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## Request for Permission to Exceed 25% of Contract – Wheel Loader/Tandem Truck and Operators for Compost Depots

### Recommendation

That the Standing Policy Committee on Environment, Utilities and Corporate Services recommend to City Council:

1. That the Administration be given approval for Contract No. 16-0142, Wheel Loader/Tandem Truck and Operators for Compost Depots with Wozniak & Sons to exceed 25% of the contract value and be extended by \$84,000, including GST; and
2. That the City Solicitor be requested to amend the appropriate agreement.

### Topic and Purpose

The purpose of this report is to request approval to exceed 25% of the contract value for Contract No. 16-0142, Wheel Loader/Tandem Truck and Operators for Compost Depots with Wozniak & Sons.

### Report Highlights

1. The compost depots are a well-used service by residents and commercial customers. In 2016, approximately 52,000 vehicle visits were made to the depots and more than 12,000 tonnes of organic material was kept out of the Landfill.
2. Contracted equipment and operator services are required to process organic materials into finished products and maintain public access areas at both depots.
3. Several factors have contributed to higher equipment hours required in 2017. To maintain service levels, keep the depots open until November 12, 2017, and prepare for next season, the Administration recommends extending Contract No. 16-0142 with Wozniak & Sons, in the amount of \$84,000.

### Strategic Goal

The recommendation in this report supports the Strategic Goal of Environmental Leadership including the four-year priority to promote and facilitate city-wide composting and reduce the volume of waste sent to the Landfill. It also supports the long-term strategies to eliminate the need for a new Landfill and to reduce greenhouse gas emissions tied to City operations. In addition, it supports the Waste Diversion Performance Target to divert 70% of waste by 2023.

### Background

On April 25, 2016, City Council approved an award of contract for equipment and operators at the City Compost Depots to Wozniak & Sons. This was a multi-year contract and was awarded through a publicly advertised Request for Proposal process.

## **Report**

### Compost Depots - Services and Successes

The compost depots are a successful and well-used service by residents and commercial customers alike. In 2016, the compost depots received 52,000 vehicle visits and the 2017 season is showing a similar trend. The number of Green Cart subscriptions has increased by 1,200 households, compared to 2016 and has resulted in more organic materials being delivered to the compost depot. The compost depots have provided a convenient, free service for residents for more than 10 years. Each year, the compost depots keep more than 12,000 tonnes of organic waste out of the landfill, effectively reducing the amount of greenhouse gas emissions and extending the life of the landfill.

### Compost Equipment and Operator Contract

An equipment and operator contract is required to effectively operate the depots and process organic materials into finished products. The work under the contract includes moving materials from the public drop off areas and mixing into windrows for processing, operating the compost windrow turner, loading materials for transfer from the East depot to the West depot, maintaining internal roadways and public access areas, and site drainage work. Administration has worked closely with the contractor throughout the season to ensure optimal utilization of resources to reduce the time spent on site with equipment. The Administration is not able to cut back any more hours without impacting safety and service levels.

### Increased Contract Costs

The original estimates for equipment hours in 2017 were based on last year's requirements and forecasts for this season. Several factors have contributed to an overall increase in equipment hours required in 2017 as compared to the 2016 season, and are identified below:

- A significant increase in the number of Green Cart subscriptions, resulting in increased food waste and special handling requirements (immediate burial) at the depot.
- Assistance with wood grinding and screening contracts, as a result of accumulated materials. Wood grinding and screening were deferred in 2015 and 2016 but were required in 2017 due to safety concerns and operational issues.
- Working around numerous stockpiles of accumulated material, and double handling of excess materials, resulting in inefficiencies.
- Introduction of the Dig-Your-Own compost and mulch pilot program, requiring a newly developed self-loading area and bulk loading for customers. In three weeks of the pilot program, the loader operator has handled approximately 800 cubic yards of material to accommodate more than 1,000 residents who have participated in the program.
- As of mid-October, warm temperatures and no snow have contributed to more materials being dropped off later in the season. October often receives the highest daily traffic volumes of the year and more operator and equipment time is required to manage bulky leaves and branches.

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Additional equipment hours, over the approved contract value, are required in order to maintain the same level of service for residents and commercial customers, to keep the depots open until November 12, 2017, and to prepare the depots for next year's opening date. The increased number of hours to complete the required work is anticipated to cost \$84,000.00 (including GST) or approximately 30% of the original contract value. The Administration recommends extending Contract No. 16-0142 with Wozniak & Sons, in the amount of \$84,000.

Administration will be undertaking a detailed review of contract estimates to limit risk of over expenditure in 2018.

**Options to the Recommendation**

City Council may choose to not approve an extension to the compost equipment and operator contract. Due to the time-sensitive nature of this request for contract extension, the Administration is currently proceeding with the work. If the Standing Policy Committee on Environment, Utilities and Corporate Services does not support the recommendations in this report, the compost depots will close effective end of day November 6, 2017 in order to reduce the overall costs under this contract. The Administration notes that this would not be ideal as it would have negative impacts on residents and commercial customers and would not allow for sufficient time to communicate an early closure of the depots.

**Policy Implications**

The recommendation is in accordance with the Corporate Purchasing Procedure (Administrative Policy A02-027) where the request for extension exceeds 25% of the approved contract value and thus requires City Council approval.

**Financial Implications**

Compost depot operations are funded from the Compost Depots Utility Budget under the Waste Services Utility. The 2017 Wheel Loader/Tandem Truck and Operators contract was awarded at \$279,300 (including GST). The additional funding request to complete the work this season is \$84,000 (including GST).

The cost breakdown is as follows:

Original Contract Cost	\$266,000.00
Change Order Cost	80,000.00
GST	<u>17,300.00</u>
Total Revised Contract Cost	\$363,300.00
Less GST Rebate	<u>(17,300.00)</u>
Total Revised Net Cost to the City	<u>\$346,000.00</u>

The Compost Depots Utility Budget does not contain sufficient funding to cover these costs, and any over expenditures will be backfilled from an increased transfer from the Landfill Operating Budget which in turn will reduce the amount that can be transferred to the Landfill Replacement Reserve.

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**Environmental Implications**

Compost depot operations divert approximately 12,000 tonnes of organic materials from the Landfill every year, resulting in a reduction in greenhouse gas emissions and an increase in Landfill life.

**Other Considerations/Implications**

There are no communication, public and/or stakeholder involvement, privacy, or CPTED implications or considerations.

**Due Date for Follow-up and/or Project Completion**

An update on the Compost Depot operations will be included in the 2017 Integrated Waste Management Annual Report.

**Public Notice**

Public Notice pursuant to Section 3 of Policy No. C01-021, Public Notice Policy, is not required.

**Report Approval**

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EUCS – RA MJ – R2Exec 25Perc – Wheel Loader Truck\_Operators-Compost Depots