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**TO:** Regional District of Nanaimo Board      **MEETING:** December 4, 2018  
**FROM:** Vivian Schau  
Zero Waste Coordinator      **FILE:** 5360-01  
**SUBJECT:** Waste Connections of Canada Contract Extension

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### **RECOMMENDATION**

1. That "Solid Waste Department Agreement 2010-01 Garbage, Food Waste and Recycling Collection" between Waste Connections of Canada and the Regional District of Nanaimo, be extended for a six month term beyond the current contract expiry on March 31, 2020, for the period April 1, 2020 to September 30, 2020.
2. That the Chair and the Corporate Officer be authorized to execute the amended contract with Waste Connections of Canada based on the fee increase as set in this report.

### **SUMMARY**

The current solid waste and recycling curbside contract with Waste Connections of Canada (Waste Connections) is set to expire on March 31, 2020. The Regional District of Nanaimo (RDN) is preparing a Request for Proposal (RFP) for a replacement service.

The original schedule for the replacement of the curbside collection process requires an extension due to the timeline required to conduct the legal review; outside counsel has advised the review is expected to be completed by early January 2019. Furthermore, prospective proponents have advised that a longer RFP response period is preferable given the complexity, length and value of the future service contract feedback, which will result in more fulsome and competitive proposal responses.

There is an operational benefit to the new contract commencing in the fall of 2020. If yard waste collection is included as part of the new automated curbside collection system, initiating the new program in the fall where there will be lower amounts of yard waste as compared to spring will ease the transition to the new program.

On the basis of the above, it is recommended the current contract with Waste Connections be extended for six months, for the period April 1, 2020 to September 30, 2020.

### **BACKGROUND**

The RDN residential garbage and recycling collection program is a service established under the Local Service Establishment Bylaw No. 793 and is applicable to the entire region with the

exception of the City of Nanaimo. Single family waste collection consists of food waste, recyclables and garbage. Food waste is picked up weekly, while garbage and recycling are picked up on alternating weeks. The RDN contracts for this service with Waste Connections which is set to expire on March 31, 2020.

At the Regular Board meeting of October 16, 2018:

*“It was moved and seconded that staff issue a Request for Proposal to solicit proposals for a delivery of:*

- *an automated garbage, recycling, organics collection service without yard waste;*
- *an automated garbage, recycling, organics collection service with yard waste; and*
- *the option for variable garbage and organic cart sizes, for a ten-year contract from April 2020 to April 2030.”*

As per the direction of the Board, the RDN is seeking to implement the new automated collection service in 2020. Due to the complexity, length and value of the future service contract, and need to complete the legal review, the RFP will be released in mid-January, approximately a month and a half delay from the original timeline. Prospective proponents have indicated the short RFP deadline will hinder their ability to fully evaluate and effectively respond to the RFP. In order to permit a thorough preparation and evaluation of the proposals, the timeline for the RFP deadline is requested to be extended from December 2018 to February 2019 and the subsequent contract award and negotiation will be delayed to May 2019 and June 2019, respectively. A six month contract extension with Waste Connections for the period April 1, 2020 to September 30, 2020 is recommended in order to:

- allow proponents sufficient time to respond to the RFP;
- conduct internal evaluation and legal review of RFP responses;
- seek Board approval and subsequent award and negotiation with the Preferred Proponent;
- provide adequate time for the Preferred Proponent to acquire the necessary equipment to fulfill the requirements of the contract; and
- provide an additional three month contingency to account for any unforeseen delays.

The revised proposed, high-level implementation schedule is shown in Table 1 below.

*Table 1. Proposed Implementation Schedule*

	Activity	Target Completion Date
2019	Issue RFP (8 week response time - Close March 15)	Jan - Mar
	Evaluate RFP responses	Mar - Apr
	Prefer proponent recommendation for Select/Board approval	May
	Contract award and negotiation (one year required to procure equipment)	Jun
2020	Current contract expires	Mar
	Cart delivery	Aug - Sep
	Commencement of new automated collection contract	Oct

## CONTRACT EXTENSION CONSIDERATIONS

There are a number of benefits in support the six month contract extension as detailed below.

### *1. Reduced Project Risk*

- Provide the time to prepare a thorough and comprehensive review of the RFP, including a legal review, and evaluate proposals to reduce and limit risk over the project lifecycle;
- Provide proponents the necessary time to deliver fully customized proposals to best meet the needs of the RDN residents without sacrificing the quality of their responses due to a constrained timeline, which in turn will result in better prepared and more competitive proposals; and
- Allow for contingency should there be any further project delays, such as contract negotiations, equipment acquisition timelines, and etc.

### *2. Reduced Potential Operational Impact for Organics Processing*

- Transition from a manual system to an automatic system will have a learning curve for both residents and the service provider with some inevitable service disruptions. Should the Board choose to include yard and garden waste in the program, a spring implementation is more likely to cause challenges as compared to a fall implementation where lower amounts of yard and garden waste are generated. A fall implementation will ease the transition to the new system.
- If yard waste is included as part of the new automated collection program, it is in the RDN and Circular Waste BC's best interest to delay the commencement of the new program until the fall as there will be reduced volume of yard waste to process compared to the spring and summer months, which will provide Circular Waste BC the opportunity to increase processing capacity on a gradual level and reduce the potential for operational upsets. The proposed extension will coincide with the facility upgrade completion timelines as set out in the contract.
- *Improve Project Implementation Timeline*

The extension will afford more time for public engagement to communicate the curbside collection changes to better prepare RDN residents, which will positively influence the success of the new program implementation.

- *Deferred Utility Cost Increase*

An extension of the current contract will defer the cost increase associated with the implementation of a new replacement service as outlined in the financial section below.

## ALTERNATIVES

1. Approve the six month extension with Waste Connections to provide flexibility in the implementation timeline.
2. Decline the six month extension with Waste Connections and proceed with the expedited timeline for contract award.
3. Provide alternate direction.

## FINANCIAL IMPLICATIONS

The proposed contract extension will result in an upset amount increase of \$84,000 (excluding taxes) for 2019 above what is provided for in the current contract. However, by deferring the implementation of the new automated collection system by six months, the projected program cost for the period from April 30, 2020 to September 30, 2020 will be lowered by \$170,000 for a same manual service.

In place of the annual fee escalation based on the previous calendar year British Columbia Consumer Price Index as set out in the existing contract, Waste Connections has agreed to a six month contract extension based on the following fee escalation:

1. For the period of January 1, 2019 to March 31, 2019, a reduced annual fee escalation of 2.0% to be applied as opposed to the current contract requirement to use the previous year's British Columbia Consumer Price Index (the 2018 year-to-date value is 2.3%) resulting in a savings of \$2,300.
2. For the period of April 1, 2019 to September 30, 2020, a one-time 4% fee escalation to be applied on April 1, 2019 to provide funds for increased servicing to extend operation of the current collection fleet to the contract termination as the fleet is approaching end of life. No further fee escalation will be provided in 2020 and the pricing will remain in effect until the contract terminates on September 30, 2020.

The 2019 budget has been revised to include the increased cost of the contract extension. If the Board does not approve the proposed extension, the \$84,000 allocation for this purpose will be applied to reserves to offset future program costs. There will be no increase to the curbside collection utility fee.

## STRATEGIC PLAN IMPLICATIONS

Focus On Service And Organizational Excellence - As We Invest In Regional Services We Look At Both Costs And Benefits - The RDN Will Be Effective And Efficient

The residential curbside collection program is entirely funded by user fees to cover the costs associated with the contracted collection, disposal, program administration, education, and communications services. Consistent with the *focus on organizational excellence and services* as set out in the Strategic Plan, the six month extension of the current Waste Connections contract is recommended to maintain the economic viability of the curbside collection service and to provide time contingency in order to avoid potential disruption for residents.



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November 26, 2018

Reviewed by:

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- R. Alexander, General Manager, Regional and Community Utilities
- P. Carlyle, Chief Administrative Officer