

COMMITTEE OF THE WHOLE MARCH 3, 2003

REQUEST TO NEGOTIATE AN EXTENSION OF THE WASTE AND RECYCLABLE MATERIALS COLLECTION CONTRACTS

Recommendation

The Commissioner of Engineering and Public Works in consultation with the Director of Purchasing Services recommends:

1. That notwithstanding the corporate Purchasing Policy, staff be authorized to meet with representatives from Canadian Waste Ltd. and Capital Environmental Resources Inc., to discuss the possible extension of the existing waste and recyclable materials collection contracts for a further 12 month period, ending December 31, 2004; and,
2. That staff bring back the details of those discussions to Council for consideration.

Purpose

To seek authority to extend the existing waste and recycling collection contracts to the end of 2004.

Background - Analysis and Options

The original intent of the collection contracts when they were awarded in February 2000, was to try and match expiration dates of the contracts with the closure of the Keele Valley landfill site, and the opening of the Region's new 3 stream waste processing facility. As such, the contract was structured as a 33 month contract with options for extensions totaling a further 12 month period. Although the Keele Valley landfill site closed on time, the Region's new materials recovery facility and 3 stream waste processing program has yet to be started. Accordingly, the City exercised its options in the existing contracts to extend the expiration date to December 31, 2003.

The latest information concerning the Region's materials recovery facility is that it will be up and running late in the third quarter of 2004. In addition, as the Region is no longer considering using Canada Composting Inc for the processing of the organics portion of the 3 stream system, there is no indication as to the timing when the organics component of the waste will need to be separated out and collected separately.

Although the extensions to the existing collection contracts expire at the end of this year, the method of collection will remain "as is" until the new materials recovery facility is operating and the organics components are collected separately. As such, there is little point in putting out a tender for what could be a 9-12 month period. Therefore, it is recommended that staff be authorized to meet with the existing waste and recycling collection contractors to determine if they are willing to extend the existing contracts for a further 12 months, and if so, under what financial terms.

It is important to note that there has been no increase in unit prices over the duration of the contract (April 2000 – Dec 31, 2002), and no price increase was allowed under the existing 12 month extension period (Jan. 1, 2003 – Dec. 31, 2003). However, as fuel and insurance prices have risen dramatically, there will no doubt be a request to increase to the contract prices if such an extension is agreed to. Notwithstanding the above, it is anticipated that the results of the discussions will be less costly than if the work was put out to tender for a short term period.

If these discussions prove to be unsatisfactory to the City, staff will have no choice but to either put out a tender for a short term contract with existing collection methods, or put out a tender for a long term that has no definite time lines for changes to the collection methods. Both of these

options would likely result in high tender prices due to the short duration in the first option, and the uncertainty as to vehicle needs and transfer locations under the second option.

Conclusion

As the Region has yet to start construction of its new materials recovery facility, and the Region has yet to determine when the organics component of the 3 stream waste program will start to be collected separately, it is hard for bidders to bid on a tender for a long duration with so many uncertainties. The existing collection methods need to remain in place until at least September of 2004, if not December 31, 2004. Once the new MRF is open, and the organics component of the waste is separated, the collection method, and the numbers and types of collection vehicles, may change significantly.

In consideration of the foregoing, it is recommended that staff meet with the City's two collection companies and discuss possible extensions to the current collection contracts. The results of those discussions would be brought back to Council for further consideration.

Attachments

N/A

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Respectfully submitted,

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Commissioner of Engineering and Public Works

Brian T. Anthony
Director of Public Works