



Corporate NO: R210

Report COUNCIL DATE: October 28, 2002

REGULAR COUNCIL

TO: Mayor & Council **DATE: October 22, 2002**

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

SUBJECT: Curbside Garbage and Recycling Collection Services Contract

RECOMMENDATION

That the City enter into a formal contract with Canadian Waste Services Inc. for the delivery of "Curbside Garbage and Recycling Collection Services" for the period of January 1, 2003 to December 31, 2007 inclusive, in the annual amount of \$6,829,232. excluding:

- Goods and Service Tax;
- Annual increases as per the Vancouver CPI;
- Annual revenues; and
- Annual increases to Surrey's customer base.

BACKGROUND

On September 9th, 2002 Council approved Corporate Report R180 (attached) which gave authority for staff to negotiate a contract with Canadian Waste Services Inc.(CWS) for the provision of curbside garbage and recycling collection services.

Council was advised in advance of this approval that International Paper Industries Ltd had a lower price than Canadian Waste Services Inc. (CWS), but that its Proposal had been ranked lower than CWS by the Evaluation Committee because of the application of the other RFP evaluation criteria. Following the September 9th, 2002 approval, staff met with and concluded negotiations with CWS accordingly.

DISCUSSION

Negotiations with Canadian Waste Services

CWS' proposed (via RFP) unit rates have been accepted with no modifications. Their unit costs have been applied to 2003 projected units (i.e. households, yardwaste tonnages, etc) including collection services to secondary suites (mandated by the City as being 50% of the total single

family rate).

Based on the above, the 2003 contract cost for this service has been budgeted at \$6,829,232.00, excluding GST and annual revenues for recyclables. Increases to this cost shall occur annually via adjustments to the Vancouver CPI and increases to the customer base.

The contract is based on the delivery of waste to the future Port Kells transfer station. Until such time that the transfer station is operational (late 2003) the current additional (City established) rates for hauling to other disposal locations will apply.

Revenue Sharing

The City presently receives fifty percent (50%) of CWS' annual commodity for recyclable materials generated at curbside by Surrey households. Month-to-month revenue commodities are susceptible to rate fluctuations due to continual changes to market indices. In an effort to minimize fluctuations, in March 2002 CWS joined an American based material marketing group that offers more competitive and stable commodity values for recyclable materials collected and marketed. By doing so, the City has experienced a sharp increase to its revenue payments received; between April 2002 to September 2002, revenue payments have increased to an average of \$37,466/month compared to the 2001 average of \$21,500/month. Total 2002 revenues are expected to surpass \$370,000.

Based on CWS' present approach to marketing their recyclables, 2003 annual commodity revenues to the City are estimated to be in the range of \$370,000 to \$430,000.

Finance Department Review

Financial Services Division staff has reviewed the contents of this report and verify the accuracy of all costs outlined herein.

CONCLUSION

Further to having received Council authority, staff has completed negotiations with Canadian Waste Services for the provision of curbside garbage and recycling collection service.

Canadian Waste Services' 2003 cost for this service under a new contract is \$6,829,232.00, excluding GST and annual revenues to the City for the sale of recyclables.

It is recommended that the City enter into a formal contract for the noted curbside collection services for a five-year term commencing January 1, 2003 to December 31st, 2007 inclusive.

Paul Ham, P.Eng.

RAC/

General Manager, Engineering

Attachment

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