



Future Curbside Waste Collection Service Delivery East of Yonge Street

January 18, 2017

Public Works and Infrastructure Committee

Item PW 18.3

Future Curbside Waste Collection Service
Delivery East of Yonge Street

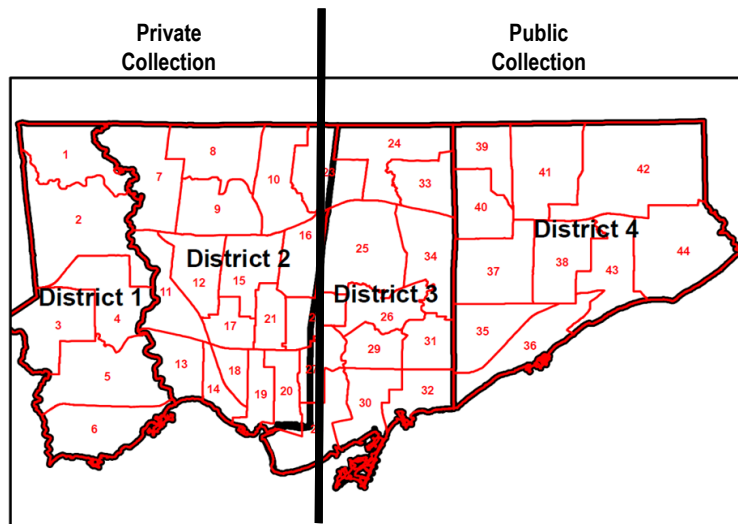
Original Report Direction (2015)

- Original Report included the following statements:
 - There have been productivity improvements for in-house collection following the decision to contract out District 2. Provided that these gains are sustained and improved, the best value and lowest risk to the City of Toronto at this time is to continue with the current model. A blend of in-house and private sector service provision also manages operational and financial risk and provides flexibility for the curbside waste collection system to adapt to changes.
 - Remaining with the current collection cost model for an additional two years represents the best course of action at this time based on the analysis that was undertaken.

Supplemental Report Rationale

- Since September 2015, circumstances have changed, resulting in the need for an update to the original Staff Report, including:
 - additional detailed analysis completed as part of the 2017 budget process;
 - additional fleet analysis completed in 2016;
 - implications from the 2016 ratified collective agreement with TCEU, LOCAL 416 - CUPE;
 - 2015 collection metrics data now available;
 - information related to a new contract for waste collection services in District 1 (Etobicoke area) which began July 1, 2015; and,
 - staffing and financial related challenges as a result of the lack of clarity on future waste collection service provision direction.

Current Arrangement Overview



* Yonge St. is the dividing line between District 2 and District 3.

Service Provider	District	Stops (2015)	Special Features
Contracted	District 1 (D1)	66,097	<ul style="list-style-type: none"> Suburban, medium density and industrial areas developed after WW2
	District 2 (D2)	155,594	<ul style="list-style-type: none"> Urban, congested streets, on-street parking, south of Eglinton Avenue Suburban north of Eglinton Avenue
In house	District 3 (D3)	116,271	<ul style="list-style-type: none"> Urban, congested streets, on-street parking, south of Eglinton Avenue Suburban north of Eglinton Avenue Toronto Islands Collection Shared yard/vehicles with Night time collection
	District 4 (D4)	121,207	<ul style="list-style-type: none"> Suburban, medium density and industrial areas developed after WW2
	Toxic Taxi (city-wide)	490,970	<ul style="list-style-type: none"> Service for all Districts provided by District 3 Call in, on demand service Included in District 3 costs
	Nights (city-wide)	31,801	<ul style="list-style-type: none"> Commercial collections for all Districts, RUAC (Residential Units Above Commercial), and other customers types

Current Situation Analysis

- **Waste Diversion Rates by District**
 - Minimal difference between districts attributable to Service Providers.
- **Customer Service Performance**
 - Minimal difference between districts attributable to Service Providers.
- **Fleet Overview**
 - Current state of fleet offsetting any in-house efficiencies realized.
- **Staffing and Labour Relations Overview**
 - See Confidential Attachment #2
- **Financial Performance**
 - See Confidential Attachment #3

Objectives

Provide



Safe	Public vs. Private	No Difference <ul style="list-style-type: none">Mandatory compliance with regulation and strict adherence to City Health and Safety requirements would be required regardless of service delivery option
Cost Effective		Potential Difference <ul style="list-style-type: none">Can only be determined by “Going to Market” in a competitive process.
Efficient		Potential Difference <ul style="list-style-type: none">Can only be determined by “Going to Market” in a competitive process.
Socially Acceptable		No Difference <ul style="list-style-type: none">Mandatory compliance with customer service standards would be required regardless of service delivery option
Environmentally Responsible		No Difference <ul style="list-style-type: none">Mandatory compliance with environmental standards would be required regardless of service delivery option



Customer Service

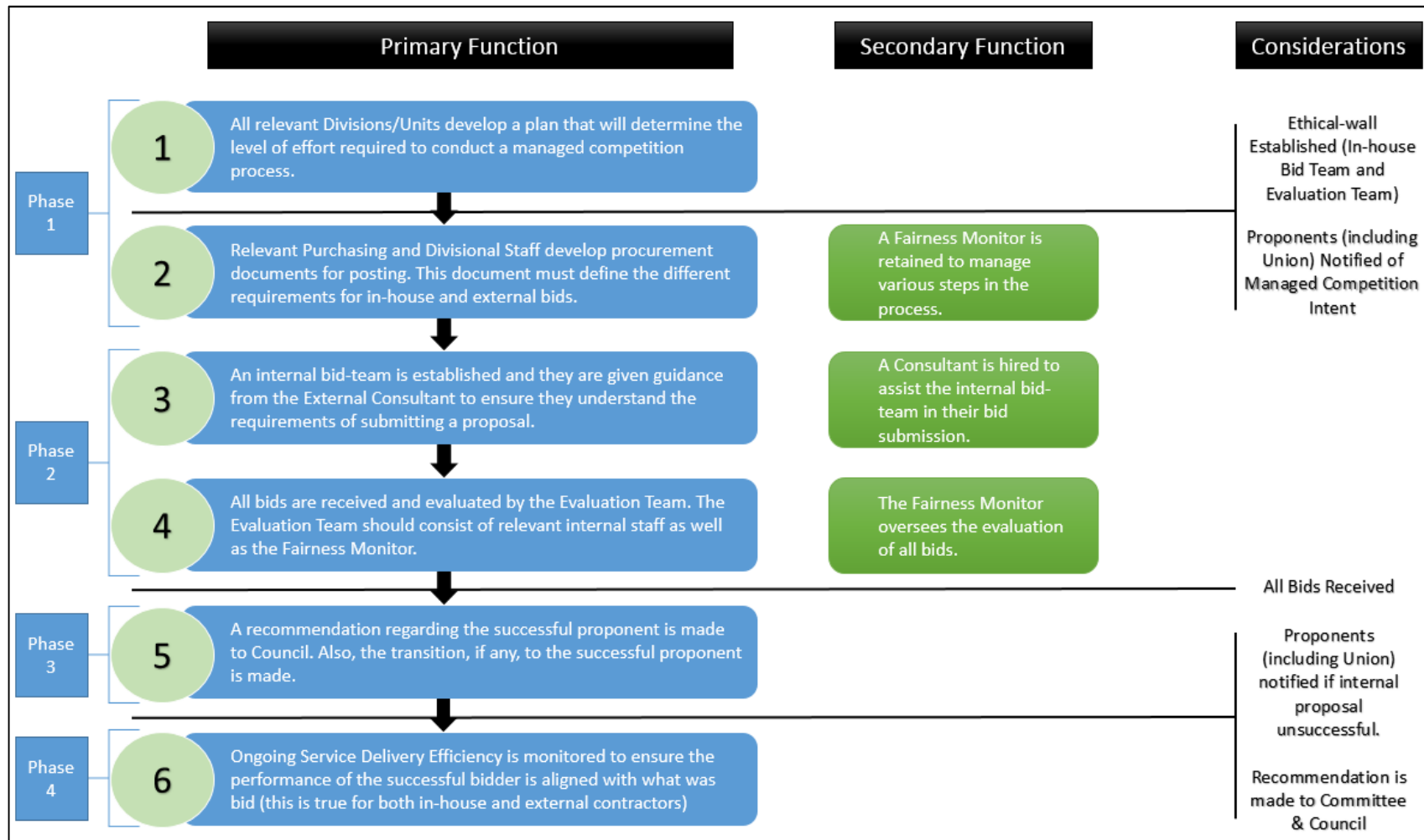
3 Different Options to Address Objectives

Potential Options	Overview
Keep Collections "In-House"	<ul style="list-style-type: none">• Essentially the "Do Nothing" alternative.• Service delivery continues "as-is" with exploration of options for continuous improvement.• Limited opportunity to ensure competitive nature of "In-House" services.
"Contract Out" Collections	<ul style="list-style-type: none">• Move directly to procurement of collection services.• Develop Staff and Fleet transition plans.
"Managed Competition" Approach with Internal Bid Submission (RECOMMENDED)	<ul style="list-style-type: none">• See Next Slide and Figure.

Precedent in Industry for Managed Competition Approach

- There are a number of municipalities that currently rely on a mixed service delivery model that utilize managed competition approaches, including:
 - City of Ottawa
 - City of Calgary
 - City of Edmonton
 - City of Hamilton
- Provides the direct opportunity for an ‘apples-to-apples’ comparison in a competitive environment.
- Provides the “in-house” service team an opportunity to demonstrate their ability to provide cost effective and competitive service delivery in a fair and open process.
- Evidence suggests this type of process drives additional cost savings regardless of outcome.

Overview of Managed Competition Approach



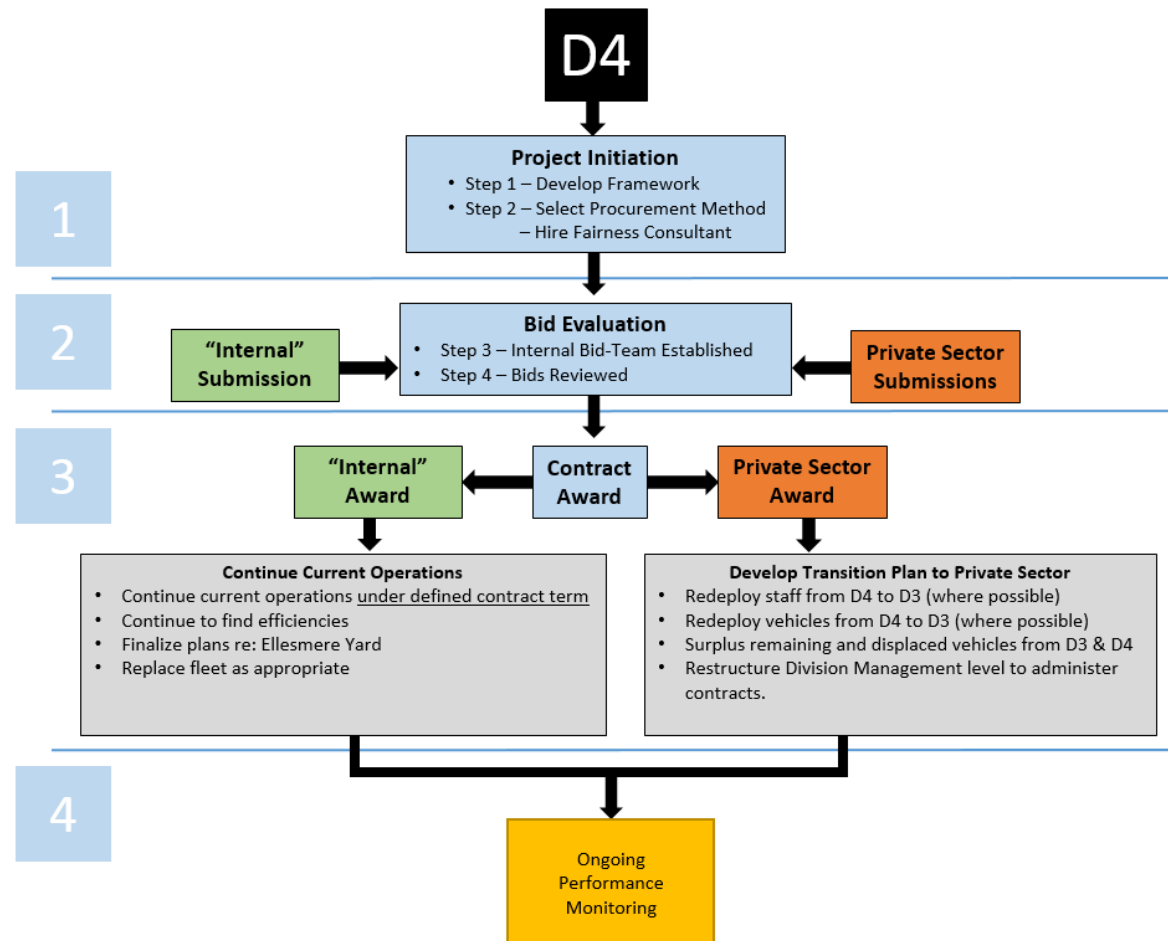
Internal Bid Team

- Led by City Team in collaboration with Union Representatives.
- City will fund (as required) external consulting expertise to support in preparation of proposal.
- 'Ethical Wall' will be established to prevent potential Conflict of Interest issues.
- Union representatives will be provided all relevant waste collection financial information to ensure informed participation.

Recommended Procurement Approach

Component	Timeline
Fairness Monitor - Fairness Monitor will oversee all aspects of procurement.	Entire Procurement Duration
Part 1 – Request for Prequalification - Helps to limit the risk to the City and ensure that all potential bidders have the previously demonstrated ability to meet the contract requirements.	Feb. 2017 – May 2017
Part 2 – Request for Quotation - Primarily a financial evaluation of the prequalified vendors.	Jun. 2017 – Oct. 2017
Part 3 – Award Recommendation - Award Recommendation will be presented to Committee and Council for consideration.	Nov. 2017 – Dec. 2017

Waste Collection Service Delivery Strategy



Staff Report Recommendations

- 1) City Council authorize the General Manager, SWMS, and the Director of Purchasing and Materials Management Division, to undertake a procurement process for residential curbside collection services for District 4 only, including the authority to consider an in-house bid submission from internal City employees in the SWMS Division as part of a managed competition process, in accordance with the process set out in this report, including but not limited to the requirements as summarized in Attachment 1.
- 2) That the General Manager, SWMS, and the Director of Purchasing and Materials Management Division report to Council on the results of the process for authorization to award a contract for a term of six (6) years; with options to extend for an additional two (2) separate one (1) year extensions at the sole discretion of the General Manager, SWMS.
- 3) City Council further authorize the retention of:
 - a. external consulting support on an as required basis to support the Internal Bid Team in the development of their internal bid submission; and,
 - b. a Fairness Monitor to oversee the Procurement process, in consultation with the Director of Purchasing and Materials Management Division.

Staff Report Recommendations

- 4) City Council authorize the General Manager, SWMS to consult with TCEU, LOCAL 416 - CUPE representatives and invite their participation in the recommended managed competition process, in accordance with the process set out in this report, including but not limited to the requirements as summarized in Attachment 1, to be confirmed by TCEU, LOCAL 416 - CUPE, within 30 days of the Council Decision approving the managed competition process.
- 5) If TCEU, LOCAL 416 - CUPE declines to participate in the managed competition process, City Council authorize the General Manager, SWMS to issue formal notification of contracting out to the Union in accordance with the provisions of the Collective Agreement between the City and TCEU, LOCAL 416 - CUPE.

Staff Report Recommendations

- 6) City Council direct the General Manager, SWMS, to:
 - a) delay, in consultation with the Director of Purchasing and Materials Management Division, any procurement activities with respect to residential waste collection in District 3 until the results of the District 4 Procurement are determined and an appropriate procurement timeline for District 3, taking into consideration staffing and fleet related implications, is prepared and approved by Council; and,
 - b) prepare, in consultation with the General Manager, Fleet Services a fleet replacement plan in District 3 and delay the purchase of any waste collection vehicles associated with service delivery in District 4 until the results of the recommended Procurement process are known.
- 7) That the information in Confidential Attachment 2 remain confidential in its entirety as it relates to the security of the property of the City and labour relations matters and that the information in Confidential Attachment 3 remain confidential in its entirety as it relates to security of the property of the City.

Next Steps

- Contact TCEU, LOCAL 416 - CUPE to discuss the managed competition process.
 - If TCEU, LOCAL 416 - CUPE agrees to participate, begin process to develop, issue, and evaluate a procurement for curbside waste collection services in District 4.
 - If TCEU, LOCAL 416 - CUPE disagrees to participate, begin process to develop, issue, and evaluate a procurement for curbside waste collection services in District 4 and notify TCEU, LOCAL 416 - CUPE of the intent to Contract out.
- Operations in District 3 will continue as per the current operation and the vehicle replacement plan will be implemented for District 3 only.