



## STAFF REPORT ACTION REQUIRED

### Contract Award for Green Lane Landfill Development – Request for Proposal No. 3907-12-3192

<b>Date:</b>	April 22, 2013
<b>To:</b>	Public Works & Infrastructure Committee
<b>From:</b>	General Manager, Solid Waste Management Services Director, Purchasing and Materials Management Division
<b>Wards:</b>	All
<b>Reference Number:</b>	P:\2013\Cluster B\SWM\May\006PW (AFS #16673)

#### SUMMARY

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The purpose of this report is to advise on the results of the Request for Proposal No. 3907-12-3192 for Operations, Maintenance and Construction Services at the Green Lane Landfill for a term of seven (7) years plus one (1) month, with the option to extend the term for two (2) additional one (1) year periods; and to request authority to enter into an agreement with CRA Landfill Operations Limited, being the highest scoring proponent.

#### RECOMMENDATIONS

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**The General Manager of Solid Waste Management Services and the Director of Purchasing and Materials Management Division recommends that:**

1. City Council authorize the General Manager, Solid Waste Management Services, to negotiate and enter into an agreement with CRA Landfill Operations Limited for the Operations, Maintenance and Construction Services at the Green Lane Landfill being the highest scoring proponent meeting the requirements of Request for Proposal No. 3907-12-3192 for a term of seven (7) years plus one (1) month, with two (2) additional separate one (1) year extensions exercisable at the sole discretion of the General Manager of Solid Waste Management Services, subject to ongoing budget approval, based on the terms and conditions set out in the Request for Proposal, the addenda and on such other terms and conditions satisfactory to the General Manager, Solid Waste Management Services and in a form satisfactory to the City Solicitor, at a

cost not to exceed a total amount of \$205,493,603.00 net of all taxes (\$209,110,290.52 net of HST Recoveries) including disbursements, provisional allowances and contingencies.

## Financial Impact

The total seven (7) year plus one (1) month Operations, Maintenance and Construction Services (“Operations”) contract cost with the option to extend for two (2) additional separate one (1) year periods to March 31, 2023, is \$205,493,603.00 excluding taxes or \$209,110,290.52 net of HST recoveries.

The current total estimate of \$209.111 million includes \$109.868 million attributed to capital funding and \$99.243 million operating funding which will ensure that sufficient landfill capacity is available to fulfill the City of Toronto’s future waste disposal needs, as well as provisional items for an accelerated development schedule, if necessary.

Funding for the Agreement will be provided from the Green Lane Landfill Capital Budget WBS#CSW007 and Operating Budget Cost Centre SW0901 as follows:

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

Year	Operating Budget SW0901 (Contract Operating Costs Including Proportioned Contingency)	2014 - 2022 Available Capital Budget CSW007	Capital Budget CSW007 (Contract Capital Costs Including Proportioned Contingency)	Total Cost for Operating Contract
April 1, 2014 - March 31, 2015	\$12,407	\$11,558	\$11,497	\$23,904
April 1, 2015 - March 31, 2016	\$12,457	\$11,680	\$10,040	\$22,497
April 1, 2016 - March 31, 2017	\$10,613	\$12,543	\$10,773	\$21,386
April 1, 2017 - March 31, 2018	\$10,881	\$14,978	\$11,918	\$22,799
April 1, 2018 - March 31, 2019	\$11,175	\$16,956	\$15,203	\$26,378
April 1, 2019 - March 31, 2020	\$11,514	\$16,733	\$12,842	\$24,356
April 1, 2020 - March 31, 2021	\$11,805	\$15,437	\$13,267	\$25,072
<b>7-Year Total</b>	<b>\$80,852</b>	<b>\$99,885</b>	<b>\$85,541</b>	<b>\$166,393</b>
<b>Option</b> April 1, 2021 - March 31, 2022	\$9,062	\$12,343	\$11,358	\$20,420
<b>Option</b> April 1, 2022 - March 31, 2023	\$9,329	\$12,696	\$12,970	\$22,299
<b>9-Year Total</b>	<b>\$99,243</b>	<b>\$124,923</b>	<b>\$109,868</b>	<b>\$209,111</b>

The above costs reflect a 2.2% per year increase in the Consumer Price Index and a Fuel Price Surcharge of 2% for any given year for the Operating Costs and a 2.7% per year increase in the Consumer Price Index and a Fuel Price Surcharge of 2% for any given year for the Capital Costs. The respective Consumer Price Index increase for the Operating and Capital Costs are consistent with the general rate used in the 2013 Operating and Capital Budgets.

The above costs include a proportioned operating contingency of \$20,352,000 (net of HST recoveries) for operating costs and a contingency of \$20,352,000 (net of HST recoveries) for capital costs. In addition, the approved Capital cash flow plan for Cell Excavation and Base Construction for the year 2021 has been adjusted to include a deferral of \$0.274 million to the year 2022 in order to meet the estimated requirements of this RFP.

Technical Services staff and Golder Associates Ltd. have reviewed the rates provided by CRA Landfill Operations Limited and have found them to be reasonable.

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

## **DECISION HISTORY**

On May 17, 18 and 19, 2011, City Council adopted “PW3.2 – Extension to Operations Contract 47012597” at the Green Lane Landfill.

The City Council Decision document can be viewed at:

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

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”.

The City Council Decision document can be viewed at:

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

## **ISSUE BACKGROUND**

Since the City began operating the Green Lane Landfill in March 2007, CRA Landfill Operations Limited has had a contract with the City for the landfill operations, maintenance and construction. The final year of the current contract for the operation of the Landfill will expire on March 31, 2014.

## **COMMENTS**

Currently, Solid Waste Management Services (“SWMS”) has two agreements in place. One agreement is for the operations and maintenance which includes land filling of municipal waste, the operation and maintenance of the existing leachate collection system, leachate treatment, landfill gas collection system, and flares, the installation maintenance and operation of future environmental controls, the interim and final capping of filled landfill cells, as well as other operation and maintenance work associated with the landfill. The second agreement is for the construction and excavation of landfill cells.

The recently released Request for Proposal combines both the Operations, Maintenance and Construction Services contract, maintenance activities and the excavation of landfill cell construction activities under one contract.

### **Fairness Monitor**

Due to the complexity of combining both the operations and maintenance activities and the landfill cell construction activities under one contract, and due to the financial impact of this call, it was determined that it would be prudent to retain a fairness consultant to oversee the various stages of the procurement process and provision of oversight and advice for the Request for Proposal. As a result, a Request for Quotation by Purchasing and Materials Management was issued and a contract awarded to Knowles Consultancy Services Inc. This ensured that the entire process for the Request for Proposal was carried out in a fair, open and transparent manner. The Fairness Consultant has provided an attestation report to that effect, and is attached to this report as Attachment 1.

### **The Request for Proposal**

On December 3, 2012 Request for Proposal 3907-12-3192 (the “RFP”) was issued by Purchasing and Materials Management Division for the Operations, Maintenance and Construction Services for the Green Lane Landfill which included:

- the landfilling of municipal waste;
- operation and maintenance of existing and future environmental controls;
- excavation of landfill cells;
- installation of the leachate and landfill gas collection system, and;
- the capping of multiple landfill cells.

The term for these services would be seven (7) years plus one (1) month term commencing on April 1, 2014 with an option to extend for (2) two additional separate one (1) year periods on December 3, 2012. The RFP was available for download on the City’s internet website and the closing date for the submissions to the RFP was January 28, 2013. Thirteen firms

either downloaded the document from the Purchasing and Materials Management Division website or purchased a hard copy of the RFP document. A total of three addenda were issued in response to the questions sent to Purchasing and Materials Management Division prior to the closing date. A mandatory site meeting was held on December 12, 2012 at the Green Lane Landfill site, as stated in the RFP to allow the proponents to inspect the site, and to ascertain the full extent of the scope of work. A second optional site meeting was held on December 19, 2012 to allow the proponents an additional opportunity to re-inspect the site.

### **Evaluation of the Proposal submissions**

A total of two submissions were received for the Operation, Maintenance and Construction of the Landfill:

1. CRA Landfill Operations Limited; and
2. Waste Management Services Inc.

A formal Selection Committee comprised of eight (8) members, four (4) from SWMS, two (2) from Engineering and Construction Services, and two (2) from Golder Associates Limited, evaluated the technical proposals in compliance with the criteria set out in the RFP. The official point of contact from Purchasing and Materials Management Division and the fairness monitor from Knowles Consultancy Services Inc. provided guidance and observed the evaluation process of the RFP from a fairness perspective. In addition, a member from Engineering and Construction Services acted as a facilitator for the Selection Committee.

The RFP submissions were divided into three stages and evaluated as follows:

- Stage 1 - Mandatory Evaluation Pass/Fail;
- Stage 2 - Detailed Technical Evaluation;
- Stage 3 - Financial Evaluation.

The RFP technical submissions were evaluated independently first and then jointly by all members of the Selection Committee all in accordance with a set of pre-established criteria in the RFP. Final scores for the technical submissions were arrived at by consensus. In compliance with the RFP, a list of mandatory requirements had to be passed and a threshold score of 75% or 56.3 points had to be met by each technical proposal as a minimum requirement for further consideration and review of the separate cost proposal.

The technical proposals from CRA Landfill Operations Limited and Waste Management Services Inc. met the mandatory requirements and exceeded the minimum technical threshold. Their separate cost proposals envelopes were opened and reviewed. The cost proposals were evaluated in compliance with the RFP, and the scores for the cost proposal were added to the technical scores.

Upon completion of the evaluation process, the proposal submitted from CRA Landfill Operations Limited was ranked first having the highest overall technical score and providing

the lowest cost of services. The Selection Committee concluded that the proposal submitted by CRA Landfill Operations Limited satisfied the requirements of the RFP and staff are recommending the City to enter into an Agreement with CRA Landfill Operations Limited being the highest scoring proponent.

The Fair Wage Office has reported that the recommended firm has indicated that they have reviewed and understand the Fair Wage Policy and Labour Trades requirements and that both firms have agreed to comply fully.

Proponent scores by criteria, price comparison and staff analysis of the evaluation results can be provided to Councillors in an in-camera presentation if requested by members of City Council.

## **CONTACT**

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## **SIGNATURE**

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Jim Harnum, CET, MBA  
General Manager  
Solid Waste Management Services

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Michael Pacholok  
Director  
Purchasing and Materials Management  
Division

## **ATTACHMENT**

Attachment 1 - Knowles Consultancy Services Inc. – Fairness Consultant Report