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Item No. 14.1
Halifax Regional Council
January 27, 2015

TO: Mayor Savage and Members of Halifax Regional Council

SUBMITTED BY: Original signed by 
Richard Butts, Chief Administrative Officer

Original Signed by 
Mike Labrecque, Deputy Chief Administrative Officer

DATE: January 16, 2015

SUBJECT: Award – Request For Proposals No. 14-336, Provision of Services for
Collection and Transportation of Source-Separated Solid Waste

ORIGIN

The expiration of Halifax's municipal curbside solid waste collection service contracts on June 30, 2015 and the issuance of RFP No. 14-336 for the provision of collection services for a four (4) year period.

LEGISLATIVE AUTHORITY

Under the HRM Charter, Section 79, Halifax Regional Council may expend money for municipal purposes. Administrative Order #35, the Procurement Policy, requires Council to approve the award of contracts for sole sources exceeding \$50,000 or \$500,000 for Tenders and RFPs. See Charter Sections 79(1) and 322(3).

RECOMMENDATION

It is recommended that Halifax Regional Council award RFP No. 14-336, Collection and Transportation of Source-Separated Solid Waste to the highest scoring proponents for the total prices in Areas 1 to 8 as follows and as outlined in Table A of this report, at the monthly and other unit prices provided in the RFP responses, and in accordance with the requirements of RFP No. 14-336. The total price over four years for the collection service scope as outlined in the RFP is approximately \$60,488,373.45 plus net HST of \$2,592,531.69 for a total of \$63,080,905.14. There is an option to renew the contracts for two additional one-year periods. Funding is from the Solid Waste Operating Account R322 6399, as outlined in the Financial Implications section of this report and as follows:

- Area 1/Halifax to RE Group in the amount of \$12,586,538.09 (including net HST);
- Area 2/ Dartmouth to RE Group in the amount of \$8,591,257.81 (including net HST);
- Area 3/ Bedford, Hammonds Plains to RE Group in the amount of \$5,330,804.72(including net HST);

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- Area 4/ Western to GFL in the amount of \$6,636,770.33 (including net HST);
- Area 5/ Sackville, Fall River to GFL in the amount of \$9,721,393.61 (including net HST);
- Area 6/ Cole Harbour, Eastern Passage to RE Group in the amount of \$6,190,737.60 (including net HST);
- Area 7/ Preston, Lawrencetown, Chezzetcook to RE Group in the amount of \$6,596,442.97 (including net HST);
- Area 8/ Eastern & 2 Depots operations & Haulage to Eastern Shore Cartage (3006877 NS Ltd) in the amount of \$7,426,960.01 (including net HST).

BACKGROUND

Request for Proposals No. 14-336, Provision of Services for Collection and Transportation of Source-Separated Solid Waste was advertised commencing October 16, 2015. An information meeting was held with all potential proponents on November 3, 2014 and closing was 2:00 p.m. on November 20, 2014.

DISCUSSION

Proposals for source-separated solid waste collection and transportation services from approximately 134,512 serviced units were requested in Areas 1 to 8, as specified in the RFP. The work generally includes the curbside collection of garbage, organics and recyclables, and transportation of the materials in the manner, time, and to the locations specified in the RFP. Monthly pricing for regularly scheduled garbage, organics and recyclables collection and transportation in the Areas was obtained. The RFP also requested unit pricing for weekly organics collection options and separate truck collections (e.g. leaf and yard waste, Christmas trees). 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 over a four (4) year period from July 1, 2015 to June 30, 2019. The Municipality may extend the RFP and contracts for two (2) additional separate one (1) year periods all in accordance with the RFP requirements (a yearly CPI adjustment applies to any extension).

The RFP included updated equipment age requirements, revised moderate compaction guidelines for recycling, AVL/GPS fleet requirements, expanded time frame options for weekly organics collection, expanded separate leaf and yard waste collection seasons, haulage from the two rural refuse depots, separate white goods and acceptable metals collection, and outlined the possible changes to the curbside collection system (e.g. related to clear bags introduction).

A two-stage proposal package process was utilized for RFP No. 14-336 as follows:

Stage 1 of the RFP process: Proponents submitted a work plan and completed form of proposals along with agreement for contract surety, details of financial structure and business plan for evaluation (Envelope A). Work cost sheets and cash flows for the work were assessed and financial statements of the proponents (Envelope C) were reviewed by KPMG with a summary report submitted to Halifax.

Stage 2 of the RFP process: The schedule of prices (Envelope B) was evaluated. Monthly prices were obtained from proponents for garbage and organics collection and recyclables collection as specified in each Area. Prices were obtained for the various facility delivery locations. In Area 8, monthly pricing was obtained for operation of the two rural refuse collection depots and for haulage of trailers from the two depots to the Otter Lake facility. Pricing was sought for separate collection of leaf and yard waste and Christmas trees in urban and suburban areas to handle seasonal peak requirements. Weekly organics collection pricing for July and August and other additional months was obtained for all eight collection Areas.

Staff applied the two stage evaluation process in each Area as outlined in the RFP. A financial review team (comprised of one staff from Finance and one from Solid Waste Resources) reviewed the report from the independent auditor (KPMG) on the financial statements, reviewed work cost sheets and cash flows, 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. An evaluation team (comprised of three staff from Solid Waste Resources facilitated by a Senior Procurement Consultant) scored the Envelope A for Stage 1 (including the work plan and completed form of proposals) in each Area out of a possible 30 points. The work plan and form of proposals included submissions for qualifications, experience, references, equipment, maintenance, management, personnel, customer service, training programs, safety plans, operating plans, etc. Proponents with a score of less than 21 out of 30 at this stage would be removed from further consideration. All proponents attained the required minimum 21 points (out of 30 points) to pass Stage 1 in all Areas.

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 for the Area. The method and items included in the price evaluation over four years are defined in the RFP. The results are provided in Table A with the recommended proponent for each Area denoted in bold.

Table A

Area (# of Serviced Units)	Proponent *	Stage 1 (Max. 30)	Stage 2 (Max. 70)	Total Points (Max. 100)	Price Evaluation (4 Years exc. HST)	Price Evaluation (4 Years Including Net HST)
1 – Halifax (31,549)	RE Group	24.83	70.00	94.83	\$12,069,250.03	\$12,586,538.09
	GFL Environmental	25.33	67.77	93.10	\$12,453,909.37	
	Miller Waste	25.00	67.39	92.39	\$12,519,644.07	
2 – Dartmouth (22,448)	RE Group	24.83	70.00	94.83	\$8,238,169.85	\$8,591,257.81
	GFL Environmental	25.33	64.74	90.07	\$8,857,190.82	
	Miller Waste	24.83	63.81	88.64	\$8,966,477.57	
3 – Bedford, Hammonds Plains (12,103)	RE Group	24.67	70.00	94.67	\$5,111,716.55	\$5,330,804.72
	GFL Environmental	25.17	68.21	93.38	\$5,242,373.78	
	Miller Waste	24.83	57.52	82.35	\$6,022,937.42	
4 – Western (15,751)	GFL Environmental	25.33	70.00	95.33	\$6,364,008.91	\$6,636,770.33
	RE Group	24.67	61.25	85.92	\$7,159,527.75	
	Miller Waste	25.50	22.63	48.13	\$10,670,559.90	
5 – Sackville, Fall River (22,843)	GFL Environmental	25.33	70.00	95.33	\$9,321,858.74	\$9,721,393.61
	Miller Waste	24.83	64.92	89.75	\$9,997,805.99	
	RE Group	24.83	63.76	88.59	\$10,153,080.66	
6 – Cole Harbour, Eastern Passage (13,908)	RE Group	24.67	70.00	94.67	\$5,936,307.47	\$6,190,737.60
	Miller Waste	25.00	62.51	87.51	\$6,571,808.09	
	Leo J. Beazley	23.33	63.52	86.85	\$6,485,897.35	
	GFL Environmental	25.50	60.82	86.32	\$6,714,482.66	

7 – Preston, Lawrencetown, Chezzetcook (8,219)	RE Group	24.83	70.00	94.83	\$6,325,338.94	\$6,596,442.97
	Leo J. Beazley	23.33	69.85	93.18	\$6,338,713.74	
8 – Eastern & 2 Depots operations & haulage (7,691)	Eastern Shore Cartage (3006877 NS Ltd)	23.33	70.00	93.33	\$7,121,722.96	\$7,426,960.01
Recommended Proponents - Total					\$60,488,373.45	\$63,080,905.14

* Recommended proponents in **bold**.

FINANCIAL IMPLICATIONS

Funding for collection services is available and allocated in the annual Solid Waste Resources Operating Account R322 6399. The 2014/15 budgeted amount for Account R322 6399 is \$15,303,900.

Staff has analysed the impact of the RFP No. 14-336 recommended prices effective as of July 1, 2015. The following is the impact of the prices submitted in the recommended proposals to be awarded for a four (4) year period commencing July 1, 2015 for Fiscal 2015/16 in comparison to Fiscal 2014/15 with the same level of service:

Budget Summary:	Fiscal 2014/15	Fiscal 2015/16 (9 months new prices effective July 1st)
R322 6399 Collection	\$15,303,900	\$15,370,312 (\$66,412 increase or 0.43%)

The budgets above include net HST.

Staff had made preliminary estimates for an increase in yearly collection costs of approximately 11% as a result of this RFP. For comparison, the first year cost increase the last time this RFP was awarded for collection services (RFP No. 07-391) was approximately 12.9%.

The total price over four years for the collection service scope as outlined in the RFP is approximately \$60,488,373.45 plus net HST of \$2,592,531.69 for a total of \$63,080,905.14.

Haulage of trailers from the two refuse depots in Area 8 is also included in this RFP. Prices for this haulage service are included in the annual Solid Waste Resources Operating Account R328 6399. The 2014/15 budgeted amount for Account R328 6399 is \$155,000. The 2015/16 proposed budget for Account R328 6399 including the unit haulage prices from this RFP is \$179,372.

ENVIRONMENTAL IMPLICATIONS

N/A

ALTERNATIVES

During the procurement process, Halifax reserved the right to limit the number of collection Areas awarded to any one proponent to three (3). Regional Council could exercise this right and limit the Areas awarded to RE Group to three (3). This is not recommended as RE Group was both the highest scoring proponent and delivered the lowest bid price for the Areas they were successful in, and based on their submission, appear capable of completing the work.

ATTACHMENTS

N/A

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.php> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 902.490.4210, or Fax 902.490.4208.

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