
Organics Program – Issuance of Request for Proposal

Recommendation

That the report of the Acting General Manager, Corporate Performance Department, dated November 6, 2018, be forwarded to City Council for information.

Topic and Purpose

The purpose of this report is to outline a procurement plan for the various components of the City-Wide Residential Curbside Organics Program, including approving some of the key organics program details.

Report Highlights

1. The Administration has prepared a Request for Proposals (RFP) for an organics processor to manage materials from a future year-round City-Wide Residential Curbside Organics Program.
2. Options for procuring organics collections and cart management services are provided for consideration.

Strategic Goals

This report supports the four-year priorities to promote and facilitate city-wide composting and recycling, along with the long-term strategy to eliminate the need for a new landfill under the Strategic Goal of Environmental Leadership.

Background

City Council, at its meeting held on August 27, 2018, considered the Organics Program Update report.

City Council, at its meeting held on September 24, 2018, considered the Waste Management Levels of Service – Curbside Organics and Pay as You Throw Waste Utility report and resolved, in part:

- “3. That any future organics RFP include options about provision of green bins, bin collection, summer pickup frequency, and material processing.”

City Council, at its meeting held on October 22, 2018, considered the Waste Management Levels of Service – Curbside Organics and Pay as You Throw Waste Utility report and resolved, in part:

- “1. That a city-wide curbside organics program be established;
2. That Option 1: year round, bi-weekly organics and waste collection be implemented as the new waste management service level for all curbside residential households;
4. That the Administration amend the draft RFP to reflect the City’s intent to implement an organics policy/program for the multi-unit residential sector by 2020; and

5. That the Administration amend the draft RFP to reflect the City's intent to implement an organics bylaw for the Industrial, Commercial and Institutional (ICI) sector within the next 2-4 years."

Report

Organics Processing RFP Terms

A multi-divisional team including a representative from the City Solicitor's Office have prepared an RFP for organics processing. The approach is to utilize a negotiation RFP that permits Administration to negotiate any aspect of the contract after selecting a preferred proponent through a proposal ranking process that utilizes the RFP evaluation criteria contained in Attachment 1, Organics Program Design - Processing RFP.

A negotiation RFP is a new template for the City. It creates a non-binding procurement. However, to be clear, this does not mean that the City has no duty of fairness to potential bidders. As always the City must clearly outline the evaluation criteria in the RFP and treat all bidders fairly. The City has retained a Fairness Monitor to assist us in this procurement.

A Fairness Monitor ensures that the solicitation document clearly outlines a process that is fair to all bidders and then monitors the evaluation process to ensure the City follows the process laid out in the procurement document. Thus, the City must clearly outline in the RFP how the successful respondent will be chosen at the outset and cannot wait to see the content of the proposals before deciding on how to choose.

Attachment 1 details the program design considerations that are recommended for the organics program and will be used for soliciting proposals through the RFP process. While there is still the option to negotiate at a later date, approving the release of the RFP with the parameters listed in Attachment 1 reflects the recommended design of the City-Wide Residential Curbside Organics Program.

Organics Collections Options

City Council has requested that optional pricing be considered in the Organics Processing RFP. The Administration notes that this pricing would not be subject to the competitive pressure of the RFP process and is not likely to provide more information than is already available to the City through the Request for Information (RFI) conducted earlier this year and municipal research. To receive competitive pricing, service options would need to be mandatory items in the RFP.

Administration recommends the City of Saskatoon be the collector for a City-Wide Residential Curbside Organics Program in order to take advantage of the opportunity to optimize existing waste trucks and staff. However, Administration could prepare a solicitation document for Organics Collections that includes an upset limit set below the City's estimated cost to provide the same services. This approach would ensure that there is incremental value provided by contracting this service.

A solicitation document that bundles organics processing and collections together is also possible, but this may not result in the best outcomes for the program as companies may be optimized for either collections or processing and bundling may not necessarily result in the lowest qualified bid cost. Additional information is provided in Attachment 2, Organics Program – Procurement of Collections and Carts.

Supply and Deployment of Organics Carts

If the City is the collector, having the City purchase the carts as opposed to having the private sector provide carts under a service agreement has benefits to the City as the costs are expected to be lower up front. If the City purchases the carts it is expected that the City would have lower costs for borrowing, and would incur lower markups by working directly with the cart manufacturer. The capital costs of the carts would also be amortized over the useful life of the cart (an estimated 12 years) instead of over the life of the contract (e.g. 7 years), allowing for smaller payments.

If a private company is chosen to be the collector, Administration recommends they own the carts and that the maintenance of the carts become the responsibility of the collector, which reduces the City's risk exposure within the program, and ensures the collector is mindful of interacting with the carts during collections (i.e. how they are grabbed, tipped, and placed back on the ground). Additional information on the collector owning the carts is provided in Attachment 2.

It has been previously noted that if the City were to change collection service providers after the expiration of a contract, owning the carts internally would ensure all potential bids for the collections would be at an equal advantage, as opposed to the previous service provider having an advantage through already owning the carts. In the latter scenario, the City could buy the used carts from the service provider at the end of their contract if they are deemed to be in an acceptable condition for continued use. Outsourcing carts and collections provides some risk if the collector purchased carts only with the contract length in mind. This risk can be mitigated through contract terms as outlined in Attachment 2.

Options to the Recommendation

1. City Council may instruct Administration to prepare a solicitation document for Organics Collections and Carts Services as outlined in Attachment 2.
2. City Council may choose that the solicitation for processing, collections or carts proceed in a manner other than outlined in this report.
3. City Council may direct the Administration to change the Organics Program design contained in Attachment 1, particularly with respect to pet waste and/or diapers.

Public and/or Stakeholder Involvement

Some of the companies that may be interested in providing services to the City to support the implementation of the city-wide curbside residential organics program were engaged through an RFI. Eleven companies responded with full or partial information

about their capacity and interest to collect and/or process organic materials or to provide other information relevant to the program design.

Communication Plan

The comprehensive changes to curbside waste management programs will require extensive communications and education. These will be developed through the next phases of planning and implementation, with reports and updates provided to the Standing Policy Committee on Environment, Utilities and Corporate Services. On-going communications, including social media posts, Public Service Announcements, and media outreach will be used throughout planning and implementation.

Policy Implications

There are policy implications associated with developing a new organics program and waste utility including changes to the Waste Bylaw. These implications will be outlined in future reports in collaboration with the Office of the City Solicitor.

Financial Implications

Before any RFP is released, the Administration requires an approved funding source. The Administration will release the RFP once funding has been confirmed.

Cost estimates for organics carts, collections and processing are provided in the Waste Management Levels of Service – Curbside Organics and Pay as You Throw Waste Utility and Additional Information for Waste and Organics Cost and Funding reports.

Environmental Implications

Diverting organic waste from the landfill offers several environmental benefits in terms of land, air, and water quality. Through the use of compost as a soil amendment in gardens or landscapes, nutrients that would normally be locked up in a landfill are recycled into the ecosystem where they are available to plants. Compost added to soils also improves moisture retention properties so rainfall run-off is reduced. Organic material that is buried in a landfill environment can contribute to leachate generation as well as produce methane, some of which is released into the atmosphere. Methane is a significant contributor to climate change as it is 25 times more potent than carbon dioxide as a greenhouse gas. The organics program is anticipated to reduce greenhouse gas emissions by 6,000 to 9,000 tonnes of carbon dioxide equivalents by reducing the methane generated by organics when landfilled. Diverting organic materials from the landfill also conserves landfill airspace and ultimately extends the life of the landfill. By increasing annual organics diversion to 26,000 tonnes, the waste diversion rate is expected to rise from 22.8% to 32.5%.

Due Date for Follow-up and/or Project Completion

Following procurement, the Administration will bring a report seeking approval of the negotiated processing contract. The location of the processing facility is also material to collections pricing and therefore the timing for further reporting on the procurement of private collections services will be staged to follow the processing contract negotiations.

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Public Notice

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

Attachments

1. Organics Program Design – Processing RFP
2. Organics Program – Procurement of Collections and Carts

Report Approval

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