

Region of Waterloo
Corporate Services
Treasury Services (Procurement)
Engineering & Environmental Services
Waste Management

To: Planning and Works Committee
Meeting Date: May 7, 2024
Report Title: P2023-33 Automated Cart-Based, and Manual Waste Collection, and Supply, Initial Distribution and On-Going Maintenance of Carts Within the Region of Waterloo

1. Recommendation

That the Regional Municipality of Waterloo accept the proposal of Halton Recycling Ltd. dba. Emterra Environmental for the P2023-33 Automated Cart-Based, and Manual Waste Collection, and Supply, Initial Distribution and On-Going Maintenance of Carts Within the Region of Waterloo for a contract period of eight (8) years commencing from March 2, 2026 to March 3, 2034 with the option to renew for two (2) additional one (1) year periods in the estimated amount of \$284,691,880.00 (estimated annual cost of year one is \$57,659,760.00 plus all applicable taxes, remaining years are estimated at an annual cost of \$32,433,160.00) plus all applicable taxes as set out in report COR-TRY-24-013 dated May 7, 2024.

2. Purpose / Issue:

For Tenders/Proposals - Purchasing by-law 22-034 Section 2 item 2c requires Council approval for tenders in excess of \$10,000,000.

3. Strategic Plan:

Award of this contract meets the 2023-2027 Corporate Strategic Plan priorities to steward our natural environment and shared resources as we grow: We will work to protect the region’s natural environment, biodiversity, trees, and water under Strategic Priority 2, Climate-aligned growth.

4. Report Highlights:

- In February 2023 Council established new service levels for the next curbside waste collection contract. A new residential curbside waste collection contract is

required to be in place by March 2026 to align with the end of the existing contract.

- Proposals were called for P2023-33 Automated Cart-Based, and Manual Waste Collection, and Supply, Initial Distribution and On-Going Maintenance of Carts Within the Region of Waterloo and were advertised on the Region's website. Four bids were received and three were short-listed.
- Costs associated with the changes as part of this contract are substantially higher than the existing contract. This trend of higher collection contract costs has been reflected in recently awarded contracts for other Ontario municipalities, with increases ranging from 30% to 150% higher. Amendments will be required to the 2025-2026 Waste Management capital program and to operating budgets in 2025, 2026 and 2027.
- An extensive communication campaign will be prepared to inform and educate impacted residents about the upcoming curbside waste collection changes.

5. Background:

Curbside Waste Collection Changes

At the February 22, 2023 Council Meeting the following recommendation was approved:

That the Regional Municipality of Waterloo take the following action with respect to the next contract for curbside waste collection as set out in report EES-WMS-23-003, dated February 7, 2023:

- a. Maintain existing service levels and collection frequencies for garbage, organics, bulky and large metal items, yard waste and Christmas trees for single-family homes, duplexes, 3 to 6 unit buildings, and multi-family units and townhouses that meet truck-access criteria
- b. Convert to automated cart collection for garbage and green bin organics. (Items such as bulky or large metal items, yard waste and Christmas trees will continue to be collected manually)
- c. Include requirements for alternative fuel sources for collection vehicles to reduce greenhouse gas emissions
- d. Change the current service level of a five day collection week to a four day collection week (Tuesday to Friday); and,

That staff be directed to examine the level of service for curbside waste collection for Industrial, Commercial and Institutional (IC&I) properties that currently receive curbside collection and report back to Committee with options for consideration.

Converting to automated cart-based collection for garbage and organics as well as

transitioning to alternative fuel collection vehicles aligns with recent jurisdictional scans and industry best management practice. It is also noted that it would have been difficult to receive competitive bids from service providers to continue to provide manual waste collection for garbage and organics.

By converting collection methodologies, there will be improvements to:

- Health and safety to reduce injuries for workers,
- Efficiencies for stop times curbside which introduces opportunities for efficiencies in route logistics,
- Mitigating safety risks by having the driver inside the vehicle, using 360 degree cameras to view the area outside of the truck,
- Reduce litter from windy days, and pests,
- Reduce greenhouse gas emissions through the introduction of an alternative fuel powered fleet,
- Create consistency in containers and aesthetics curbside, and
- Staff recruitment and retention for contractors, while diversifying the workforce.

Costs associated with the changes as part of this contract are substantially higher than the existing/current contract. This trend of higher collection contract costs has been reflected in recently awarded contracts for other Ontario municipalities, with increases ranging from 30% to 150% higher.

Increases are due to increased cost of labour and fleet, changes/supply of collection equipment (such as using carts), supply chain constraints (intensified by the blue box transition process) and converting to alternative fuels instead of using diesel. To align with the Region’s Climate and Energy Transition Plan, the collection vehicles used by the contractor in this contract will be using compressed natural gas (CNG).

It is noted that this recommendation of award report focuses on residential curbside waste collection only. Staff will report back to Committee with options for consideration for industrial, commercial, and institutional (IC&I) curbside waste collection in Q3/Q4 2024 separately, as part of the ongoing Downtown Waste Services review.

Procurement Process

Proposal were called for P2023-33 Automated Cart-Based, and Manual Waste Collection, and Supply, Initial Distribution and On-Going Maintenance of Carts Within The Region of Waterloo and were advertised on the Region’s website. The following proposals were shortlisted:

Halton Recycling Ltd. dba. Emterra Environmental	Oakville, ON
Miller Waste Systems Inc.	Markham, ON
Waste Management of Canada Corporation	Kitchener, ON

Halton Recycling Ltd. dba. Emterra Environmental received the highest overall score. The final date of acceptance for this proposal is July 1, 2024.

The proposals were evaluated using pre-determined technical criteria which included company profile & bidder experience, technical abilities – vehicles, carts, and equipment, human resources & health and safety, customer service and communications, strategic plan for procurement and implementation, and demonstrations.

The work under this contract is for the collection, transportation and dumping of waste. This includes automated, cart-based collection of garbage and organics, and manual collection of bulky and large metal items, yard waste and Christmas trees. This RFP also includes the supply, initial distribution, and on-going maintenance of carts within the Region of Waterloo.

Lakeland Consulting was hired as the Fairness Monitor on this project. Their role consisted of:

- Participation in all stages of the procurement process
- Review of the procurement documentation (e.g. RFP, addenda)
- Observation of all communication with Proponents, both written and verbal (e.g. attending all Meetings, Demos, reviewing all Requests for Clarification)
- Observation of bid receipt, opening, and evaluation,
- Addressing matters related to fairness as required,
- Attend scoring consensus meetings and validate evaluation results, and
- Provide guidance and advice to the RFP evaluation team.

All of the above was undertaken in order to ensure that the procurement process was conducted, fairly, openly and in a transparent manner. Lakeland Consulting has certified:

1. That the procurement process was clearly established in the implementation guidelines (RFP and Evaluation Framework).
2. That the evaluation process and criteria described in the procurement documents were applied consistently and equitably.
3. That evaluators demonstrated diligence in their responsibilities, that they were able to support their individual evaluation assessments and that they held no bias for or against any of the Proponents.
4. For P2023-33, issued by The Region of Waterloo, Lakeland Consulting certified that the principles of openness, fairness, consistency and transparency have been properly established and maintained throughout the entire process.

Correspondence from Lakeland Consulting is attached as Appendix B.

6. Area Municipality Communication and Public/Stakeholder Engagement:

Area Municipality Communication:

Staff will communicate with affected local stakeholders (e.g. area municipalities) to clarify potential impacts and how best to proceed to ensure as seamless and effective transition as possible. Staff will also arrange to present to local municipal Councils about the upcoming changes and impacts to curbside waste collection.

Public/Stakeholder Engagement:

An extensive communication and public awareness campaign will be required to inform and educate impacted residents, businesses, and properties about the upcoming curbside waste collection changes. The communication campaign will be completed in stages – e.g. Phase One: Awareness, Phase Two: Preparation, Phase Three: Implementation, and Phase Four: Reinforcement and Retention.

7. Financial Implications:

The recommended proposal includes one-time capital costs for the supply and distribution of curbside collection carts in the amount of \$25.7M in 2025 and 2026. Subject to Council approval, the 2025-2034 capital program will be drafted to provide for capital costs and timing as set out in Appendix A.

The estimated annual operating costs of \$33.0M, commencing in March 2026, exceeds the current 2024 Operating Budget provision for the curbside contract (\$15.8M excluding blue box) by \$17.2M. Staff propose phasing in the required increase to the operating budget over the 2025 to 2027 budgets, utilizing some of the initial increases for additional capital costs as set out in Appendix A.

8. Conclusion / Next Steps:

Subject to Council approval, curbside collection services for this contract will begin March 2, 2026, however planning to prepare for the program change will commence after contract award. Staff will report back to Committee later this year with a comprehensive communication and implementation plan.

9. Attachments:

Appendix A: Detailed Financial Implications

Appendix B: Correspondence from Lakeland Consulting

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