



Corporate NO: R073

Report COUNCIL DATE: April 15, 2002

REGULAR COUNCIL

TO: **Mayor & Council** DATE: **April 5, 2002**

FROM: **General Manager, Engineering** FILE: **2320-20**

SUBJECT: **City Residential Curbside Garbage & Recycling Collection Services**

RECOMMENDATION

That the Engineering Department seek competitive proposals for Curbside Garbage and Recycling Collection Services.

DISCUSSION

The City is presently engaged in a five-year contractual-agreement for the delivery of residential curbside waste collection services through Canadian Waste Services, Limited (CWS). This is Surrey's second largest independent service Agreement, valued at approximately \$7.3 million per annum (2002 costs). The present Agreement was initiated on January 1, 1998, and will terminate on December 31, 2002.

Recently, CWS approached Surrey with a written request to extend their current Agreement for an additional one-to-two year period, however, a specific business proposal was not offered to the City in this regard.

Notwithstanding the above, we believe that it would be in the City's best interest to solicit competitive proposals from the waste collection industry via a Request for Proposal (RFP) process at this time for the following reasons:

- 1) With the magnitude of the waste collection program with respect to contract costs and term i.e. \$35 Million over 5 years, it is more appropriate to have an open public process rather than a 'sole service' extension;
- 2) A relatively higher number of viable service providers are located within the area at this time compared to the state of the industry during our previous RFP process in 1997;
- 3) A number of adjacent municipalities have, over recent years, aligned their RFP timing with Surrey's in order to achieve lower unit rates. Inadvertently, this has resulted in improved unit rates within Surrey (our 1997 waste collection RFP process had resulted in lower unit rates for garbage removal compared to the previous contract term: 1993 to 1997).
- 4) Under recent amendments to the Local Government Act, contracts cannot exceed 5 years unless the City has provided a counter petition opportunity for public objection to such extension.

With respect to item (2) above, the 1997 RFP process resulted in the receipt of only three separate proponent offers, the participants being Canadian Waste Service, Browning-Ferris Industries (BFI), and Industrial Paper Industries (IPI). At the time, CWS was the dominant service provider to municipalities within the region, and remains to be so at present. Since 1997 however, at least four *additional* waste haul firms have since established themselves locally within the area and are deemed to be viable competitors to CWS as well as the firms that responded to the 1997 RFP. These new companies have expressed strong interest in submitting a proposal for solid waste services. The added competition should result in favorable service and market price proposals.

Regarding item (3) above, we are presently aware that at least three local municipalities will be engaging an RFP process this year for contractual services between years 2003 to 2007 inclusive (i.e. the same 5 year period as Surrey) namely; Richmond, Coquitlam, and North Vancouver (City/Township combined). Their respective municipal waste removal service requirements are similar to Surrey's to the extent that all three jurisdictions have based their waste removal RFP document and process on the Surrey model. As noted above, the harmonized timing of the RFP releases by each of these jurisdictions and the similarities between their respective services will likely have a significant positive impact on unit prices (participating contractors will offer lowered unit costs due to the "economy-of-scale" factor).

In addition, while major service changes are not anticipated, the RFP process will allow the Engineering Department an opportunity to look at further enhancing service delivery under a new contract. This would include the establishment of a "performance-criteria" agreement which will provide assurances for a high level of contractor accountability and compliance as well as a clearly defined termination process as a result of poor performance.

The use performance criteria and an RFP process will help ensure that only contractors of sufficient size, and demonstrated quality of service will be eligible to submit a successful proposal.

CONCLUSION

On the above premise, it is recommended that the Engineering Department issue an RFP for curbside garbage and recycling collection services for May 2002. The release of the noted RFP document in May 2002 will ensure timely allotment for the required RFP review and selection process, with subsequent recommendations to Council by early-to-mid July 2002. The ensuing months, post-award (July to December 2002), will allow the successful proponent the required time to sufficiently prepare for the delivery of their services.

It is proposed that the term for the noted future Agreement be for a five-year period, extending from January 1, 2003 to December 31, 2007.

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