

Award of Request for Quotation (RFQ) Ariba Document Number 3047717744 to GFL Environmental Inc. for Curbside Collection Services in Etobicoke Area (District 1)

Date: October 5, 2021

To: Infrastructure and Environment Committee

From: General Manager, Solid Waste Management Services and Chief Procurement Officer

Wards: 1,2,3,4,5,6

SUMMARY

The purpose of this report is to advise on the results of the Request for Quotation (RFQ), Ariba Document Number 3047717744 for the collection, transportation and off-loading of garbage, recyclable materials, organic materials, bulky items, items for which special collection services are provided and yard waste from single family homes, multi-residential locations, commercial locations, non-residential (Charities, Institutions and Religious Organizations) (CIROs) and Divisions, Agencies and Corporations (DACs) that receive curbside collection. The area serviced is Etobicoke, an area bounded by the Humber River to the east, Highway 427, Eglinton Avenue West and Etobicoke Creek to the west, Steeles Avenue to the north and Lake Ontario to the south. This collection contract service award is for a five (5) year period with the option to extend the contract for two (2) additional separate one (1) year periods. This report requests the authority to enter into a legal agreement with GFL Environmental Inc. being the lowest bidder meeting specifications.

RECOMMENDATIONS

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

1. City Council in accordance with Section 195-8.4 of Toronto Municipal Code Chapter 195 (Purchasing By-law), authorize the General Manager, Solid Waste Management Services to award and enter into an agreement with GFL Environmental Inc. being the lowest bidder meeting specifications for RFQ, Ariba Document Number 3047717744 for

curbside collection, transportation and off-loading of materials in the Etobicoke area for a period of five (5) years commencing on July 1, 2023 to June 30, 2028 with an option to extend the initial contract for two (2) additional separate one (1) year periods, for a grand total contract value of \$88,488,344.20 including estimated annual adjustments for consumer price index (CPI) net of HST recoveries.

FINANCIAL IMPACT

The total estimated contract award value including optional years is \$86,957,885.42 net of all taxes and including an estimated 3% CPI increase for years two (2) through seven (7), also included in this value is a contingency amount of one (1) million dollars per year. The total potential cost to the City is \$88,488,344.20 including adjustments for CPI and yearly contingency value, net of HST recoveries (\$98,262,410.52 including HST). The estimated funding for the period of July 1, 2023 to December 31, 2023 is approximately \$5,309,334.15 net of HST recoveries and the funding required for 2023 will be included in the 2023 Recommended Operating Budget for Solid Waste Management Services in cost centre SW1010. Years two (2) through five (5) of the initial term and option years one (1) and two (2) include a 3% Consumer Price Index increase. Funding details are provided in Table 1.

Table 1: Recommended Collection Contract – Etobicoke Area – Net of HST Recoveries (\$’s):

Term	Contract Total
Initial Term - July 1, 2023 to December 31, 2023	\$5,309,334.15
Initial Term - January 1, 2024 to June 30, 2024	\$5,309,334.15
Initial Term Year 2 - July 1, 2024 to June 30, 2025	\$10,937,228.34
Initial Term Year 3 - July 1, 2025 to June 30, 2026	\$11,265,345.19
Initial Term Year 4 - July 1, 2026 to June 30, 2027	\$11,603,305.55
Initial Term Year 5 - July 1, 2027 to June 30, 2028	\$11,951,404.71
Contingency Value - Initial Term	\$5,088,000.00
Option Year 1, July 1, 2028 to June 30, 2029	\$12,309,946.86
Option Year 2, July 1, 2029 to June 30, 2030	\$12,679,245.26

Term	Contract Total
Contingency Value - Option Years 1 and 2	\$2,035,200.00
Total Potential Contract Value	\$88,488,344.20

Solid Waste Management Services has included a contingency of \$1.0 million per year, excluding all taxes, for emergencies or other unplanned/unforeseen work that may be required in each of the years in the contract term such as excess material that requires collection due to floods. Should such engagement be necessary, the General Manager, Solid Waste Management Services will consult with the contractor outlining details of said work and all agreed upon details will be documented and approved by the General Manager prior to commencing the work.

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

DECISION HISTORY

At its meeting on July 8, 2014, City Council adopted PW32.22 entitled "Request for Quotation No. 6033-14-3092 for Solid Waste Curbside Collection Contract in Etobicoke Area (District 1)" which awarded the Etobicoke Residential Curbside Collection contract to Miller Waste Systems Inc., being the lowest bidder for the Collection of Curbside Waste, Recyclables, Organics, Bulky Items and Yard Waste from Single Family, Multi-unit Residential Buildings, Townhouses, Agencies, Boards, Commissions and Divisions in the former Etobicoke area for the period from July 1, 2015 to June 30, 2023.

The City Council Decision document can be viewed at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2014.PW32.22>

At its meeting on July 16, 17, and 18, 2019, City Council adopted IE6.8 entitled "Vision Zero 2.0 - Road Safety Plan" which authorized the General Manager, Solid Waste Management Services to implement a fleet safety and accountability program for all new and existing, in-house and contracted out vehicles, which align with the principals of Vision Zero. RFQ, Ariba Document Number 3047717744 includes the requirement for external 360 degree camera systems as part of the fleet safety and accountability program as directed by Council, and is strategically aligned with the City's Vision Zero initiative.

The City Council Decision document can be viewed at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.IE6.8>

The City Council document for consideration (IE24.11) - Blue Box Regulation that Transitions the City of Toronto's Blue Bin Recycling Program to Producers can be viewed at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.IE24.11>

COMMENTS

The Etobicoke area (District 1) includes approximately 65,711 single family households. Currently, daytime curbside collection locations (residential and non-residential) in the Etobicoke area receive contracted collection services for curbside collection of garbage, recycling, organic materials, bulky items and yard waste.

RFQ, Ariba Document Number 3047717744 includes the requirement for external 360 degree camera systems as part of the fleet safety and accountability program as directed by Council, and is strategically aligned with the City's Vision Zero initiative.

The Blue Box Regulation (O. Reg. 391/21) under the Resource Recovery and Circular Economy Act, 2016 was adopted on June 3, 2021. This Regulation shifts the financial and operational responsibility of managing designated Blue Box materials from eligible sources onto producers. The current Blue Box program will transition to the new Extended Producer Responsibility framework between July 1, 2023 and December 31, 2025, pursuant to the "Blue Box Transition Schedule" dated June 1, 2021, as amended from time to time. The Blue Box Transition Schedule sets out the City of Toronto's transition date as July 1, 2023.

The price form in RFQ, Ariba Document Number 3047717744 includes a break fee to prepare for expected changes in vendor operations as a result of the Extended Producer Responsibility model being introduced during the term of the contract. The break fee is a fee provided to the Successful Supplier to mitigate time and resources lost as a result of changes in law due to Extended Producer Responsibility being introduced. The purpose of the break fee amounts in the Pricing Form is only to inform the bid process. The City makes no guarantee that the entered amounts will be paid. In addition, the Successful Supplier agrees that under no circumstances would the break fee ever exceed the amounts entered in the Pricing Form. All bidders were expected to mitigate any potential costs and if there were no anticipated costs, the anticipated break fee could be entered as zero in the Pricing Form. GFL Environmental Inc., the lowest bidder meeting the specifications of the RFQ, included a break fee of zero (0) dollars for the term of the contract.

Procurement Process

The RFQ, Ariba Document Number 3047717744 for the collection, transportation and off-loading of materials from curbside collected locations in the area bounded by the Humber River to the east, Highway 427, Eglinton Avenue West, and Etobicoke Creek to the west, Steeles Avenue to the north, and Lake Ontario to the south, was issued by Purchasing and Materials Management Division on July 16, 2021, and made available

for download from the City's internet website. There were five (5) addenda for this RFQ. Four (4) bid submissions were received on September 1, 2021, which are summarized in Table 2 below:

Table 2: Summary of Bids Received for RFQ, Ariba Document Number 3047717744

Supplier	Total Estimated Price Per Year
Environmental 360 Solutions Ltd.*	\$ 8,599,361.18
GFL Environmental Inc.	\$10,435,012.08
Halton Recycling Ltd. dba Emterra Environmental	\$15,435,878.40
Miller Waste Systems Inc.	\$22,256,002.20

*The bid response received from Environmental 360 Solutions Ltd. was deemed non-compliant and was not considered for award.

The award of the contract is time sensitive to allow appropriate lead time for the recommended contractor to acquire vehicles and prepare for the start-up on July 1, 2023.

Contract Award

GFL Environmental Inc., is the lowest bidder, meeting the requirements as set out in RFQ. Ariba Document Number 3047717744, which included: having a minimum 3 (three) years of proven experience in providing residential Curbside Collection services in the past seven (7) years to 50,000 single family households within a single community made up primarily of urban and suburban sections, providing a list of key personnel consisting of at least one (1) operations Manager and two (2) on road Supervisors or equivalent that have a minimum three (3) years of experience supervising a residential curbside collection program, a minimum of two (2) references from municipalities, or from whom the Bidder has satisfactorily provided residential Curbside Collection services with the similar scope in the past seven (7) years, a proposed list of equipment with at least thirty-five (35) collection vehicles, a bid bond, office information and a completed price form. GFL Environmental Inc. indicated in their bid that they will utilize a new Compressed Natural Gas (CNG) fuelled fleet in an effort to mitigate environmental impacts.

Contract Start Date

The contract with GFL Environmental Inc. will commence on July 1, 2023 to coincide with the end of the current contract with Miller Waste Systems Inc., which terminates on June 30, 2023.

Service Impacts

A private contractor, Miller Waste Systems Inc., currently provides collection services to curbside locations including single family homes, multi-residential locations, commercial locations, non-residential locations (Charities, Institutions and Religious Organizations) (CIROs) and Divisions, Agencies and Corporations (DACs) in the Etobicoke area. It is anticipated that these curbside locations will not experience any change in service levels or standards when the contract with GFL Environmental Inc. commences on July 1, 2023.

The Fair Wage Office has reported that the recommended supplier has indicated it has reviewed and understands the Fair Wage Policy and Labour Trades requirements and has agreed to comply fully with both.

CONTACT

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SIGNATURE

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