

Award of Doc4747531748 to Walker Environmental Group Inc. for Processing Services for Yard Waste Material and Digester Solids Material for Solid Waste Management Services

Date: February 10, 2025

To: General Government Committee

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

Wards: All

SUMMARY

The purpose of this report is to advise on the results of the Request for Quotation Doc4747531748 for the provision of processing services for up to 40,000 tonnes annually of Yard Waste Material with or without Haulage Services and/or 25,000 tonnes annually of Digester Solids Material. Solid Waste Management Services is requesting authority to award and enter into a legal agreement with Walker Environmental Group Inc. the lowest Supplier meeting specifications for both Yard Waste Material and Digester Solids Material with haulage service to be provided by the City, in the amount of \$24,311,595 net of all applicable taxes and charges \$24,739,479 net of HST recoveries. The processing services contract award is for a three (3) year period with the option to extend the agreement on the same terms and conditions for an additional term of up to two (2) separate one (1) year periods.

RECOMMENDATIONS

The General Manager of 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 Walker Environmental Group Inc, being the lowest cost Supplier meeting specifications for Request for Quotation Doc4747531748 for processing services for up to 40,000 tonnes annually of Yard Waste Material without Haulage Services and 25,000 tonnes annually of Digester Solids

Material, in the amount \$24,311,595 net of all applicable taxes and charges \$24,739,479 net of HST recoveries for a period of three (3) years commencing on July 1, 2025 to June 30, 2028 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

The total estimated contract award value including optional years is \$24,311,595, net of all taxes, including an estimated three (3) percent CPI increase for years two (2) through five (5), also included in this value is a contingency amount of 20 percent per year. The total potential cost to the City is \$24,739,479 including adjustments for Consumer Price Index and yearly contingency percentage, net of HST recoveries. The estimated funding for the period of July 1, 2025 to December 31, 2025 is approximately \$2,329,897 net of HST recoveries and is available in the 2025 Staff-Prepared Operating Budget for Solid Waste Management Services. The funding required for 2026-2028 will be included in the 2026-2028 Operating Budget Submissions for Solid Waste Management Services in cost centre SW0477, SW0476, cost element 4440. Should the City exercise the optional periods, then additional funds will be included in the 2029-2030 Operating Submissions for Solid Waste Management Services. Funding details are provided in Table 1 for the Yard Waste (YW) and the Digester Solids (DS) portions of the contract.

Table 1: Recommended Processing Services contract for YW & DS material net of HST recoveries

Term	40,000 Tonnes Annually of Yard Waste Material Total (Net of HST Recoveries) (SW0477)	25,000 Tonnes Annually of Digester Solids Material Total (Net of HST Recoveries) (SW0476)
Initial Term Year 1 - July 1, 2025, to December 31, 2025	\$925,609	\$1,404,288
Initial Term Year 1 - Jan. 1, 2026, to December 31, 2026	\$1,878,986	\$2,850,705
Initial Term Year 2 - Jan 1, 2027, to December 31, 2027	\$1,935,356	\$2,936,226

Term	40,000 Tonnes Annually of Yard Waste Material Total (Net of HST Recoveries) (SW0477)	25,000 Tonnes Annually of Digester Solids Material Total (Net of HST Recoveries) (SW0476)
Initial Term Year 3 - Jan 1, 2028, to June 30, 2028	\$981,979	\$1,489,809
Option Year 1 - July 1, 2028, to June 30, 2029	\$2,022,876	\$3,069,007
Option Year 2 - July 1, 2029, to June 30, 2030	\$2,083,562	\$3,161,077
Total Value (Net of HST Recoveries)	\$9,828,367	\$14,911,111
Total Contract Value for both Yard Waste Material & Digester Solids Material (Net of HST Recoveries)	\$24,739,479	

The above reflects a three (3) percent per year increase in the Consumer Price Index (CPI) adjustment applied annually to subsequent year cost after the initial one (1) year period.

Solid Waste Management Services has included a contingency of 20 percent 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 financial impact information.

DECISION HISTORY

At its meeting on July 11, 12 and 13, 2012;

1. City Council authorized the Acting General Manager, Solid Waste Management Services, to negotiate and enter into an agreement with All Treat Farms Ltd. for processing services for up to 40,000 tonnes per year of Leaf and Yard Material and up to 30,000 tonnes per year of Digester Solids for a period of ten (10) years with an option

to renew for up to an additional two (2) years at the sole discretion of the Acting General Manager, Solid Waste Management Services, based on the terms and conditions set out in the Request for Proposal, and in a form satisfactory to the City Solicitor, at a total cost not to exceed \$64.559 million net of all taxes and \$65.695 million net of HST recoveries.

2. City Council authorized the Acting General Manager, Solid Waste Management Services, to negotiate and enter into separate agreements for a period of five (5) years with an option to renew for up to an additional two (2) years at the sole discretion of the Acting General Manager, Solid Waste Management Services, based on the terms and conditions as set out in the Request for Proposal in a form satisfactory to the City Solicitor with the following recommended proponents:

- a. Miller Waste Systems Inc. for processing services for up to 10,000 tonnes per year of Leaf and Yard Material for a total cost not to exceed \$4.141 million net of all taxes and \$4.214 million net of HST recoveries; and
- b. Gro-Bark (Ontario) Ltd. for processing services for up to 10,000 tonnes per year of Leaf and Yard Material for a total cost not to exceed \$3.244 million net of all taxes and \$3.301 million net of HST recoveries.

The City Council Decision document (Item PW16.8 - Request for Proposal 6035-12-3000 for Processing Services for Leaf and Yard Material and Digester Solids) can be viewed at: <https://secure.toronto.ca/council/agenda-item.do?item=2012.PW16.8>.

COMMENTS

The City of Toronto collects approximately 90,000 tonnes of Yard Waste from residents annually for diversion from landfill. The material is currently processed under four (4) different processing contracts that provide a total Yard Waste processing capacity of 95,000 tonnes per year. Multiple contracts are required to ensure that there is sufficient capacity available during peak season (spring and fall). The contract recommended for award will provide 40,000 tonnes per year of Yard Waste processing capacity.

Digester Solids are produced from the anaerobic digestion of the City's organic material and require secondary processing to be made into beneficial use material such as high-quality compost. Digester Solids are produced at the City's Dufferin and Disco organics processing facilities at the rate of approximately 21,000 tonnes per year and are currently processed under one (1) contract. The contract recommended for award will provide 25,000 tonnes per year of Digester Solids processing capacity to support operations at both Dufferin and Disco organics processing facilities.

Procurement Process

Request for Quotation, Doc4747531748 for the Processing Services for up to 40,000 tonnes annually of Yard Waste Material with or without Haulage Services and/or 25,000 tonnes annually of Digester Solids Material was issued by Purchasing and Materials

Management Division and was advertised on both the City's and Ariba Discovery websites on Friday October 25, 2024, with closing date of December 2, 2024 and issuance of four (4) addenda. Four (4) 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	
	Annual 40,000 Tonnes of Yard Waste Material with or without Haulage	Annual 25,000 Tonnes of Digester Solids Material with or without Haulage Services
Miller Waste System Inc.	\$1,915,520.00 *	
Biogenie Canada Inc.	\$2,140,000.00	
GFL Environmental Inc.		\$2,810,000.00
Walker Environmental Group Inc.	\$1,693,600.00**	\$2,557,500.00 **

*Pursuant to the Request for Quotation document, the Bid price was adjusted as a result of haulage distance verification.

**Pursuant to the Request for Quotation document, the contract award value is without haulage services and includes contingency.

Contract Award

Walker Environmental Group Inc. is the lowest cost Supplier, meeting the requirements as set out in Request for Quotation Doc4747531748, which includes satisfactorily providing a minimum of 28,000 tonnes of Yard Waste and 17,500 of Digester Solids processing services to create beneficial use products in the past two (2) years for two (2) end markets. The supplier has also met the minimum requirements for processing service contracts aggregated with a value of \$1,400,000 for Yard Waste and Digester Solids each.

Contract Start Date

The contract with Walker Environmental Group Inc. will commence on July 1, 2025, to coincide with the end of the current contract with All Treat Farms Limited (wholly owned by Walker Environmental Group Inc.) which ends on June 30, 2025.

Service Impacts

Walker Environmental Group Inc. is the incumbent currently providing processing services to the City of Toronto's Solid Waste Management Services Division. It is anticipated that there will not be any change in service levels or standards when the new contract commences on July 1, 2025.

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

CONTACT

Matthew Caschera, Director, Infrastructure and Resource Management, Solid Waste Management Services, Telephone: 416 392-3948, E-mail: Matthew.Caschera@toronto.ca

Marie Reid, Manager, Infrastructure and Development Services, Purchasing Client Services, Purchasing and Materials Management Division, Telephone: 416-397-5187, E-mail: Marie.Reid@toronto.ca

SIGNATURE

Matt Keliher
General Manager, Solid Waste Management Services

Genevieve Sharkey, Chief Procurement Officer