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Halifax, Nova Scotia
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Item No. 11.1.1

Halifax Regional Council
February 12, 2008
February 19, 2008

TO: Mayor Kelly and Members of Halifax Regional Council

A handwritten signature in cursive script, appearing to read "Dan English".

SUBMITTED BY:

Dan English, Chief Administrative Officer

A handwritten signature in cursive script, appearing to read "Wayne Anstey".

Wayne Anstey, Deputy Chief Administrative Officer - Operations

DATE: January 28, 2008

SUBJECT: Award - Request for Proposals No. 07-391, Provision of Services for Collection and Transportation of Source-Separated Solid Waste

ORIGIN

The expiration of the Region's municipal curbside collection service contracts on June 30, 2008, and the issuance of RFP No. 07-391 for the provision of collection services for a five (5) year period.

RECOMMENDATION

It is recommended that Halifax Regional Council award contracts for source-separated solid waste collection and transportation services to the highest scoring firms recommended for Areas 1 to 8, as outlined in Table A of this report, for the monthly and other unit prices provided in the RFP responses, and in accordance with the requirements of RFP No. 07-391. Funding is from the Solid Waste Resources Operating Account R322-6399, as outlined in the Budget Implications section of this report.

BACKGROUND

Request for Proposals No. 07-391, Provision of Services for Collection and Transportation of Source-Separated Solid Waste was advertised commencing October 20, 2007 and issued on October 22, 2007. An information meeting was held with all potential proponents on November 5, 2007 and closing was the end of business day, November 20, 2007.

DISCUSSION

Proposals for source-separated solid waste collection and transportation services from serviced units were requested in Areas 1 to 8, as specified in the RFP. The work generally includes the curbside collection of refuse, organics and recyclables, and transportation of the materials in the manner, time, and to the locations specified in the RFP. Through the procurement process, the Municipality reserved the right to limit to three (3), the number of collection Areas awarded to any one proponent. Collection services were requested for a five (5) year period commencing July 1, 2008 and finishing June 30, 2013.

A two-stage proposal package process, similar to that used successfully in 1998 and 2002, was requested from proponents:

Stage 1 of the RFP process: Proponents submitted a work plan and completed a form of proposals along with bid deposit, agreement for contract surety, details of financial structure and business plan for evaluation (envelope A). Financial statements were submitted in a separate envelope (envelope C) for review by an independent auditor (KPMG) who provided a summary report to HRM as part of stage 1.

Stage 2 of the RFP process: The schedule of prices (envelope B) was evaluated. Monthly prices were obtained from proponents for biweekly refuse collection alternating with biweekly organics collection and recyclables collection as specified in the Areas. Prices were obtained based on the specific delivery locations:

- Front End Processing Facility;
- Refuse Depots;
- Burnside Composting Facility;
- Ragged Lake Composting Facility; and
- Materials Recovery Facility (recycling plant).

In Area 8, monthly pricing was obtained for operation of the rural refuse collection depots. Contingency pricing was also sought in some Areas for separate collections of leaf and yard waste and Christmas trees, to handle possible seasonal peak requirements. Proponents were also requested to submit pricing for options involving extra collection of organics (weekly collection) during the summer (July and August) months and June or September (or both) for all eight collection Areas, ie all of HRM.

Evaluation and scoring of stage 1 was completed, dated, signed and sealed and held by Procurement, prior to stage 2 opening of the price proposals contained in envelope B.

Staff applied the two stage evaluation process as detailed in the RFP. Proponents submitted their proposal information for Areas bid upon in envelope A, and submitted at the same time their business plan and the financial statements for review by the independent auditor (stage 1). A Senior Procurement Consultant was a non scoring member of all evaluation and review teams for this RFP. An evaluation team (comprised of three staff from Solid Waste Resources and one from Infrastructure and Asset Management) scored stage 1 (the work plan and the completed form of proposals) in each Area out of a possible 30 points. The work plan and form of proposals submission included qualifications, experience, equipment and maintenance plans, management and customer service arrangements, operating plans, references, health and safety plans, etc.

A financial review team (comprised of two staff from Financial Services and one from Solid Waste Resources) reviewed the report from the independent auditor, checked financial references, reviewed credit reports and scored the business plan and financial capability of the proponents on a pass/fail basis. All proponents passed the financial review. All proponents attained the required minimum 20 points (out of 30 points) to pass stage 1.

After completion of stage 1 scoring, stage 2 price evaluation (envelope B) was completed for each Area with the score for price assigned a value of 70 points for the low price proponent, and the score of higher price proponents reduced in proportion to the amount that their price was greater than that of the low price proponent in the Area. The method and items included in the price evaluation are defined in the RFP, and include the base services along with the contingency and optional services for each Area. The results are provided in Table A with the recommended proponent denoted in bold.

It is noted that in most of the Areas, two or more proponents submitted proposals. However, in one of the Areas (Area 8), only one proponent responded to the proposal call. Since only one proponent submitted a proposal and pricing, staff evaluated stage 1 and then analysed the submission in comparison to current pricing in Area 8 and the submitted pricing in the other Areas.

Staff calculated the average price per serviced unit for the base collection services including all the high score proponents in the Areas. For the first year, the average is \$74.77 per serviced unit per year, in comparison to the current annual average pricing (all Areas) of approximately \$65.19 per serviced unit, so average prices have increased by approximately 14.5%.

The current 07-08 pricing in Area 8 is approximately \$97.78 per serviced unit per year. The comparable submitted pricing for Area 8 in 08-09 is \$123.55, an increase of approximately 26%. For comparison, the first year annual per serviced unit pricing in Area 7, with two companies submitting a proposal, is the highest at \$148.00. The company recommended in Area 8 was awarded by Regional Council the two previous contracts in 1998 and 2003 in Area 8.

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Pricing was obtained for the current areas receiving weekly organics collection, and for the option of expanding weekly collection of organics to include all HRM during the months of July and August. Pricing was also obtained for expanding weekly green cart collection for June or September (or both), for all of HRM. This information (costs and options for weekly organics collection) will be included in budget analysis for Fiscal 2008/09, and provided for Council's review as part of the 08-09 Business Plan and Budget Approval Process.

Table A

Area (# Serviced Units)	Proponent	Stage 1 (Max. 30)	Stage 2 (Max. 70)	Total Points (Max. 100)	Price Evaluation (5 years exc. HST)
1 - Halifax (29,876)	HRDA (Enviro Care Services) *	22.63	70.00	92.63	\$11,467,765.00
	Waste Management	23.08	66.77	89.85	\$12,022,797.42
	Miller Waste Systems	24.08	64.41	88.49	\$12,462,321.01
	Enviro Waste Ltd.	23.25	63.94	87.19	\$12,554,134.82
	National Waste Services	21.33	63.02	84.35	\$12,737,335.00
2 - Dartmouth (21,577)	Waste Management *	23.67	70.00	93.67	\$8,742,776.41
	Miller Waste Systems	24.04	65.58	89.62	\$9,332,174.30
	Enviro Waste Ltd.	23.38	64.71	88.09	\$9,457,619.35
	National Waste Services	21.46	58.89	80.35	\$10,392,295.00
3 - Bedford, Hammond's Plains (10,407)	Miller Waste Systems*	23.63	69.82	93.45	\$4,938,350.02
	Waste Management	22.25	70.00	92.25	\$4,925,733.90
	HRDA (Enviro Care Services)	22.29	67.90	90.19	\$5,077,776.00
	Enviro Waste Ltd.	23.21	58.73	81.94	\$5,870,791.98
	National Waste Services	21.46	37.48	58.94	\$9,198,930.00

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Area (# Households)	Proponent	Stage 1 (Max. 30)	Stage 2 (Max. 70)	Total Points (Max. 100)	Price Evaluation (5 years exc. HST)
4 - Western (14,708)	Waste Management*	23.46	70.00	93.46	\$5,627,502.57
	Enviro Waste Ltd.	23.21	56.34	79.55	\$6,991,905.22
	Marriott's Container Rentals Ltd	21.79	45.43	67.22	\$8,670,260.00
	Miller Waste Systems	24.38	35.69	60.07	\$11,038,300.28
5 - Sackville, Fall River (20,769)	Miller Waste Systems*	23.75	70.00	93.75	\$8,877,817.96
	Waste Management	22.88	62.71	85.59	\$9,909,954.45
	Enviro Waste Ltd.	23.21	60.28	83.49	\$10,309,899.13
	Marriott's Container Rentals Ltd	21.67	54.97	76.64	\$11,305,475.00
6 - Cole Harbour, Eastern Passage (13,228)	Waste Management*	23.46	70.00	93.46	\$5,793,766.28
	Miller Waste Systems	24.25	61.14	85.39	\$6,633,829.96
	Enviro Waste Ltd.	23.33	52.57	75.90	\$7,715,424.05
	Leo J. Beazley (1996)	22.54	49.14	71.68	\$8,253,898.57
	Marriott's Container Rentals Ltd	21.67	48.28	69.95	\$8,399,430.00
7 - Preston, Lawrencetown (7,692)	Leo J. Beazley (1996)*	23.04	70.00	93.04	\$6,217,362.56
	Enviro Waste Ltd.	23.04	59.21	82.25	\$7,349,897.95
8 - Eastern (7,430 & 2 waste depots)	Eastern Shore Cartage, 3006877 NS Ltd*	22.42	70.00	92.42	\$5,706,409.72

Recommended *

BUDGET IMPLICATIONS

Funding for collection services is available and allocated in the annual Solid Waste Resources Operating Budget Account R322-6399. The 2007/08 budgeted amount for Account R322-6399 is \$9,752,164.

Staff has analysed the impact of the new prices from the RFP effective as of July 1, 2008.

The following is a comparison of the impact of the prices submitted in the proposals that are recommended to be awarded for a five year contract commencing July 1, 2008 with the same level of service:

	Total-12 Months 2007-08	Total-12 Months 08-09 (9 months new contract)
R322-6399 Collection	\$9,752,164	\$11,014,979 (\$1,262,815 increase or 12.9%)

Staff had estimated an increase in collection services cost in the range of 15% to 25% as a result of this RFP.

The annualized (fiscal) cost of the new prices with the same suite of services is \$11,214,988 (total amount) which is an increase over current cost of \$1,462,824 or 15 % (including an increase of approximately \$75,000 or 32.4% for July/August weekly collection).

The impact of the new prices over a full twelve months (with the same suite of services and service level), results in an increase over the current cost of services for 07-08 of approximately 15%.

For cost comparison, the first year cost increase the last time the five-year RFP for collection services was awarded (RFP 02-097) was approximately 16.5%.

FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN IMPLICATIONS

This report complies with the Municipality's Multi-Year Financial Strategy, the approved 2007/08 Operating, Capital and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation.

Currently the 2008/09 Operating, Capital and Reserve budgets have not been delivered to Council for approval, however upon Council's awarding of this contract necessary funding will be allocated to the Solid Waste operating budget for 2008/09.

ALTERNATIVES


One alternative, which is not recommended, is to re-issue the RFP for collection services in Area 8. It is not expected that re-issuing the RFP for this Area would result in additional bids and/or financial savings.


ATTACHMENTS


None

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

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