SUBJECT: Transfer Station and Disposal Operations Request for Proposals
C11-40-08 Selection of Successful Proponents
(PW08123/FCS08101) - (City Wide)

RECOMMENDATIONS:

(a) That BFI Canada Inc. be selected as the Successful Proponent for Project A of Request for Proposals Contract C11-40-08, being the operation and maintenance of the City’s three (3) Community Recycling Centres, three (3) Transfer Stations, the Reuse Centre at the Mountain Community Recycling Centre, haulage of materials from the sites to end markets, recycling facilities and to the Glanbrook Landfill and marketing of specified recyclable materials from the sites;

(b) That Waste Management of Canada Corporation be selected as the Successful Proponent for Project B of Request for Proposals Contract C11-40-08, being the operation and maintenance of the Glanbrook Landfill and Composting Area;

(c) That the General Managers of Public Works and Finance and Corporate Services be authorized and directed to finalize the terms and conditions of the contract with BFI Canada Inc. in accordance with the provisions of Request for Proposals Contract C11-40-08 for Project A for the operation and maintenance of the City's three (3) Community Recycling Centres, three (3) Transfer Stations, the Reuse Centre at the Mountain Community Recycling Centre, haulage of materials from
the sites to end markets, recycling facilities and to the Glanbrook Landfill and marketing of specified recyclable materials from the sites;

(d) That the General Managers of Public Works and Finance and Corporate Services be authorized and directed to finalize the terms and conditions of the contract with Waste Management of Canada Corporation in accordance with the provisions of Request for Proposals Contract C11-40-08 for Project B for the operation and maintenance of the Glanbrook Landfill and Composting Area;

(e) That the Mayor and City Clerk be authorized and directed to execute the contract finalized with BFI Canada Inc., together with any necessary ancillary documents, all in a form satisfactory to the City Solicitor;

(f) That the Mayor and City Clerk be authorized and directed to execute the contract finalized with Waste Management of Canada Corporation, together with any necessary ancillary documents, all in a form satisfactory to the City Solicitor; and

(g) That the 2010 Waste Management Division Operating Budget for the Glanbrook Landfill reflect an additional $100,000 to ensure compliance with the Certificate of Approval.

Scott Stewart, C.E.T.
General Manager
Public Works

Peter A. Barkwell
Acting General Manager
Finance & Corporate Services

**EXECUTIVE SUMMARY:**

The existing contracts for the operation of the City’s waste disposal and transfer facilities will end in December 2009. These facilities include the Glanbrook Landfill and Composting Area, three (3) Transfer Stations and Community Recycling Centres (CRCs) and the Reuse Centre at the Mountain CRC. In this report the Composting Area refers to the open windrow composting facility for leaf and yard waste at the Glanbrook Landfill.

To facilitate the provision of continuous service into 2010, it is necessary that the decisions on operation of the facilities be made at least one (1) year in advance of any new provision of service to allow for finalization of contract terms and conditions and the acquisition of equipment and vehicles which is a key component of the services required.

Staff undertook a review of transfer and disposal operations in late 2007 and issued a Request for Proposals (RFP) in April 2008. The RFP was issued to allow proponents to submit proposals on one (1) or more of the following three (3) projects:
• Project A for the operation and maintenance of the Transfer Stations/CRCs and the Reuse Centre and the haulage of materials,
• Project B for the operation and maintenance of the Glanbrook Landfill and Composting Area, and
• Project C for the operation and maintenance of all disposal and transfer operations

The RFP required the submission of two (2) envelopes, one (1) for the technical submission for a project and one (1) for the financial submission for a project.

Concurrent with the RFP process the Internal Costing Team prepared a technical submission and costing in response to the specifications of the RFP.

Following the close of the RFP on July 11, 2008, the technical evaluation was undertaken based on the criteria in Appendix A to this report. When the technical evaluation was completed, the Purchasing staff released the Internal Costing Submission for evaluation. The Internal Costing Submission was evaluated against the evaluation criteria as “adequate” or “inadequate.

The proposals that passed the technical evaluations and the Internal Costing Submission moved forward to the financial evaluation.

The financial evaluation revealed that the Proponents with the lowest pricing were BFI Canada Inc. for Project A and Waste Management of Canada Corporation for Project B.

The proposal costs and the Internal Costing were used to analyze four (4) disposal and transfer systems including:

• Status Quo
• Project A contracted, Project B by City of Hamilton staff
• Project A and B contracted to two (2) separate proponents
• Project C contracted to a single proponent

Status Quo is an estimate of the cost of the current contacts if they were extended. It is forecasted that the cost of the new contracts in 2010 will exceed the cost of the Status Quo by approximately $1.3 million. This is due to the age of the current contracts, increased performance management, the escalation of equipment and fuel costs and new legislative requirements in the Certificate of Approval for the Glanbrook Landfill.

However it is expected that the increased performance management requirements will result in the preservation of landfill space, thereby extending the life of the Landfill, which has an estimated replacement value over $2 million per year, representing good long term value in the contract.

It is recommended that BFI Canada Inc. be selected as the Successful Proponent for Project A and Waste Management of Canada Corporation be the Successful Proponent for Project B.

In conjunction with the recommendation of Successful Proponents, it is recommended that the General Managers of Public Works and Corporate Services be directed to
finalize the terms and conditions of the contracts and that the Mayor and City Clerk be authorized to execute the contracts and all necessary ancillary documents, all in a form satisfactory of the City Solicitor.

BACKGROUND:

The information contained within this report directly impacts Wards 5, 6, 11 and 13 where facilities are located and also has City wide financial impacts.

Relevant previous Council reports include:

- Information Update TDR-001 - Transfer Station and Disposal Review - Summary of CRC User Survey, Residential Curbside Waste Reduction Study and Non-Hazardous Solid Waste Audit
- Information Update TSDR-001 - Transfer Station and Disposal Operations Review - Request for Proposals and Internal Costing Process Update
- Information Report FCS08087 - J.C.J. Contracting Delegation Request Regarding RFP C11-40-08

The Solid Waste Management Master Plan recognizes the Glanbrook Landfill as a valuable resource and seeks to extend the life of the Landfill as long as possible. In addition to the waste diversion programs that reduce the amount of waste going to the Landfill, the efficient operation of the Landfill is also important to its capacity.

The Glanbrook Landfill, the three (3) Transfer Stations, waste haulage, three (3) Community Recycling Centres and the Reuse Centre are operated under several existing contracts that have been aligned to end in December 2009.

The operation of the Glanbrook Landfill, Composting Area and Transfer Stations and the haulage of waste from the Transfer Stations to the Landfill is currently under contract with Waste Management of Canada Corporation. The contract also used to include the operation of the Solid Waste Reduction Unit (SWARU) and was originally scheduled to end in 2006. With the early closure of SWARU in 2002, the contract was renegotiated to the end of 2009.

The Community Recycling Centres and haulage of materials to market are operated under a contract with Thompson Metals. That contract was scheduled to end in September 2009 but has been extended to the end of 2009.

The contract for the operation of the Reuse Centre with Community Living Hamilton that was scheduled to expire in September 2009 has been extended to the end of 2009.

The Request for Proposals process presented an opportunity to consolidate some of the services, streamline contracts and implement contract performance measures (including certain best practices that can extend the life of the Landfill) and to consider the opportunity for some or all of the operation to be undertaken by City staff.
ANALYSIS/RATIONALE:

The recommended transfer and disposal operation system and Preferred Proponents are based on consideration of proposals received from the RFP process, the Internal Costing Submission for the operation of the Glanbrook Landfill and Composting Area, a balance of economic, environmental and social benefits and minimizing the risk of service interruption. Proponents having proposal(s) with the lowest Year 1 costs, submitted in accordance with the Request for Proposals, are recommended as the Successful Proponent(s).

It is recommended that BFI Canada Inc. (BFI) be selected by Council as the Successful Proponent for Project A, for the operation and maintenance of the City’s three (3) Community Recycling Centres, three (3) Transfer Stations, the Reuse Centre and the haulage of materials for a contract period of ten (10) years and (2) months. BFI is a wholly owned subsidiary of BFI Canada Income Fund. In their proposal BFI indicated that a preference would be given to Community Living Hamilton in the selection of a not-for-profit to operate the Reuse Centre. The company has its Canadian headquarters in Toronto with eighteen (18) Canadian locations. They have owned and operated Transfer Stations/materials recovery facilities in Barrie, Toronto, Hamilton, London, Montreal, Calgary, Kelowna and Victoria. BFI owns twenty-seven (27) transfer trailers and uses more than (thirty) 30 brokered transfer trucks and trailers. The BFI Income Fund operates waste management facilities in the United States under the name IESI Corporation.

It is further recommended that Waste Management of Canada Corporation (WMCC) be selected by Council as the Successful Proponent for Project B, for the operation and maintenance of the Glanbrook Landfill and the Composting Area for a contract period of ten (10) years and two (2) months. WMCC is a wholly owned subsidiary of Waste Management Inc., a public company, in business since 1987. They operate waste management facilities in ten (10) Canadian provinces and forty-eight (48) states in the United States, the District of Columbia and Puerto Rico. WMCC operates two-hundred and seventy-seven (277) active Landfill sites, disposes of 128 million tons (116 million metric tonnes) of waste annually and services close to 20 million customers, making them the largest waste management company in North America. WMCC is currently the operator of the Glanbrook Landfill, the Composting Area, the three (3) Transfer Stations and the haulage of waste from the Transfer Stations to the Landfill.

The ten (10) year forecast for the total waste management system cost for recommended proponents is $598.3 million.

ALTERNATIVES FOR CONSIDERATION:

The extension of the existing contracts with Waste Management of Canada Corporation (WMCC) was not an option available for consideration. However, staff utilized the cost of the current contracts, as well as historical escalation factors, in an effort to forecast Status Quo contract costs for 2010, for the purpose of comparison.

In addition, early in the process, Council agreed that the operation of the Transfer Stations/Community Recycling Centres/Reuse Centre and the haulage of waste
materials by in-house staff was not feasible and therefore that internal costing would only be done for the operation of the Glanbrook Landfill and Composting Area (Report PW08002/FCS08032 approved by Council on April 23, 2008).

As a result, the alternatives for consideration in the system analysis included the following:

- Contracted operation of the Transfer Stations/CRCs/Reuse Centre and in-house operation of the Glanbrook Landfill and Composting Area;
- Contracted operation of the Transfer Stations/CRCs/Reuse Centre and contracted operation of the Glanbrook Landfill and Composting Area, to separate contractors; and
- Contracted operation of the Transfer Stations/CRCs/Reuse Centre and the Glanbrook Landfill and Composting Area, to one (1) contractor

In this section, staff will report on the RFP process, the internal costing process, the evaluation process and the waste management system analysis and conclude with the recommendations.

a) The RFP Process

The Transfer Station and Disposal Review process commenced in the fall of 2007, to allow for an adequate review, preparation, issue and award of the RFP that would provide the successful proponent(s) with one (1) year to prepare for the contract start.

The operation period for the contract is January 1, 2010 to February 29, 2020, a period of ten (10) years and two (2) months. The two (2) months is intended to start the next contract away from the beginning of the calendar year which tends not to be the best time to start a new contract.

The RFP included a number of performance based specifications for the facilities.

Proponents were invited to submit proposals on three (3) different projects:

- Project A - operation and maintenance of the three (3) Transfer Stations, three (3) Community Recycling Centres and the Reuse Centre at the Mountain CRC; or
- Project B - operation and maintenance of the Glanbrook Landfill and Composting Area; or
- Project C - operation of all sites and services identified in Projects A and B.

To submit a proposal on Project C, a proponent must have submitted a proposal for Project A.

The RFP was issued on May 5, 2008 and closed July 11, 2008. A mandatory proponents’ meeting was held on May 14, 2008. Proponents were invited to attend prearranged site visits accompanied by City staff. During the RFP process, ten (10) addenda were issued by Purchasing staff, many to answer questions of the proponents.

The RFP made it abundantly clear that the recommended proponent(s) (“Preferred Proponent(s)”) would be determined not strictly from the RFP process but also through
a waste transfer and disposal system analysis for the ten (10) year two (2) month contract period, which considered various implications including cost. The recommended Preferred Proponents for the Transfer and Disposal System were to be based on a balance of economic, environmental and social benefits as well as minimizing risk of service interruption.

b) The Internal Costing Process

As mentioned earlier, in accordance with Report PW08002/FCS08032, the Public Works Committee recommended on April 14, 2008 and subsequently Council approved on April 23, 2008, the following recommendation:

“That staff proceed with internal costing for the operation of the Glanbrook Landfill Site and Leaf and Yard Composting Facility in parallel with the Request for Proposals process.”

Staff had undertaken a review of best practices around Transfer Station and Landfill operations and determined that the operation of Transfer Stations is generally contracted out as the staffing and capital cost implications are significant and municipalities are not typically in the business of transporting goods. As a result the internal costing exercise was carried out for Project B only.

The Internal Costing Team consisting of staff from Waste Management, Finance and Purchasing, a management advisor and a Landfill engineering consultant undertook the costing exercise in isolation of the staff working on the RFP to maintain objectivity and fairness in the process.

The internal costing process was parallel to the RFP process and the Internal Costing Team provided a document that outlined the technical approach for the work in response to the same specifications set out in the RFP, and submitted their costing in a separate envelope the same as the RFP proponents. The Internal Costing Team applied the City’s purchasing policies to obtain pricing for equipment and services require subcontracts.

c) The Evaluation Process

The evaluation process has four (4) distinct phases:

- Phase 1 - Evaluation of Base Proposals and Alternative Proposals
- Phase 2 - Waste Transfer and Disposal System Analysis
- Phase 3 - Selection of Successful Proponent(s) and Council Award
- Phase 4 - Contract Finalization and Execution

The first two (2) phases have been completed and this report is Phase 3.

Upon close of the RFP, the Purchasing staff reviewed the submissions for compliance with the RFP. Six (6) proposals were received, one (1) was disqualified by Purchasing and five (5) were accepted for the evaluation. Table 1 shows a summary of the submissions received for Projects A, B and C.
Table 1 - Proposals Received

<table>
<thead>
<tr>
<th>Proponent</th>
<th>Proposal Submitted for Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>BFI Canada Inc. (BFI)</td>
<td>Projects A, B &amp; C</td>
</tr>
<tr>
<td></td>
<td>Alternative Proposal for Projects B &amp; C</td>
</tr>
<tr>
<td>CCF Hamilton Inc. (AIM)</td>
<td>Projects A, B &amp; C</td>
</tr>
<tr>
<td>Integrated Municipal Services Inc. (IMS)</td>
<td>Projects A, B &amp; C</td>
</tr>
<tr>
<td>J.C.J. Contracting</td>
<td>Disqualified</td>
</tr>
<tr>
<td>National Waste Service Inc. (NWSI)</td>
<td>Projects A, B &amp; C</td>
</tr>
<tr>
<td>Waste Management of Canada Corporation (WMCC)</td>
<td>Projects A, B &amp; C</td>
</tr>
</tbody>
</table>

Waste Management staff advised Council of the submissions received in Information Update TSDR-001 on July 22, 2008.

On September 17, 2008, the Audit and Administration Committee heard a delegation from J.C.J. Contracting requesting that their proposal security in the form of a faxed letter of credit be accepted for the purpose of moving into the evaluation process. After hearing submissions from J.C.J. Contracting and City staff the Audit and Administration Committee recommended that no action be taken. The recommendation was approved by Council on September 24, 2008 and therefore the J.C.J. proposals remained disqualified.

Phase 1 of the evaluation was a two (2) step process in which the technical and financial submissions were reviewed. To maintain a transparent and fair process, the technical evaluation of all the proposals had to be completed before the financial envelopes were opened. The evaluation team included five (5) staff from Waste Management, one (1) staff from Finance and a project consultant from Jacques Whitford.

The technical evaluation took place in late July. The evaluation team reviewed sealed package No. 1 containing the technical submission for each of the five (5) proposals received. Each proposal was evaluated against technical evaluation criteria for Projects A and B. The evaluation of Project C was a combined score of Projects A and B along with some points for any benefits indicated by the Proponents for the operation of the total transfer and disposal system. The technical evaluation criteria for all three (3) projects are in Appendix A to this report.

Project A of the RFP required that the operation of the Reuse Centre be subcontracted to a local not-for-profit organization. Although the RFP did not require that the organization be identified in the Proposal, specifications for the operation of the Reuse Centre and a selection process for the non-profit organization were included in the RFP. The Successful Proponent is required to identify the non-profit organization within sixty (60) days of execution of the contract. This approach to selecting the proposed operator and managing the operation was evaluated as outlined in Appendix A to this report.

To pass the technical evaluation for Projects A and B, the proposal had to achieve a mark of 80% overall and also because key components of the RFP are imperative to the nature and success of transfer and disposal operations, the proposals were also
required to achieve an 80% threshold related to vehicles and operations as outlined in Appendix A.

Once the technical evaluation of the RFP proposals was complete, the Purchasing staff released the internal costing submission to the evaluation team.

d) **The Evaluation Results**

Table 2 summarizes the results of the technical evaluation of the RFP proposals.

<table>
<thead>
<tr>
<th>Proponent</th>
<th>Project A</th>
<th>Project B</th>
<th>Project C</th>
<th>Alternative</th>
</tr>
</thead>
<tbody>
<tr>
<td>AIM</td>
<td>Fail</td>
<td>Fail</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>BFI</td>
<td>Pass</td>
<td>Pass</td>
<td>Pass</td>
<td>Rejected</td>
</tr>
<tr>
<td>IMS</td>
<td>Pass</td>
<td>Pass</td>
<td>Pass</td>
<td>N/A</td>
</tr>
<tr>
<td>NWSI</td>
<td>Pass</td>
<td>Fail</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>WMCC</td>
<td>Fail</td>
<td>Pass</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Proposals for Project C were not considered if a proponent failed either in Project A or B. Similarly in the case of alternative proposals, where a proponent failed either in Project A or B, or did not submit an alternative proposal, the alternative proposal was not considered.

A proponent had to achieve the required marks for both Projects A and B to have Project C evaluated.

The Internal Costing Submission was not released to the evaluation team until the RFP evaluation was complete. The Internal Costing Submission was evaluated against the same criteria as the proposals, but was not marked. The submission was rated in terms of being “adequate” or “inadequate”. “Adequate” meets the RFP specifications or intent and “inadequate” did not meet the RFP specifications. Areas that were found to be inadequate and required further review included the staffing plan and spare equipment.

e) **Financial Evaluation**

The sealed packages No. 2 were opened for only those proposals achieving the minimum requirements in the technical evaluation based on Table 2.

The estimated annual contract value for Year 1 was calculated for each proposal based on the component prices and unit or tonnage from 2007 and any additional costs unique to the proposal. No additional costs unique to a proposal were identified.

To account for a deficiency of a spare vehicle, the Internal Costing Submission for Year 1 was adjusted by $1,205,350 to include an additional compactor, annual operating costs and contribution to reserves. The staffing requirements were reviewed and no additional costs were added.

The results of the financial evaluation from the proposals passing the technical evaluation and the Internal Costing Submission for Project B are presented in Table 3.
Table 3 - Financial Evaluation (Estimated Annual Contract Value in $Millions)

<table>
<thead>
<tr>
<th>Proponent</th>
<th>Project A</th>
<th>Project B</th>
<th>Project C</th>
</tr>
</thead>
<tbody>
<tr>
<td>BFI</td>
<td>$6.5</td>
<td>$4.9</td>
<td>$11.3</td>
</tr>
<tr>
<td>IMS</td>
<td>$8.5</td>
<td>$4.9</td>
<td>$13.4</td>
</tr>
<tr>
<td>NWSI</td>
<td>$7.4</td>
<td>Did not pass</td>
<td>Not evaluated</td>
</tr>
<tr>
<td>WMCC</td>
<td>Did not pass</td>
<td>$2.6</td>
<td>Not evaluated</td>
</tr>
<tr>
<td>Internal Costing</td>
<td>Not applicable</td>
<td>$4.5*</td>
<td>Not applicable</td>
</tr>
</tbody>
</table>

(*includes $1.2 million to account for deficiency in spare equipment determined in the technical evaluation.)

BFI had the lowest Year 1 costs for Project A, the operation of the Transfer Stations, Community Recycling Centres, the Reuse Centre and the haulage of materials.

WMCC had the lowest Year 1 costs for Project B, the operation of the Glanbrook Landfill and Composting Area.

BFI had the lowest Year 1 costs for Project C, the operation of all of the disposal facilities. However, the RFP process did not reveal economies of scale that might be expected by a single operator.

f) **Waste Management System Analysis**

In this analysis the lowest cost proponents from the technical evaluation and the Internal Costing Submission were carried forward to Phase 2 of the analysis, which is the Waste Management System Analysis. The analysis was done for the transfer and disposal system for 2008 and then for the total waste management system for the ten (10) year period.

The costs associated with the lowest estimated values for Year 1 of each project were brought forward into the waste transfer and disposal system analysis. The costs associated with the current contracts for the system operation have also been estimated as the Status Quo. The adjusted Internal Costing Submission was also used to show the Year 1 system costs with that option.

The following options were evaluated:

- Status Quo
- Project A contracted, Project B by City of Hamilton staff
- Project A and B contracted to two (2) separate proponents
- Project C contracted to a single proponent

The transfer and disposal system costs for Year 1 are shown in Table 4.
The lowest cost transfer and disposal system is for Projects A and B recommended to be awarded to separate contractors, BFI and WMCC respectively.

The costs are estimated to be $1.3 million higher for Year 1 than the Status Quo cost forecasted to 2010. There are several reasons for the increase:

- The cost of equipment and fuel have escalated at higher rates than the current contract provisions;
- Pricing for the Community Recycling Centres based on actual operating history;
- The current contract for the operation of the Landfill is from 1996, with associated price escalation factors which are deficient relative to recent increases in various cost factors; and
- The new contracts are performance based and offer the City an increased level of control over the operations which are expected to lead to the more efficient operation of the Landfill.

In addition staff conducted a ten (10) year budget forecast for the total waste management system, to compare the options for the full contract period. The analysis suggests no change in the ranking over the contract (see Table 5).

In consideration of the RFP process and the Waste Transfer and Disposal System analysis, it is recommended that BFI Canada Inc. be selected as the Successful Proponent for Project A and that Waste Management of Canada Corporation be selected as the Successful Proponent for Project B.

In conjunction with the selection of the Successful Proponents it is recommended that the General Managers of Public Works and Corporate Services be directed to finalize the terms and conditions of the contracts. It is also recommended that the Mayor and
City Clerk be authorized to execute the final contracts, including all necessary ancillary documents, on behalf of the City.

g) **Landfill Capacity and Cost Benefit**

Landfill capacity is measured in both tonnes, and volume or airspace. Landfill compaction is measured in kilograms per cubic metre (kg/m$^3$).

The current contract for the Glanbrook Landfill requires that waste be compacted at a compaction rate of 600 kg/m$^3$.

The RFP requires that the compaction rate be a minimum of 750 kg/m$^3$. The RFP offers an incentive to the contractor if the compaction rate exceeds 800 kg/m$^3$ and includes liquidated damages should the compaction rate fall below 750 kg/m$^3$.

By increasing the compaction rate to 750 kg/m$^3$ it is estimated that 361,000 to 392,000 cubic metres of airspace will be preserved over the ten (10) year contract. This translates into a range of 225,000 to 244,000 tonnes. This represents thirty-three (33) months of Landfill capacity and between $20.7 and $22.3 million in the avoided cost of developing a new Landfill.

A comparison was also undertaken to estimate the cost associated with shipping to an alternative disposal facility if Landfill capacity was not available. The cost estimate including tipping fees and haulage would range from $23.7 to $25.7 million depending on nearby and remote locations.

As a result, the value of the airspace preserved by the increased compaction rate is over $2 million per year for the ten (10) year term of the contract. This represents a good long term benefit in view of the increased contract cost of $1.3 million in the first year.

h) **Conclusions**

In consideration of the RFP process and the Waste Transfer and Disposal System Analysis, it is recommended that Project A be awarded to BFI Canada Inc. and that Project B be awarded to Waste Management of Canada Corporation.

**FINANCIAL/STAFFING/LEGAL IMPLICATIONS:**

**Financial/Staffing Implications**

Table 6 shows the cost comparison associated with a new waste transfer and disposal system.

<table>
<thead>
<tr>
<th>Option</th>
<th>Year 1 Cost Comparison (2010)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Status Quo (similar services)</td>
<td>$8.1 million</td>
</tr>
<tr>
<td>Project A contracted</td>
<td>$11.1 million</td>
</tr>
<tr>
<td>Project B public service</td>
<td>(BFI Project A + Internal Costing Project B)</td>
</tr>
<tr>
<td>Project A and B contracted, 2 separate proponents</td>
<td>$9.4 million</td>
</tr>
<tr>
<td></td>
<td>(BFI Project A + WMCC Project B)</td>
</tr>
<tr>
<td>Project C contracted, single proponent</td>
<td>$11.9 million</td>
</tr>
<tr>
<td></td>
<td>(BFI)</td>
</tr>
</tbody>
</table>
The costs associated with the new waste disposal and transfer system are forecast to be approximately $1.3 million higher in the first year than the existing contracts may be, based on current contract pricing and historical escalation factors. This will be a budget pressure in 2010. The increased cost is attributable to a number of factors including:

- The age of the current contract - this contract is in its twelfth year so it was based on 1996 circumstances and dollars
- Part of the contract cost will relate to the increased performance management in the new contract
- Equipment and fuel costs which have exceeded the increase in pricing reflected in the historical contractual escalation factors
- The RFP was based on the new landfill operating requirements that are contained in the new Certificate of Approval

New legislative requirements have been included in the Certificate of Approval amendment for the Landfill, including ninety (90) new conditions which require monitoring and compliance. In addition the remediation and monitoring programs for the twelve (12) closed Landfills that the City manages are requiring additional staff resources. It is proposed that the staffing requirement be initially fulfilled by a consultant at a cost of approximately $100,000 per year starting in the 2010 budget. The consultant would ensure that the City’s interests are protected and the contract requirements fulfilled through dedicated contract management and that the City is in compliance with the amended Certificate of Approval of the Landfill. The amount of $100,000 is included in the transfer and disposal costs in Table 6. In view of the benefit derived from the more efficient operation of the Landfill, this represents a good long term plan for the City.

Legal Implications

Legal Services staff was integral to the development of the contract that formed part of the RFP, and they will continue to be consulted throughout the finalization of the terms and conditions of the contracts and their execution.

**POLICIES AFFECTING PROPOSAL:**

Three (3) policy documents affect the award of these contracts including the Corporate Strategic Plan, the Public Works Strategic Plan and the Solid Waste Management Master Plan.

**Corporate Strategic Plan**
New contracts that improve the operation of the Landfill, Transfer Stations and Community Recycling Centres contribute to the reduction in greenhouse gases and the increase in waste diversion in Focus Area 6, Environmental Stewardship.

**Public Works Strategic Plan**
New contracts that improve the operation of waste management facilities contribute to environmental stewardship and long term financial planning.

**Solid Waste Management Master Plan (SWMMP)**
The award of the subject contracts affects three (3) SWMMP recommendations:
The improved operation of the Glanbrook Landfill will help to fulfil Recommendation #2 that recognizes that the Landfill is a valuable resource and that capacity for materials that cannot be diverted must be preserved.

The improved operation of the Community Recycling Centres is expected to divert more waste from Landfill, helping to reach our target of 65% diversion from Landfill by 2011, as outlined in Recommendation #3, and amended by Council November 26, 2007.

The performance based contracts provide the City with significant control and financial protection for a Public-Private partnership as indicated in Recommendation #15.

**RELEVANT CONSULTATION:**

The process was led by a core team of staff from Waste Management, Legal Services, Purchasing and Budgets and assisted by consultant Jacques Whitford in the development, issue and evaluation of the RFP. Legal Services provided valuable input into the RFP which included a draft contract on which the proponents were required to base their proposals. Purchasing issued the RFP and coordinated and issued the ten (10) addenda, responding to a number of questions from the proponents. Budgets established the model for the waste transfer and disposal system cost analysis, including assumptions and scenario development.

The results of the evaluation were presented to the SWMMP Steering Committee who endorsed this report being brought forward.

Numerous municipalities operating comparable waste management facilities were consulted in the best practices evaluation early in the process.

**CITY STRATEGIC COMMITMENT:**

By evaluating the “Triple Bottom Line”, (community, environment, economic implications) we can make choices that create value across all three bottom lines, moving us closer to our vision for a sustainable community, and Provincial interests.

**Community Well-Being is enhanced.** ☑ Yes ☐ No
Public services and programs offered at Community Recycling Centres are efficient, effective and easily accessible to all citizens.

**Environmental Well-Being is enhanced.** ☑ Yes ☐ No
Extending the life of the Landfill reduces the need for further consumption of natural resources. Community Recycling Centres contribute to reuse and recycling and therefore waste reduction.

**Economic Well-Being is enhanced.** ☑ Yes ☐ No
Although contract costs are higher the longer term benefit of efficiency at the Landfill creates value

**Does the option you are recommending create value across all three bottom lines?** ☑ Yes ☐ No

By awarding the contracts as proposed there is a social benefit through the Community Recycling Centres, environmental benefits from recycling and efficient landfill operation and economic benefit of deferring the need to consider Landfill capacity.

**Do the options you are recommending make Hamilton a City of choice for high performance public servants?** ☑ Yes ☐ No
Employees require experience in areas of environment and contract administration.
# Technical Evaluation Criteria for Projects A, B and C

## Technical Evaluation Criteria - PROJECT A

<table>
<thead>
<tr>
<th>Description</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Company Capabilities and Credentials</td>
<td>275</td>
</tr>
<tr>
<td>2) Operational Details</td>
<td>600</td>
</tr>
<tr>
<td>• 2.1 Vehicles &amp; Equipment (300 points and must achieve at least 240)</td>
<td></td>
</tr>
<tr>
<td>• 2.2 Operations &amp; Maintenance (300 points and must achieve at least 40 points in Part 2.2A - Proposed Staffing Plan)</td>
<td></td>
</tr>
<tr>
<td>3) Reuse Store Operations</td>
<td>100</td>
</tr>
<tr>
<td>• Approach to selecting operator and managing operation</td>
<td></td>
</tr>
<tr>
<td>4) Proposal Quality</td>
<td>25</td>
</tr>
<tr>
<td><strong>Total Possible Points (must achieve 800 or &gt;)</strong></td>
<td><strong>1,000</strong></td>
</tr>
</tbody>
</table>

## Technical Evaluation Criteria - PROJECT B

<table>
<thead>
<tr>
<th>Description</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Company Capabilities and Credentials</td>
<td>275</td>
</tr>
<tr>
<td>2) Operational Details</td>
<td>700</td>
</tr>
<tr>
<td>• 2.1 Vehicles &amp; Equipment (350 points and must achieve at least 280)</td>
<td></td>
</tr>
<tr>
<td>• 2.2 Operations &amp; Maintenance (350 points and must achieve at least 40 points in Part 2.2A - Proposed Staffing Plan)</td>
<td></td>
</tr>
<tr>
<td>3) Proposal Quality</td>
<td>25</td>
</tr>
<tr>
<td><strong>Total Possible Points (must achieve 800 or &gt;)</strong></td>
<td><strong>1,000</strong></td>
</tr>
</tbody>
</table>

## Technical Evaluation Criteria - PROJECT C

<table>
<thead>
<tr>
<th>Description</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Project A Score x 48% (must achieve minimum requirements for Project A)</td>
<td>480</td>
</tr>
<tr>
<td>2) Project B Score x 48% (must achieve minimum requirements for Project B)</td>
<td>480</td>
</tr>
<tr>
<td>3) Project C</td>
<td>40</td>
</tr>
<tr>
<td><strong>Total Possible Points</strong></td>
<td><strong>1,000</strong></td>
</tr>
</tbody>
</table>