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Item No. 11.1.1
Halifax Regional Council
April 20, 2010

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:

Dan English, Chief Administrative Officer

Wayne Anstey, Deputy Chief Administrative Officer - Operations

DATE: March 24, 2010

SUBJECT: **Award - Tender No. 10-016, The Receipt and Management of Separately Collected Leaf & Yard Waste and/or Christmas Trees and/or Additional Organics Capacity**

ORIGIN

The expiration of the Municipality's existing contracts for the receipt and management of separately collected leaf and yard waste and Christmas trees and the expiration of existing standing offer for additional organics capacity during peak seasons.

RECOMMENDATION

It is recommended that Halifax Regional Council award Tender No. 10-016 to the firms noted and at the prices provided below with funding as outlined in the Budget Implications section of this report:

- a) **Service A** - Receipt and Management of Separately Collected Residential Leaf & Yard Waste to Kel-Ann Organics for a two year period commencing October 1, 2010 at a total price of \$114,806.19 inc. net HST with an option (at HRM's sole discretion) for a one year extension at a total price of \$58,954.53 inc. net HST.
- b) **Service B** - Receipt and Management of Separately Collected Christmas Trees to Owen Davis for a two year period commencing December 27, 2010 at a total price of \$24,797.10 inc. net HST with an option (at HRM's sole discretion) for a one year extension at a total price of \$13,911.20 inc. net HST.
- c) **Service C** - Additional Organics Capacity during Peak Seasons to Fundy Compost for a two year period commencing upon contract award at a total price of \$342,349.99 inc. net HST (based on estimated tonnage) with an option (at HRM's sole discretion) for a one year extension at a total price of \$201,686.55 inc. net HST (based on estimated tonnage).

BACKGROUND

The processing of separately collected leaf and yard waste (separate from green cart organics), separately collected Christmas trees, and additional organics capacity are three components of Solid Waste Resources' Organics capacity contingency plan. The separate collection and processing of leaf and yard waste during peak seasons (up to ten weeks, Spring and Fall), and Christmas trees during the three weeks after Christmas into January, helps enable HRM to satisfy the contractual requirements of its agreements with Miller Composting and New Era Technologies both of which have a weekly tonnage capacity limit, and to comply with the NS Department of Environment landfill ban on the disposal of compostable leaf and yard waste and organic material. By processing some leaf & yard waste and Christmas trees at separate facilities during these known high generation periods, HRM can help maintain the two centralized composting facilities within their capacity limits. However, there are also periods of the year both during peak leaf and yard waste seasons and other months that additional organics capacity is also needed to meet the organics processing capacity requirements of HRM. During these periods, HRM engages additional organics capacity from a separate composting facility based on a unit price (per tonne fee) for weekly capacity as needed.

Growth in residential and commercial organics, both seasonally and annually, can present challenges to manage the weekly tonnage of material collected. Since the Fall of 2000, HRM has had to collect some leaf and yard waste and Christmas trees separately during peak seasons and divert the material to private facilities (other than New Era and Miller). Since 2005, HRM has also had to ship and divert additional organics to separate composting facility(s) during peak periods of the year.

DISCUSSION

Tenders were called on February 23, 2010 and closed on March 18, 2010. Bidders could bid on any one or all of the following three services:

- a) Service A - Receipt and Management of Separately Collected Residential Leaf and Yard Waste;
- b) Service B - Receipt and Management of Christmas Trees from Eligible Properties; and
- c) Service C - Additional Organics Capacity

Three firms submitted bids (see Table 1). The prices submitted are for a two year period with an optional one year extension (at HRM's sole discretion) and include net HST. The low recommended bidders for each service (prices in bold) met the conditions of the tender call. The yearly prices are for receiving and processing leaf and yard waste over an eight to ten week period in the Spring and Fall, and the Christmas trees over a three week period in late December and early January. For the additional organics capacity, bidders submitted a unit price (per tonne) and the estimated yearly price is based upon an estimate of the expected annual tonnage shipped and diverted to this facility which occurs periodically when needed generally between the months of April and December. The total prices quoted for leaf and yard waste and Christmas trees processing each year of the two year period of these services, are 1 to 2 % below the current year pricing for these same services. The unit price (per tonne) for additional organics capacity services are approximately 3% more in the first year than the existing standing offer for these services.

Table 1

Bidder	Service A - Separate Leaf & Yard Waste, inc. net HST	Service B - Separate Christmas Trees, inc. net HST	Service C - Additional Organics Capacity, inc. net HST (Per Tonne)
Fundy Compost Inc.	2 Years \$179,449.32 Option year \$92,051.81	No Bid	2 Years \$342,349.99* (\$62, \$64) Option year \$201,686.55* (\$65)
Kel-Ann Organics	2 Years \$114,806.19* Option year \$58,954.53*	No Bid	No Bid
Owen Davis	No Bid	2 Years \$24,797.10* Option year \$13,911.20*	No Bid

* Recommended service provider(s).

BUDGET IMPLICATIONS

Funds for these services are provided in the yearly Solid Waste Resources Operating Budget Accounts R324 6399 and R325 6399, Composting Facility(s).

Budget Summary:	Proposed 2010/11 Operating Accounts R324 & R325	\$7,583,000
	Cumulative Unspent Budget	\$7,583,000
	Less: Tender No. 10-016	<u>\$229,354</u>
	Balance	\$7,353,646

The 2010/11 budget of \$229,354 is comprised of first year costs for Service A of \$56,885.95 plus Service B of \$12,152.91 plus Service C of \$160,314.95 (based on estimated organics tonnage).

The balance of funds will be used for operation of the two centralized composting facilities in Burnside and Ragged Lake.

FINANCIAL MANAGEMENT POLICIES/BUSINESS PLAN

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

ALTERNATIVES

There are no recommended alternatives as the organics diversion program requires the additional processing capacity provided through this tender.

ATTACHMENTS

N/A

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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