



REPORT FOR ACTION

Amendment to Contract No. 47021416 and Contract No. 47022273 for Organics Processing

Date: June 4, 2020

To: Infrastructure and Environment Committee

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

Wards: All

SUMMARY

The purpose of this report is to request authority to amend the value of Contract No. 47021416 (GFL Environmental Inc.) and Contract No. 47022273 (Renewi Canada Ltd, now Convertus Canada Ltd.) for Organics (formerly Source Separated Organics or SSO) processing services. The increased funds are required for continued processing of the City's Organics by external contractors as a result of delays in the commissioning of the Dufferin Organics Processing Facility (DOPF) and also higher tonnages of Organics being collected through the Green Bin Program.

RECOMMENDATIONS

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

1. The Infrastructure and Environment Committee, in accordance with Section 71-11.1.C of the City of Toronto Municipal Code (Financial Control), grant authority to amend:

a. Contract No. 47021416 issued to GFL Environmental Inc. awarded through Request for Quotation No. 9150-18-0003 by an additional amount of \$5,117,852.34 excluding taxes and charges (\$5,207,926.54 net of HST recoveries) revising the current total value of \$15,134,901.00 excluding taxes and charges to \$20,252,753.34 excluding taxes and charges (\$20,609,201.79 including HST recoveries); and

b. Contract No. 47022273 issued to Renewi Canada Ltd (now Convertus Canada Ltd.) awarded through Request for Quotation No. 9150-19-0126 by an additional amount of \$4,160,603.05 (\$4,233,829.66 net of HST recoveries) revising the current total value of \$4,650,000.00 excluding taxes and charges to \$8,810,603.05 excluding taxes and charges (\$8,965,669.66 including HST recoveries).

FINANCIAL IMPACT

The amendment to GFL Contract No. 47021416 for an additional amount of \$5,117,852.34 excluding taxes and charges (\$5,207,926.54 net of HST recoveries), increases the current value of Contract No. 47021416 from \$15,134,901.00 excluding taxes and charges to \$20,252,753.34 excluding taxes and charges (\$20,609,201.79 including HST recoveries).

The amendment to Renewi Contract No. 47022273 for an additional amount of \$4,160,603.05 excluding taxes and charges (\$4,233,829.66 net of HST recoveries), increases the current value of Contract No. 47022273 from \$4,650,000.00 excluding taxes and charges to \$8,810,603.05 excluding taxes and charges (\$8,965,669.66 including HST recoveries).

Sufficient funding is available in the 2020 Approved Operating Budget of Solid Waste Management Services. Appropriate additional funding, as needed, will also be requested in the 2021 Operating Budget Submission for Solid Waste Management Services.

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

DECISION HISTORY

At its meeting on June 26, 2019, the Bid Award Panel adopted BA31.3, "Award of Request for Quotation 9150-19-0126 to Renewi Canada Ltd. for the Provision of Processing Services of Source Separated Organics With or Without Haulage Services".

The Bid Award Panel Decision document can be viewed at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.BA31.3>

At its meeting on May 2, 2018, the Bid Award Panel adopted BA75.6 "Award of Request for Quotation No. 9150-18-0003 to GFL Environmental Inc. for the Provision of Processing Services for Up to 30,000 Tonnes Annually of Source Separated Organics (SSO) for the City of Toronto's Solid Waste Management Services Division".

The Bid Award Panel Decision document can be viewed at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.BA75.6>

At its meeting on September 30, 2015, City Council adopted PW7.10 "Contract Award - Request for Proposals No. 9117-14-3049 Design, Build, Operate and Maintain the Dufferin Organics Processing Facility".

The Council Decision document can be viewed at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.PW7.10>

COMMENTS

Solid Waste Management Services (SWMS) awarded RFQ No. 9150-18-003 to GFL Environmental Inc. on June 1, 2018 to process up to 30,000 tonnes of Organics per year for a three (3) year term ending May 31, 2021 (Contract No. 47021416). The awarded tonnage was based on the premise that the Dufferin Organics Processing Facility (DOPF) would be fully commissioned and processing at 1,100 tonnes per week by the Fall of 2018.

Due to commissioning delays of the DOPF, combined with increased Organics being collected through the Green Bin Program, SWMS has shipped more tonnes than contractually forecasted to GFL and subsequently awarded RFQ No. 9150-19-0126 to Renewi Canada Ltd. (now Convertus Canada Ltd.) on July 1, 2019 to process up to 15,000 tonnes of Organics per year for a term ending May 31, 2021 (Contract No. 47021416).

Continued DOPF commissioning delays and increased Organics in the system has required Solid Waste Management Services to continue to ship more tonnes than contractually planned on both GFL and Renewi Contracts. The DOPF commissioning delays are putting financial pressure on the City. Consequently, City staff continue to consider all remedies available under its design-build-operate agreement with W.S. Nicholls Construction Inc. (WSN) to offset that pressure. For now, the City has been applying liquidated damages, currently in the amount of \$ 17,500 per week. The City may pursue other contract remedies as necessary. The current projected date of substantial performance for the DOPF is now set for September 2020.

It should be noted that even when the DOPF is commissioned, SWMS will still require external Organics processors as part of the Organics management system. The City has two Organics processing facilities; the Disco Road Organics Processing Facility (DROPF) and the Dufferin Organics Processing Facility (DOPF). Combined, these facilities can process up to 130,000 tonnes of Organics annually; however, the City currently requires processing capacity for approximately 170,000 tonnes of Organics annually. As such, the City requires external processing capacity for approximately 40,000 tonnes of Organics annually. SWMS is currently working on an RFP to seek this additional processing capacity to align with the end dates of the GFL and Renewi contracts. Table 1 illustrates the Organics processing capacity required to process the Organics collected through the Green Bin Program once the DOPF is fully commissioned.

Table 1: Organics Processing Capacity Required

Facility	Annual Tonnes Processed
City-owned DOPF	55,000
City-owned DROPF	75,000
External Processors	40,000
Total Organics Requiring Processing	170,000

The contract amendments being requested are required for continued processing of the City's Organics, diversion of this material from landfill and ensuring compliance with the City's Transfer Station Environmental Compliance Approvals.

CONTACT

Andrew Agbanti, Acting Manager Resource Recovery, Solid Waste Management Services, Telephone: 416-392-4687, Fax: 416-392-3722, Email: Andrew.Agbanti@toronto.ca

Nadine Kerr, Acting Director, Infrastructure and Resource Management, Solid Waste Management Services, Telephone: 416-392-4742, Fax: 416-392-3722, Email: Nadine.Kerr@toronto.ca

SIGNATURE

Matt Keliher
General Manager
Solid Waste Management Services

Michael Pacholok
Chief Purchasing Officer
Purchasing & Materials Management
Division