

# **Municipality of the City of Peterborough**

## **CIF Final Report Project 898 RFP Development**

**January, 2016**

## Acknowledgement

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## Table of Contents

1. Introduction .....	4
2. Background .....	4
2.1 Program Challenges .....	4
3. Approach.....	4
4. Project Results and Analysis .....	5
5. Conclusions .....	6
Appendix "1" City of Peterborough Draft RFP, P-24-15.....	6

## **1. Introduction**

As part of the objectives of the CIF, which include a proactive approach to assisting municipalities to implement best practices in blue box recycling, the CIF provided consulting and financial assistance for the development of a collection and processing Request for Proposal (RFP).

## **2. Background**

Peterborough is located on the Trent-Severn Waterway in the heart of the Kawarthas tourism region, one hour east of Canada's largest market (Toronto). Six million people reside within a 320km radius. With a population of approximately 135,000 (increases substantially in the summer season) the Greater Peterborough Area is the regional center for East Central Ontario and draws from a market population of 350,000.

The City of Peterborough's collection and processing contracts (approx. 7,600 tonnes/yr.) were both coming to an end as of December 31, 2016. The current contracts are held by two different contractors: HGC Management provided processing, while Progressive Waste provided collection.

Normally staff would prepare and issue, a Request For Proposals (RFP) from qualified operators with a typical term of 5-7 yrs. with one or more possible extensions. The longer contract term is necessary to allow prospective proponents the time over which to cost effectively amortize the purchase and installation of the required processing equipment and vehicles. Under the new EPR legislation, the City may no longer have the option to process its own material or wish to do so. Entering into a long term contract in light of the current uncertainty would potentially leave the City with an unfunded contractual obligation or in a situation where it would need to break the contract. Due to the current uncertainty, a negotiated extension of the current contract was deemed the preferred solution with an RFP prepared to go if no terms were reached. The City enlisted CIF to assist with this project.

### **2.1 Program Challenges**

It was the City's hope to award one contract to cover both collection and processing (as well as Household Hazardous Waste Depot operation), thereby eliminating contractor operational conflicts and reducing administration time. It was also hoped that such a contract might result in lower overall blue box costs.

Staff shortages at the City, coupled with a very tight timeline and a desire to follow best practices, led the City to seek assistance from CIF and with their assistance; John Smith, EXP Services, Inc. was hired as consultant to help prepare the RFP.

## **3. Approach**

Because collection contracts require a lengthy closing period and upwards of one year after award to allow vehicles to be purchased, and/or new equipment to be installed in the processing facility, the RFP for this joint contract needed to be distributed well before the end of 2015. Complicating the entire

process was the knowledge that legislative changes from the Province were expected to be announced by the fall of 2015 which had a strong likelihood of directly affecting municipalities' future in blue box recycling. These changes were not announced before work on the RFP needed to commence.

Simultaneous to writing the new RFP document, the two contractors were asked if they would be willing to negotiate contract extensions, which would buy the City time to assess the implications of the pending legislation. After lengthy CIF mediated negotiations, HGC Management did agree to extend their contract for three years and this was approved by City Council on September 8, 2015, however, Progressive Waste was unable to extend the collection contract at that time. Consequently, the writing of the RFP continued, but only for the collection portion of the work. Shortly after the first draft of the RFP was completed, a three year extension agreement for collection was reached with Progressive. This was taken to City Council and approved on November 9, 2015.

#### **4. Project Results and Analysis**

Since 2008, there have been separate contractors for processing and collection of recyclables. While the arrangement has been manageable, it was felt that one contractor doing both services would have several advantages including:

- No issues with one contractor bringing excess contamination to the other to deal with
- No conflicts about wait times to dump at the MRF
- No issues about bagged recyclables (currently, Progressive is allowed to collect material which is bagged; however, HGC's processing line does not allow for de-bagging)
- It was believed a better price could be achieved if one contractor provided the entire job
- Reduced administration time for City staff, having just one contract/contractor to manage

In addition to the blue box services, the City wished to have the same contractor operate its HHW/Electronics Depot, since the Depot and the MRF are adjacent to each other and utilize some of the same infrastructure, it makes sense for the MRF operator to also operate this depot, share office space, telephones, staff and equipment. This has been the case, with HGC Management operating both facilities, since 2002. HGC also agreed to extend their contract to operate the HHW Depot for 3 additional years to keep all the contracts harmonized.

##### **4.1 New RFP Features**

A new RFP for the collection of recyclables was drafted by the consultant John Smith. City purchasing reviewed it and made its comments planning to release the document in early October 2015. However, with the subsequent contract extensions described above, this became unnecessary. This document will now be available to use for a new collection contract as of January 1, 2020, pending the outcome of new legislation and extended producer responsibilities. It is hoped that the future is clearer by mid-2018, when an RFP may once again need to be drafted for these services, and possibly processing services as well.

CIF consulting assistance for the development of this new RFP provided the following benefits:

- Assisted with inclusion of best practices in the RFP
- Identified additional options for collection/processing

- Identified/optimized critical components required for contract management (e.g. fuel cost escalation, insurance minimums, liquidated damages, monitoring & measurement, dispute resolution, etc.)
- Reduced RFP development time

## **4.2 Financial Results**

Financial analysis of the results of this project indicates that approximately \$600,000 in costs over the three years of our extension (2017 – 2019) was avoided. In addition to the expertise and negotiating experience offered by CIF, considerable City staff time was also saved through their assistance.

## **5. Conclusions**

Although the draft RFP will not be used immediately, the work put into it will not be wasted. High quality expert assistance with its development helps to insure optimum results in service levels, ongoing contract administration and overall contract costs once we do go out for bids.

In conclusion, it is noted that CIF consulting and its lead role in negotiations with our processing contractor was key to the successful conclusion of this project. We obtained the best outcome hoped for in these uncertain times – a mutually acceptable agreement to extend existing contracts, all of which were felt to be good value for money. The knowledge of the CIF team was exceptional, and the final solution to make things work was a direct recommendation from CIF.

### **Appendix “1” City of Peterborough Draft RFP, P-24-15**

Attached as separate .pdf