



Corporate NO: R180

Report COUNCIL DATE: September 9, 2002

REGULAR COUNCIL

TO: Mayor & Council DATE: **September 6, 2002**

FROM: General Manager, Engineering FILE: **2320-20 -Curbside Garbage
& Recycling Collection Services**

SUBJECT: Curbside Garbage and Recycling Collection Services

RECOMMENDATION

That Canadian Waste Services Inc. be approved as the preferred proponent under the Request for Proposal (RFP) "Curbside Garbage and Recycling Collection Services", and that General Manager, Engineering and the City Solicitor be authorized to negotiate a contract for the work and services described in the RFP in the annual amount of \$6,161,954.58, excluding GST, and annual increases as per the Vancouver CPI, for the period of January 1, 2003 to December 31, 2007 inclusive.

INTENT

The intent of this report is to provide Council with details of the above noted Request for Proposal and to seek authority to engage in a five (5) year contract with the preferred proponent.

BACKGROUND

The City of Surrey is currently in the final year of a five (5) year contract with Canadian Waste Services Inc. which ends December 31, 2002.

Services within this contract include garbage, recycling and green waste collection to single-family residences and recycling collection to multi-family residences. The services include disposal of the noted materials at appropriate facilities located within the Lower Mainland. The current collection services also include the annual Spring Cleanup Week, offering residents the opportunity to dispose of excess refuse at the curbside.

Collection is performed on a four (4) day week (Monday through Thursday) which allows for minimal scheduling disruptions during weeks that contain statutory holidays. In addition, the standard non-pick-up day (Fridays) affords City staff the ability to deal with customer garbage and recycling issues prior to the weekend, which dramatically minimizes early week complaint calls and staff over-time costs.

The City issued the RFP on June 27, 2002, with approval of the preferred proponent by early-to-mid September 2002 in order to allow the preferred proponent the time required to schedule its respective servicing needs for the January 1, 2003, contract commencement date.

DISCUSSION

In total, seven proponents obtained a copy of the RFP. At the submission deadline date of July 16, 2002, the City received three proposals. The responding proponents were Canadian Waste Services Inc. (CWS), International Paper Industries Ltd. (IPI), and BFI Canada Inc. (BFI).

The RFP called for submission and evaluation that involved a two-envelope system, in which the technical submissions were invited in one envelope and the price submission in a second. The RFP called for evaluation of the technical submissions first, before the pricing envelope is opened and the price evaluated.

Due to the sensitive nature of this service combined with the significant number of customers served on a weekly basis (over 100,000 households/weekly!), it was determined at the RFP development stage that a high level of emphasis be placed on the Technical Proposal (how the work will be carried out, reliability, experience, etc). On this premise, the RFP provided that the proposals would be evaluated on a percentage scale with 80% overall allocated for Technical Proposal and 20% overall allocated for Price Proposal.

Technical Review

In accordance with the RFP, the Technical Proposals were reviewed first, including any alternative proposals offered by the proponents. Follow-up meetings were engaged with each proponent to clarify items reflected within their respective proposals (including alternatives). On the basis of our review and the noted discussions, it was determined that the proposed alternatives would not be operationally viable due to the significant changes that would be required prior to and during service execution (i.e., educating customers on changes, internal administrative and operational changes, marketing, etc). To this end, final proposal evaluations were made based on the current service structure.

In addition to the above, and where the evaluation committee judged necessary, proponent site visits were conducted at their place of business and discussions were engaged with some of their current municipal clients. The references' feedback was consistent with the recommendation of this report.

A quantitative and qualitative approach was taken with respect to the analysis of the proposal submissions. The analysis was carried out by an evaluation committee comprised of Engineering staff, plus an independent engineering consultant. The evaluation process was reviewed by legal staff as well as independent legal counsel with respect to compliance with the requirements of the RFP and the integrity of the evaluation process.

As described in the RFP, the Technical Review was composed of four categories.

1. Proposed Service (20 percent maximum)
2. Reliability of the Proponent (20 percent maximum)
3. Proponents' Experience (20 percent maximum)
4. Technical Ability (20 percent maximum).

Price Review (20 percent maximum)

Following the Technical Review, the financial viability of the proposals was evaluated.

RESULTS

Technical Evaluation

The Technical Review portion of the evaluation showed that all proponents submitted sound proposals with regard to their respective approaches to providing the curbside service. Overall, however, CWS attained a very high rating, placing it well above the other two proposals in a number of categories, and overall on a technical basis.

Price Evaluation

With regard to Price Proposal, International Paper Industries Ltd. offered the lowest contract cost, with CWS falling closely behind. BFI's proposed costs were significantly higher than its competitors' prices.

Based on the noted proposals and current housing numbers, the annual service costs of the three proposals, excluding potential revenue, are estimated as follows:

- IPI \$ 5,944,445.25
- CWS \$ 6,161,954.48
- BFI Canada \$10,180,395.29

IPI's pricing offer is \$217,509.33 per year lower (or 4%) than the CWS offer.

Overall Evaluation

Notwithstanding that IPI was evaluated higher on price, CWS's overall evaluation (combined Technical and Price) is significantly higher than the other two proposals.

Specifically, CWS's high evaluation was based on its:

- Ability to carry out the required service commencing January 1, 2003, with little to no start-up or transitional problems (as they are the current service provider).
- Experience and longevity with the City and overall experience/longevity at providing similar services for a number of municipalities that are of a similar size (or larger) than Surrey.
- Demonstrated ability to consistently provide superior performance in the delivery of curbside services within Surrey with minimal performance related issues. This in itself has allowed the City to effectively and efficiently administer this service through a relatively small component of internal staff.
- High level of customer satisfaction (based on low percentage of annual customer complaint calls as derived from the City's "Service Request" databank).

(It was noted that the prices proposed by Canadian Waste Services Inc. are approximately \$570,000 (or 8%)

less than their current 2002 contract costs.)

Based on the evaluation as described above, the evaluation committee recommends that Canadian Waste Services Inc. be approved as the preferred proponent for the Curbside Garbage and Recycling Collection Services, and that the General Manager, Engineering and the City Solicitor be authorized to enter into discussions with Canadian Waste Services Inc. for a five (5) year term contract, commencing January 1, 2003.

CONCLUSIONS

An RFP for Curbside Garbage and Collection Services was released in late June 2002 for services required for a new five-year agreement, commencing January 1, 2003, to December 31, 2007, inclusive.

The City received proposals from Canadian Waste Services Inc., International Paper Industries Ltd., and BFI Canada Inc. Based on the evaluation of these proposals, it is recommended that Canadian Waste Services Inc. be selected as the preferred proponent due to their high overall evaluation.

Canadian Waste Services Inc. is the current curbside collection contractor for the City. Their performance as a service provider has consistently been above average. Due to their longevity and experience as a service provider for Surrey, very few operational or administrative problems are anticipated with respect to commencement of services under a new contract in January 2003.

Paul Ham, P.Eng.

General Manager, Engineering

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