
Subject: Bridge Street Site Operations Contract

Report to: Public Works Committee

Report date: Tuesday, September 12, 2023

Recommendations

1. That Contract 2023-T-45 Bridge Street Waste and Recycling Drop-Off Depot and Leaf & Yard Waste Composting Facility Operations, **BE AWARDED** to the lowest compliant bidder, Waste Innovators Niagara Inc., at their tender price of \$1,129,873 per year (including 13% HST) for a term of five (5) years, with an option in favour of Niagara Region to extend the term for up to five (5), six (6) month periods; and
2. That the Regional Chair and Regional Clerk **BE AUTHORIZED** to execute the contract and any required documents related thereto in a form satisfactory to the Director of Legal and Court Services.

Key Facts

- The purpose of this report is to seek Council approval to award Request for Tender 2023-T-45 to Waste Innovators Niagara Inc, (WIN), for operations at the Bridge Street Waste and Recycling Drop-Off Depot and Leaf & Yard Waste Composting Facility (herein referred to as the Site) given that the total value of the contract exceeds \$5,000,000, excluding taxes.
- Niagara Region has contracted out the operation of the Site since 1996. The work includes the operation of the residential waste and recycling depot and leaf and yard composting facility. The contractor is required to supply all equipment and staff resources required to perform the work.
- Contract 2023-T-45 was issued in June of 2023 through Procurement and Strategic Acquisitions with WIN as the lowest compliant bid at \$999,888 excluding taxes, meeting all of the mandatory requirements of the tendering process. Niagara Region received two (2) compliant bid submissions.
- The Contract is for a term of five (5) years from March 1, 2024, to February 28, 2029, and includes an option to extend the Contract for up to two (2) years via five (5) six, (6) month terms for a total term of up to seven (7) years.
- WIN has operated the Site since 2011 when they were the successful bidder of Request for Tenders 2010-T-47, 2013-RFP- 67, and the current contract 2018-T-13.

Over the past decade, WIN has consistently performed their work satisfactory to Niagara Region.

Financial Considerations

In accordance with Schedule B of the Niagara Region Procurement By-law 02-2016 as amended on February 28, 2019, Council approval is required for all competitive bid awards valued in excess of \$5,000,000 excluding taxes.

The first-year tender price of Contract 2023-T-45 is approximately \$1,017,486 (including non-recoverable HST) with a total estimated cost of \$5,295,036 (including non-recoverable HST) for the initial five (5) year term, including an estimated annual CPI increase of 2%. This is an increase of approximately 52% in the first-year and 54% over the initial five (5) year term over and above the current contract 2018-T-13. For the first-year this equates to \$525,345 (including non-recoverable HST) which is approximately 1.16% of the 2023 requisition amount of \$45,167,763, and for the initial five (5) year term it equates to a total of approximately \$2,834,333 (including non-recoverable HST). This could potentially impact the rate and reserve usage strategy as it is considered in the annual budget cycle over the initial five (5) year term depending on overall budget impacts throughout the division.

The first-year price of \$1,017,486 (including non-recoverable HST) will be included as part of the 2024 operating budget which could potentially impact the rate and reserve usage strategy depending on overall budget impacts throughout the division.

The cost to invoke the optional contract extensions at Niagara Region's discretion is approximately \$2,269,241 (including non-recoverable HST) for a total estimated value of \$7,564,277 (including non-recoverable HST), including an estimated annual CPI increase of 2%. These options will be evaluated near the end of the initial five (5) year term taking into consideration the current economic conditions and budget implications at that time.

Background

On July 1, 2016, the landfill's final contours were reached as prescribed in the site's Environmental Compliance Approval and the landfill was capped and closed. Niagara Region has continued to operate the Residential Waste and Recycling Drop-off Depot and the Leaf & Yard Waste Composting Facility (the Site). The Drop-off Depot allows residents and small businesses to dispose of their recyclables and waste in a clean and

safe environment. In 2005, Niagara Region constructed a Compost Facility for leaf and yard waste.

In 2022, approximately 59,500 vehicles visited the Bridge Street Landfill and Niagara residents dropped off approximately 9,700 tonnes of residential waste, leaf and yard materials and recycling.

Bridge Street Site Operations Contract

Niagara Region issued a tender in June of 2023 to allow the Successful Bidder to procure all necessary equipment required to carry out the work as per contract 2023-T-45, with the current contract expiring on February 29, 2024.

The Contract requires the Successful Bidder to supply all labour, material and equipment required to operate the Bridge Street site. The work includes:

- Operation of the residential waste and recycling Drop-off Depot including hauling of waste and recyclable materials.
- Operation of the leaf and yard waste Compost Facility.
- Snow clearing maintenance.

Analysis

The pricing received under Tender 2023-T-45 is nearly double the cost of the current annual contract price which is approximately \$550,000, including non-recoverable HST. Equipment, fuel, and labour are the main components of this contract and are the primary drivers for the cost increase. Over the past several years the price of equipment has increased by approximately 25 per cent. Labour costs are greater including the minimum wage which has increased by 15 per cent since the start of the current contract in 2018. Insurance and administration related costs have also risen. Furthermore, the incumbent contractor previously managed both the current Bridge Street Site contract (2018-T-13) with the previous Humberstone Landfill contract thus realizing an overall economy of scale which helped to reduce costs. The doubling of the operations contract is consistent with the pricing received on a previous operations tender.

Alternatives Reviewed

Since the landfill portion is closed and curbside collection vehicles do not drop-off waste at the site, there is the option of permanently closing the Site. Staff do not recommend this option as it would require customers including local area municipalities to drive to either the Humberstone Landfill or to a private disposal facility to drop off their materials. Furthermore, the Site would still require maintenance.

The received tender pricing is significantly greater than the current contractual price and is greater than estimated at the start of the tender process. Nonetheless, staff are recommending that Tender 2023-T-45 be awarded to WIN as the lowest compliant bidder as equipment, fuel and labour costs have increased industry-wide. Increased contract pricing was observed during the most recent tender for the operation of the Humberstone Landfill where the lowest compliant bidder's price doubled from the current pricing (at that time); and the second compliant bid received was approximately 25 per cent more.

Relationship to Council Strategic Priorities

The recommendation, to approve the award of the 2023-T-45 tender for the operations of the Bridge Street site, supports Council's Strategic Priority "Effective Region" as it is transforming service delivery in a way that is innovative, collaborative and fiscally-responsible.

Other Pertinent Reports

No other reports are pertinent to this report.

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