

## **Award of Doc4553928310 to GFL Environmental Inc. for Curbside Collection Services in District 2 for Solid Waste Management Services**

**Date:** September 3, 2024

**To:** General Government Committee

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

**Wards:** 4 (Parkdale-High Park), 5 (York South-Weston), 6 (York Centre), 7 (Humber River-Black Creek), 8 (Eglinton-Lawrence), 9 (Davenport), part of 10 (Spadina-Fort York), 11 (University-Rosedale), 12 (Toronto-St. Paul's) and 18 (Willowdale)

### **SUMMARY**

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The purpose of this report is to advise on the results of the Request for Quotation Doc4553928310 for the collection, transportation and off-loading of Garbage, Bulky Items, Organic Materials and Yard Waste from curbside collected Single Family homes, multi-residential locations, Commercial locations, Charities, Institutions and Religious Organizations and Divisions, Agencies and Corporations. The collection, transportation and off-loading of Recyclable Materials from Non-eligible Customer Types, in the Collection Area bounded by Yonge Street to the east, the Humber River to the west, Steeles Avenue to the north and Lake Ontario to the south (District 2) in the amount of \$284,250,333 net of all applicable taxes and charges (\$289,253,139 net of HST recoveries). This collection contract service award is for a five (5) year period with the option to extend the agreement on the same terms and conditions for an additional two (2) separate one (1) year periods. This report requests the authority to enter into a legal agreement with GFL Environmental Inc. being the lowest supplier meeting specifications.

### **RECOMMENDATIONS**

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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 Supplier meeting specifications for Request for Quotation Doc4553928310 for

curbside collection, transportation and off-loading of materials in the District 2 area in the amount of \$284,250,333 net of all applicable taxes and charges (\$289,253,139 net of HST recoveries) for a period of five (5) years commencing on August 3, 2026 to August 2, 2031 with an option to extend the agreement for an additional two (2) separate one (1) year periods, all in accordance with the terms and conditions as set out in the Request for Quotation and any other terms and conditions satisfactory to the General Manager, Solid Waste Management and in a form satisfactory to the City Solicitor.

## **FINANCIAL IMPACT**

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The total estimated contract award value including optional years is \$284,250,333 net of all taxes and including an estimated 3% Consumer Price Index 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 \$289,253,139 including adjustments for Consumer Price Index and yearly contingency value, net of HST recoveries (\$321,202,876 including HST). The estimated funding for the period of August 3, 2026 to December 31, 2026 is approximately \$12,612,450 net of HST recoveries and the funding required for 2026 will be included in the 2026 Recommended Operating Budget for Solid Waste Management Services in cost centre SW1020, cost elements 4390, 4391, 4392, 4393, 4394 and 4424. Funding details are provided in Table 1.

Table 1: Recommended Collection Contract - District 2 - Net of HST Recoveries (\$'s):

| Term   | Total (Net of HST Recoveries) |
|--|-------------------------------|
| Initial Term - August 3, 2026 to December 31, 2026     | \$12,612,450                  |
| Initial Term - January 1, 2027 to August 2, 2027       | \$25,224,900                  |
| Initial Term Year 2 - August 3, 2027 to August 2, 2028 | \$38,941,942                  |
| Initial Term Year 3 - August 3, 2028 to August 2, 2029 | \$40,079,672                  |
| Initial Term Year 4 - August 3, 2029 to August 2, 2030 | \$41,251,535                  |
| Initial Term Year 5 - August 3, 2030 to August 2, 2031 | \$42,458,552                  |

| Term   | Total (Net of HST Recoveries) |
|--|-------------------------------|
| Option Year 1, August 3, 2031 to August 2, 2032        | \$43,701,781                  |
| Option Year 2, August 3, 2032 to August 2, 2033        | \$44,982,307                  |
| Total Potential Contract Value (Net of HST Recoveries) | \$289,253,139                 |

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.

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

## **DECISION HISTORY**

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At its meeting on June 18, 2019, Toronto City Council considered the item "Management of Solid Waste contracts under Transition to a Full Extended Producer Responsibility Model" (Item IE5.10) and adopted recommendations in Confidential Attachment 1 to the report. Furthermore, Council authorized the General Manager, Solid Waste Management Services and/or designate to negotiate and enter into any new agreements or amending agreements (including but not limited to amending agreements to receive external funding) necessary for the City's continued waste diversion operations throughout the transition period under the Waste Diversion Transition Act, 2016, based in part on the recommendations on pricing set out in the Confidential Attachment 1 to the report (May 15, 2019) from General Manager, Solid Waste Management Services and each in a form satisfactory to the City Solicitor .

The City Council Decision document can be viewed at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.IE5.10>

At its meeting on July 16, 17 and 18, 2019 Toronto City Council adopted the following IE6.8 "Vision Zero 2.0 - Road Safety Plan Update." City Council endorse in principle the Vision Zero 2.0 plan as outlined in the report (June 13, 2019) from the General Manager, Transportation Services and the General Manager, Solid Waste Management Services, and direct the General Manager, Transportation Services to report back to the appropriate committee where additional authorities are required in order to implement the Vision Zero 2.0 Plan.

City Council authorize the General Manager, Solid Waste Management Services to implement vehicle side guards and to further the current video-based telematics technology to improve road safety by:

- a. authorizing the General Manager, Solid Waste Management Services to negotiate, and enter into, and execute any and all agreements and amending agreements necessary, subject to available funding, to implement a fleet safety and accountability program for all new and existing, in-house and contracted out vehicles, which aligns with the principles of Vision Zero and the technologies outlined in the report and Attachment 3 to the report (June 13, 2019) from the General Manager, Transportation Services and the General Manager, Solid Waste Management Services on terms and conditions satisfactory to the General Manager, Solid Waste Management Services, and in a form satisfactory to the City Solicitor;
- b. authorizing 360 degree external and all in-cab video telematics technology to support road safety and quality service, and that City Council request the General Manager, Solid Waste Management Services to incorporate the requirement of similar technologies for any future outsourcing of collection services;
- c. requesting the General Manager, Solid Waste Management Services to report back annually, through the budget process, on any fleet-related safety and accountability enhancements that have been implemented and integrate fleet safety performance as a key performance indicator moving forward;
- d. approving funding for the capital acquisition for the safety and accountability enhancement retrofits to existing solid waste vehicles in the amount of \$3,850,000 to be budgeted in the amount of \$2,530,000 in 2019 and \$1,320,000 in 2020 from the Waste Management Reserve Fund (XR1404); and
- e. approving funding for annual operating costs associated with monitoring and equipment maintenance to be budgeted in the annual Operating Budget in the amount of \$55,200 in the 2019 Operating Budget with an equal offset to the contribution to the Waste Management Reserve Fund (XR1404), and directing that future costs be included in the annual Solid Waste Management Services Budget.

The City Council Decision document can be viewed at:

<https://secure.toronto.ca/council/agenda-item.do?item=2019.IE6.8>

At its meeting on December 17 and 18, 2019, City Council adopted EX11.3 entitled "2020 Rate Supported Budgets - Solid Waste Management Services and Recommended 2020 Solid Waste Rates and Fees". Amongst other directions, City Council authorized the General Manager, Solid Waste Management Services and/or designate until the end of 2025, to negotiate and enter into any new agreements, amendments of existing agreements, or acknowledgements, including on the basis of a non-competitive procurement under Municipal Code, Chapter 195, Purchasing, necessary in connection with the efforts indicated in Article 4 "Responsibilities of Divisions" - including advocacy, business transformation, financial analysis, or receipt

of funding on terms and conditions satisfactory to the General Manager, Solid Waste Management Services and each in a form satisfactory to the City Solicitor.

The City Council Decision document can be viewed at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EX11.3>

At its meeting on September 30, 2020, City Council adopted IE15.4 entitled "Transition of Toronto's Blue Box Program to Extended Producer Responsibility". Amongst other directions, City Council authorized the General Manager, Solid Waste Management Services or designate to negotiate and enter into any new agreements or amending agreements (including but not limited to amending agreements to receive external funding) necessary for the City's continued waste diversion operations until the latter of December 31, 2026 or the transition period end date indicated by the Resource Recovery and Circular Economy Act, 2016, or the Waste Diversion Transition Act, 2016, or any regulations thereunder, on terms satisfactory to the General Manager, Solid Waste Management Services and each in a form satisfactory to the City Solicitor and conditional on approved funding.

The City Council Decision document can be viewed at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.IE15.4>

First Amending Agreement - Contract Term 2021-2023

The General Manager, Solid Waste Management Services, under delegated authority, negotiated and amended the original contract in June 2019 for a term of two years, commencing on August 7, 2021 and terminating on August 5, 2023 with the option of an additional one year period, at the agreement of both Parties.

Second Amending Agreement - Contract Term 2023-2026

Under Council's authority the General Manager of Solid Waste Management Services, requested GFL Environmental Inc. to submit an additional quote for services to be in line with the EPR Transition expected to be completed by 2026.

Based on the existing authority provided by City Council to the General Manager of Solid Waste Management Services and the adopted staff report, IE19.7 Extended Producer Responsibility Transition Update – Curbside Collection Strategy with the Confidential Attachment 1, adopted by City Council on February 2, 2021, staff has extended the current GFL Environmental Inc. (District 2) contract for the period of August 6, 2023 to August 2, 2026.

At its meeting on April 17, 2024, "Post-Transition of the Blue Box Program to Extended Producer Responsibility and Results of District 2 Service Delivery Options" (IE12.1) Toronto City Council, authorize the General Manager, Solid Waste Management Services to negotiate and enter into any service agreements or amending agreements with any Blue Box Program administrator, and/or their designate to pursue competitive procurement of daytime curbside collection services in District 2 to ensure collection services continue following the expiration of the current agreement on August 2, 2026.

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The City Council Decision document can be viewed at:  
[Agenda Item History - 2024.IE12.1 \(toronto.ca\)](#)

## COMMENTS

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The area of District 2 includes approximately 158,690 single family households. Currently, daytime curbside collection locations (residential and non-residential) in District 2 receive contracted collection services for curbside collection of garbage, recycling, organic materials, bulky items and yard waste. Starting from the commencement date of this Request for Quotation, the collection of recycling materials will be provided to non-eligible customers (Charities, Institutions and Religious Organizations, Divisions, Agencies and Corporations and Commercial establishments).

Request For Quotation Doc4553928310 includes the requirement for external 360 degree camera systems and side guards as part of the fleet safety and accountability program as directed by Council, and is strategically aligned with the City's Vision Zero initiative.

### Procurement Process

Request For Quotation Doc4553928310 for the collection, transportation and off-loading of materials from curbside collected locations in the area bounded by Yonge Street to the east, the Humber River to the west, Steeles Avenue to the north and Lake Ontario to the south (District 2), was issued by Purchasing and Materials Management Division and was advertised on both the City's and Ariba Discovery websites on Friday May 3, 2024 with closing date of June 7, 2024, and an issuance of two (2) Addenda. A total of two (2) bid submissions were received, which are summarized in Table 2 below:

**Table 2: Summary of Bids Received including Bid Price**

| Supplier Name           | Bid Price Excluding HST and Contingency |
|-------------------------|---|
| GFL Environmental Inc.* | \$36,182,930.00*                        |
| Halton Recycling Ltd.   | \$37,247,071.64                         |

\*Pursuant to the Request for Quotation document, the contract award value includes contingency.

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 August 3, 2026.

## **Contract Award**

GFL Environmental Inc. is the lowest supplier, meeting the requirements as set out in Request for Quotation Doc4553928310, which included: having 5 (five) years of proven experience in providing residential Curbside Collection services in the past seven (7) years to 100,000 single family households per week 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 four (4) 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 Supplier 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 seventy-five (75) collection vehicles, required permits and certificates, office information and a completed price form.

GFL Environmental Inc. indicated in their bid that they will utilize a new Compressed Natural Gas fuelled fleet in an effort to mitigate environmental impacts.

## **Contract Start Date**

The contract with GFL Environmental Inc. will commence on August 3, 2026 to coincide with the end of the current contract with GFL Environmental Inc., which terminates on August 2, 2026.

## **Service Impacts**

GFL Environmental Inc. is the incumbent currently providing collection services to curbside locations including single family homes, multi-residential locations, commercial locations, non-residential locations (Charities, Institutions and Religious Organizations) and Divisions, Agencies and Corporations in the District 2 area. It is anticipated that these curbside locations will not experience any change in service levels or standards when the new contract with GFL Environmental Inc. commences on August 3, 2026.

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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Lisa Duncan, Director, Collections and Litter Operations, Solid Waste Management Services, 416 392-8286, [Lisa.Duncan@toronto.ca](mailto:Lisa.Duncan@toronto.ca)

Marie Reid, Manager, Infrastructure and Development Services, Purchasing Client Services, Purchasing and Materials Management Division, 416-397-5187, [Marie.Reid@toronto.ca](mailto:Marie.Reid@toronto.ca)

**SIGNATURE**

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Matt Keliher  
General Manager, Solid Waste Management Services

Geneviève Sharkey, Chief Procurement Officer