10,810,736	\$8,933,265

The following tables list the 2018 Actual Tonnage Data transported from the Transfer Stations located in the various districts formulating the basis for bids under the RFQ.

Table 2: 2018 Actual Tonnage Data Districts 1 and 3

Tonnage Report January 1 to December 31, 2018: Districts D1 and D3					
Green Lane Landfill (GLL)			Alternate Landfills (AL)		
District	Transfer Station	Tonnes	District	Transfer Station	Tonnes
D1	Disco	76,573.25	D1	Disco	3,909.87
D3	Bermondsey	121,002.40	D3	Bermondsey	5,464.50
D3	Commissioners	28,530.15	D3	Commissioners	531.80
D3	Victoria Park	42,298.87	D3	Victoria Park	4,396.85
Total Tonnes Transported to GLL		268,404.67	Total Tonnes Transported to AL		14,303.02
Total tonnage transported from D1 +D3					282,707.69

Table 3: 2018 Actual Tonnage Data Districts 2 and 4

Tonnage Report January 1 to December 31, 2018: Districts D2 and D4					
Green Lane Landfill (GLL)			Alternate Landfills (AL)		
District	Transfer Station	Tonnes	District	Transfer Station	Tonnes
D2	Dufferin	34,632.07	D2	Dufferin	595.47
D2	Ingram	95,001.55	D2	Ingram	12,601.27
D4	Scarborough	74,365.26	D4	Scarborough	5,316.36
Total Tonnes Transported to GLL		203,998.88	Total Tonnes Transported to AL		18,513.10
Total tonnage transported from D2 +D4					222,511.98

The lowest Bid for Price Schedule "A" - Districts 1 and 3 for Year 1 was submitted by Verspeeten Cartage Ltd. in the amount of \$8,135,437 net of HST. The lowest bid for Price Schedule "B" - Districts 2 and 4 for Year 1 was submitted by Laidlaw Carriers Bulk GP Inc. in the amount of \$6,722,081 net of HST.

The Fair Wage Office has reported that the recommended firm has indicated that it has reviewed and understands the Fair Wage Policy and labour Trades requirements and has agreed to comply fully.

In order to facilitate the successful vendors lead time to order and receive the necessary tractors and trailers required to perform the services of this contract, these Contracts must be awarded approximately one (1) year in advance of the start date.

CONTACT

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