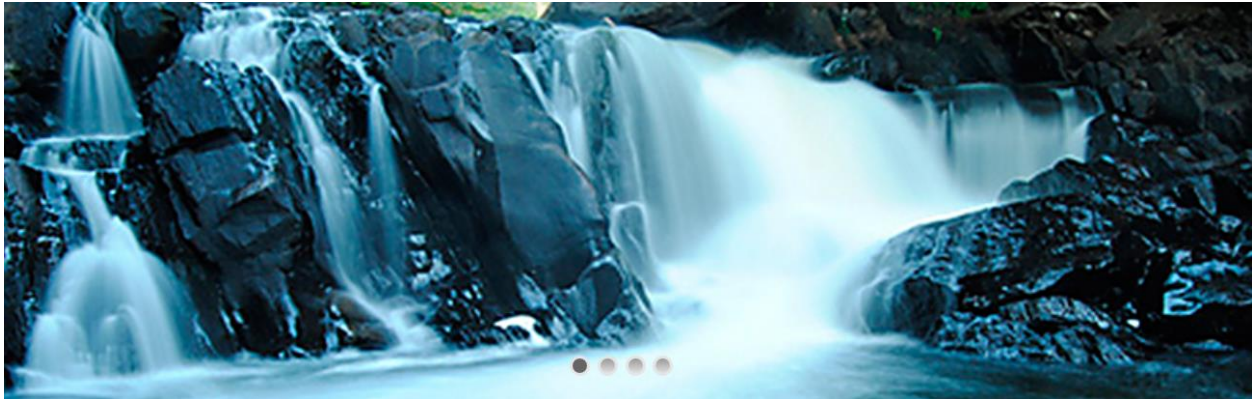




Township of Perry

**CIF Final Report Project 1032
RFP Development Support**



February 2018

Acknowledgement

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1. Introduction

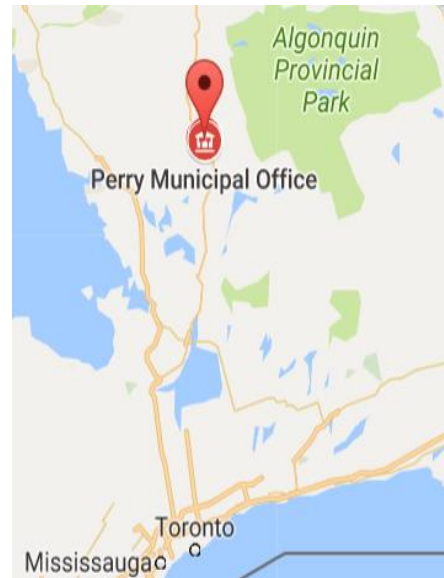
As part of the objectives of the CIF, which include a proactive approach to assisting municipalities to implement best practices in Blue Box recycling, the CIF provided consulting and financial assistance for the development of a collection and processing Request for Proposal (RFP).

2. Background

Located approximately 254 km north of Toronto, the Township of Perry provides depot Blue Box service to approximately 2,317 households, collecting more than 180 MT/yr. The Township of Perry also recently adopted a clear bag waste disposal policy which is expected to increase recycling participation and diversion over time.

The Township of Perry uses two leased compactors and bins at a single waste site to compact fibre and mixed containers separately for transfer-haul and process at the Waste Connections of Canada facility in Bracebridge.

The Township of Perry applied under the 2017 REOI process for CIF support for the development of a Request For Proposals (RFP), and was awarded funding under CIF project 1032, to secure transfer haul and processing services for Blue Box materials.



The Township of Perry's collection, compactor rental and processing contracts were operating on a month to month basis.

2.1 Program Challenges

It was the Township of Perry's hope to award one contract to cover both collection and processing thereby eliminating contractor operational conflicts and reducing administration time. It was also hoped that such a contract might result in lower overall Blue Box program costs.

Limited staff/expertise at the Township of Perry's, coupled with a very tight timeline, low tonnages, northern location and a desire to follow best practices, led the Township to seek assistance from CIF and with their assistance, staff prepared a new RFP for issue in the fall of 2017.

Additionally, the Township of Perry desired to determine if single stream compaction/collection/processing and/or Front End Loader (FEL) bin hauling would be more economical than the existing two stream depot only collection and processing.

3. Approach

Normally staff would prepare and issue a 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 newly proposed EPR legislation and policy changes, the Township of Perry may no longer have the option to haul/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 Township of Perry with an unfunded contractual obligation.

Keeping in mind that hauling 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 2017. Complicating the entire process was the knowledge that legislative and policy changes from the Province were expected to be announced 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.

Township of Perry staff felt that one contractor doing all services would have several advantages, they include:

- No issues with one contractor bringing excess contamination for the other to deal with
- No conflicts about wait times to tip materials at the MRF
- It was believed a better price could be achieved if one contractor provided the entire job
- Reduced administration time for staff by having just one contract/contractor to manage

4. Project Results and Analysis

The RFP 2017-009 for transporting, processing/marketing of recyclable material was issued on October 11, 2017 with the closing date being November 23, 2017.

The Township of Perry received proposals from two (2) bidders: Emterra and Waste Connections of Canada (WCC). An evaluation of the two proposals was conducted with the assistance of Gary Everett from the CIF. Both proponents passed the minimum requirements for processing and/or hauling. However, only 1 proponent bid on hauling and no proponents bid on FEL service. The processing and shipping cost to Emterra and less proposed revenue share was significantly above the WCC proposal, therefore WCC was chosen as the preferred proponent.

New processing fees were established as of January 1, 2018: mixed fibres - \$70.00 per tonne and mixed containers - \$200.00 per tonne.

WCC offered a 50/50 revenue share of the material that is sold through their facility. If prices dip below the processing fee, then WCC will share in the net loss.

WCC has also offered to remove 'single' bins. The haul cost to remove one compactor bin is \$415.00 per trip. The haul cost to remove a train of 2 bins each time is \$829.40. This is an approximate \$1 increase to the previous year's rate.

WCC did caution that if the Township of Perry chooses the 'single' option for any part of the year, the estimated annual fuel consumption noted in the RFP would increase as a result of additional trips. However, they have also noted that it is unlikely that these single trips would have a significant cost impact over a 12-month period.

Based on the proposal submitted, it was recommended that the Township of Perry award RFP 2017-009 to WCC for a five (5) year term Commencing March 1, 2018. Council passed a resolution awarding the contract on Feb 07, 2018.

4.2 Financial Results

Financial analysis of the results of this project indicates that there will be little financial impact to the Township of Perry over the term of the contract as costs are not expected to increase with the new contract. Depending on market revenue recovered from sales, some cost reductions may be possible going forward. In addition to the expertise and RFP experience offered by CIF, considerable Township of Perry staff time was also saved through their assistance.

5. Conclusions

Although the number of bidders was limited due to our northern location, high quality expert assistance with our RFP development helped to insure optimum results in service levels, ongoing contract administration and maintaining overall contract costs once we did go out for bids.

In conclusion, Township of Perry staff believe we have obtained the best outcome available given all the program variables and limitations under which we must operate our recycling program.

Appendix "1" RFP RFP 2017-009

Attached as separate pdf