



Administration and Operations Committee Report

To: To the Chair and Members of the Administration and Operations Committee
From: Matthew D'Hondt, Solid Waste/Wastewater Operations Manager
Date: Tuesday December 13, 2022
Report #: RPT-0344-22
Subject: Solid Waste Facility Operations Contract
Purpose: For Approval

Recommendation

Whereas Future Waste Systems Inc. (FW) have met or exceeded expectations of contract PW-RFT-18-22 Solid Waste Facilities Operations which was awarded through a competitive bid process for the period of May 1, 2019, to April 30, 2023;

And whereas on June 21, 2022, via Report RPT-0180-22 Council authorized County of Brant Staff (County staff) to negotiate with FW to extend the contract for Solid Waste Facility Operations for a four (4) year period;

And whereas County Staff negotiated with FW to extend the contract for a four (4) year period (May 1, 2023, to April 30, 2027) with the inclusion of an annual cost of living and monthly fuel adjustment which are based on the Consumer Price Index (CPI);

That PW-RFT-18-22 Solid Waste Facilities Operations with FW be extended for the period of May 1, 2023, to April 30, 2027, with the inclusion of an annual cost of living adjustment factor and monthly fuel adjustment factor which are based on the Consumer Price Index (CPI).

Strategic Plan Priority

Strategic Priority 4 - Reliable Infrastructure

Impacts and Mitigation

Social Impacts

Solid Waste services related to transfer of material from the Paris Transfer Station to Biggars Lane Landfill and operation of the County's Biggars Lane Landfill will continue to be provided to the County of Brant (the County) residents and businesses.

Environmental Impacts

The Paris Transfer Station and Biggars Lane Landfill will continue to be operated in accordance with their respective provincial Environmental Compliance Approvals.

Economic Impacts

The contract unit prices for the first invoice of the new contract (May 2023) will be based on the April 2023 price plus the CPI adjustment from April 2021 to April 2023. Subsequent CPI adjustments will be an annual cost of living adjustment factor and monthly fuel adjustment factor. The increased cost of Year One (1) of the extension is estimated to be 15% - \$75,000 over the 2019 pricing (fuel 10% and cost of living 5%) due to the significant increases experienced over the past period. For future years, it is anticipated the annual adjustment will normalize to a 2% to 4% increase per year.

Report

Background

The County contracts for Solid Waste Facility Operations. The contract provides the overall daily operations of the Biggars Lane Landfill, except for scale house duties and leachate management. The contract also provides the 40-yard containers and transfer of material from the Paris Solid Waste Transfer Station to the Biggars Lane Landfill.

In 2019, FW was awarded the contract for a 4-year period through a competitive tender process. The current contract ends on May 1, 2023. FW's bid in 2019 was approximately 13% lower than the 2018 cost of the previous operations contractor. FW have met or exceeded expectations.

FW's 2019 tender submission included an annual price adjustment of only 3% on the unit price per bin to transfer material from the Paris Transfer Station to Biggars Lane Landfill. This represents a 0.3% adjustment on the overall contract price for the 4-year period of operations. The 0.3% increase is not reflective of the inflation experienced over the period of the contract. The current contract does not include an adjustment factor for cost of living or fuel.

On June 21, 2022, via resolution of Report RPT-0180-22 Council authorized County Staff to negotiate with FW to extend their contract for a 4-year period (May 1, 2023, to April 30, 2027).

Analysis

County Staff negotiated with FW to extend the contract for a four (4) year period (May 1, 2023, to April 30, 2027) with the inclusion of an annual cost of living and monthly fuel adjustment which are based on the Consumer Price Index (CPI). The inclusion of a cost of living and fuel adjustment allows pricing fluctuation in accordance with market conditions. It is intended to accommodate uncontrollable cost increases on the Contractor, thereby decreasing the risk of economic factors having an adverse impact on the services provided to the County. This also protects the County from risk of potential contractors bidding high to provide a cushion against unknown economic escalation. A similar adjustment factor is utilized in the County of Brant Solid Waste Collection Contract.

The contract unit prices for the first invoice of the new contract (May 2023) will be based on the April 2023 price plus the CPI adjustment from April 2021 to April 2023, to cover the significant inflation experienced over that period. Subsequent CPI adjustments will be an annual cost of living adjustment factor and monthly fuel adjustment factor.

The inclusion of an annual cost of living and monthly fuel adjustment are estimated to increase the Year One (1) extension of the contract 15% - \$75,000 (fuel 10% and cost of living 5%) due to significant increases experienced over the past period. For future years, it is anticipated the annual adjustment will normalize to a 2% to 4% increase.

As noted above, FW have received only a 0.3% increase over the current four (4) year contract period. The CPI change over the current contract period to date (May 2019 to September 2022) has been 18.4%.

Summary and Recommendations

FW has satisfactorily provided Solid Waste Facility Operations during the period of the current contract. They have demonstrated a strong ability to work closely with the County and have proven themselves to be responsive to changes as they are encountered, performing their duties in a cooperative and comprehensive manner, on time, and financially responsibly.

The inclusion of a cost adjustment factor for cost of living and fuel accommodates uncontrollable cost increases on the Contractor, thereby decreasing the risk of economic factors having an adverse impact on the services provided to the County. This also protects the County from risk of potential contractors bidding high to provide a cushion against unknown economic escalation.

County Staff recommend that PW-RFT-18-22 Solid Waste Facilities Operations be extended to FW for the period of May 1, 2023, to April 30, 2027, with the inclusion of an annual cost of living adjustment factor and monthly fuel adjustment factor which are based on Consumer Price Index (CPI).

The CAO has delegated authority to sign the extended contracts once approved by Council.

Attachments

None

Reviewed By

A. Davidson, Director of Environmental Services
R. Walton, General Manager of Operations

Copied To

1. H. Mifflin, Director of Finance, Treasurer
2. H. Bailey, Manager of Accounting & Budgets
3. H. Boyd, General Manager of Corporate Services
4. L.L. Rouse, Purchaser

By-law and/or Agreement

By-law Required	No
Agreement(s) or other documents to be signed by Mayor and /or Clerk	No