



TOWNSHIP OF NORTH HURON

REPORT

Item No.

REPORT TO: Reeve Vincent and Members of Council
PREPARED BY: Jeff Molenhuis
DATE: 01/05/2017
SUBJECT: Curbside Collection Second Survey Results and Award Recommendation
ATTACHMENTS: 2nd Curbside Survey Results

RECOMMENDATION:

THAT the Council of the Township of North Huron hereby direct Staff to formalize contract terms with Waste Management of Canada Corporation for Option A-A Weekly both (urban) and Bi-weekly both (rural) as well as Option D Recycling Bins at the Landfill and report back to Council with the formal contract for execution.

EXECUTIVE SUMMARY

In early 2017, the Township undertook public engagement and initiated the procurement process to have proposals submitted for curbside collection services in the Township. Staff undertook public consultation twice as part of this process, the first being an initial, high-level survey that was used to help structure the Request for Proposals (RFP) and the second being a more detailed survey with context to the solid waste service line business performance metrics.

As a result of the additional survey and information received from other municipalities, the recommendation at this time is to continue with the current service format of weekly both (urban) and bi-weekly both (rural). This format does come at a cost-savings for curbside garbage, with a slight increase of costs for curbside recycling. Council should consider a pay-for-use model with respect to curbside collection services that includes an established area rate for weekly or bi-weekly collection services rather taxation/assessment based.

DISCUSSION

At the February 6th Council meeting, Council received a report on preliminary results of the curbside collection survey, and directed Staff to initiate the procurement process to have contractor's bid curbside collection services. The RFP was released in February with different collection schedule options, but allowed bidder's to make a proposal and outline their individual programs (collection formats of manual or automated, contingency planning, customer service, marketing and education). The Township specified a 3 year term for collections services under this contract. The RFP closed on March 14th.

At the March 6th Council meeting, Council received an updated curbside collection survey for information.

At the April 3rd Council meeting, Council received a curbside collection RFP results report that outlined the RFP results as well as the financial state of the solid waste service line. At that time,

Council directed Staff to engage the public on the preliminary recommendation of Option B – Bi-weekly Collection both waste streams for the entire Township. The recommendation was based on industry best practice for solid waste being largely user fee supported, whereas North Huron’s is subsidized almost 50% through taxation. In addition, the bi-weekly garbage option promotes recycling and diversion, which may increase revenues for the Township as a result of the WDO/RPRA Blue Box program refund. Council directed Staff to report back with the additional public engagement results and make a firm recommendation for contract award. The options for consideration are:

	Garbage	Recycling	Sub-Total	Net HST	Total
Option A-A: Existing Collection Format	\$87,206.40	\$113,660.64	\$200,867.04	\$3,535.26	\$204,402.30
Option B: Bi-weekly Collection both (all)	\$57,002.40	\$86,234.40	\$143,236.80	\$2,520.97	\$145,757.77
Option C: Weekly garbage (all)/Bi-weekly recycling (all)	\$86,234.40	\$115,466.40	\$201,700.80	\$3,549.93	\$205,250.73
Option D: Recycling Bins at the Landfill	-	\$594.00	\$594.00	\$10.45	\$604.45

It is noted that the Township invited an automated curbside collector to bid, however they chose not to submit a bid for this proposal. They did provide an unsolicited proposal in the fall of 2016 as noted in the March 6th Council report. One of the primary reasons discussed verbally for not submitting for the RFP was the length of the contract term as their program would require a longer-term commitment in the order of 5-10 years due to the start-up costs for bins and equipment purchases. The changing WDO/RPRA environment with respect to transitioning to 100% end-of-life recycling costs for producers involves “a high degree of policy and implementation planning” from the province over the next 3-5 years, and will have an impact on municipal revenue streams from recycling refunds under the Blue Box Program. As a result, the industry consensus is that it is too early for Councils to make informed long term commitments that involve the Blue Box program and recycling.

Survey Results

Some of the original survey results worth noting are outlined below:

- 83% of respondents were in favour of weekly curbside collection
- 48% of respondents indicated they compost
- Preferred days for using the landfill are Tuesday’s (14%) and Saturday’s (74%), with minimal preference for Friday (4%)

After the second round of consultation with context to the RFP results and the solid waste service line business performance, the following are notable:

- 72% of respondents were aware of the solid waste service line impact to taxation
- 49% of respondents manage household organic waste through private composting means
- 51% of respondents would not support bi-weekly collection even if it reduces the impact to taxation
- 56% would prefer to continue with the current format of weekly (urban) and bi-weekly (rural)
- 68% of respondents are not in favour of increased bag tag fees

Waste Stream – Program Alternatives

Staff held initial discussions with other similar municipalities that have bi-weekly curbside collection formats at the time of the March 6th report. The feedback received at that time with respect to bi-weekly was generally favourable with respect to cost-savings. Staff again engaged these municipalities for further information. The feedback received indicates that these types of program changes and continued service delivery are effective to reduce direct contractual costs, but become a burden on internal staff resources to launch, implement and stabilize, and are best suited for longer term contracts that include the creation of other significant program changes (creation of waste depots/transfer stations for drop-off of specific materials, detailed incentive programs for organics). In some cases, it has resulted in garbage dumping, which would require staff resources of time and effort resolve.

Both survey results indicate a significant number of respondents are undertaking their own composting, so incentive programs related to composting may not be as directly effective. Staff do not recommend creating depot or additional transfer sites due to the staff time and effort it takes to administer and oversee these types of programs. Recycling depots at the landfill (Option D) are recommended to continue as it promotes recycling, is partially subsidized through WDO refunds and is in a location that has oversight and administration at the landfill.

Recommendation

Based on the above, it is recommended to formalize Option A-A and Option D with Waste Management Canada Corporation.

Service Level – Cost Analysis

Based on the difference in service levels in each ward, it is recommended to consider alternative user fee models. The responses of the survey indicate very little interest in increasing bag tag fees. The current bag tag rate is comparable to other municipalities, and it is not recommended to increase the tags directly as this has a very strong potential to increase dumping or tag non-compliance. However, Council may wish to proportion the cost of this service to the level of service provided.

It should be noted that this contract outlines additional service elements including marketing support and contractor resources to resolve collection issues. Additionally, Waste Management has supported the Township in the Data Call process as a value added service, which can be a significant effort for staff to complete in-house without guidance from industry professionals. The breakdown of collection and disposal costs are outlined below for curbside garbage and recycling.

Garbage		Collection		Disposal	Sub-Total	HST	TOTAL
	Units	Unit Cost	Sub-Total				
w	2106	\$ 38.40	\$ 80,870.40	\$ 30,834.21	\$ 111,704.61	\$ 14,521.60	\$ 126,226.21
b/w	330	\$ 19.20	\$ 6,336.00	\$ 2,415.79	\$ 8,751.79	\$ 1,137.73	\$ 9,889.52
			\$ 87,206.40	\$ 33,250.00			\$ 136,115.73

Recycling		Collection		Disposal	Sub-Total	HST	TOTAL
	Units	Unit Cost	Sub-Total				
w	2106	\$ 50.04	\$ 105,384.24	\$ -	\$ 105,384.24	\$ 13,699.95	\$ 119,084.19
b/w	330	\$ 25.08	\$ 8,276.40	\$ -	\$ 8,276.40	\$ 1,075.93	\$ 9,352.33
			\$ 113,660.64				\$ 128,436.52

Garbage		Expense	Revenue	Proportionate	Cost/Unit
	Units				
w	2106	\$136,116	\$100,000	\$33,492	\$ 16
b/w	330			\$2,624	\$ 8
		Shortfall	\$36,116	\$36,116	\$ 24

Recycling		Expense	Revenue	Proportionate	Cost/Unit
	Units				
w	2106	\$128,437	\$54,586	\$68,485	\$33
b/w	330			\$5,366	\$16
		Shortfall	\$73,851	\$73,851	\$49

FINANCIAL IMPACT

For the recommended Option A-A to maintain the existing service, the cost to the Township remains largely the same with a marginal increase. Should the framework toward 100% cost recovery move into implementation within the next 3 years, this contract format will reduce the overall cost of curbside services to the Township through an increasingly funded recycling service.

Item	Current	Recommended	Budget Impact
Curbside Garbage – expense	\$110,000	\$88,741	\$21,259
Curbside Recycling – expense	\$80,000	\$115,660	(\$35,660)
WDO Refund – revenue	\$45,000	\$54,586	\$9,586

FUTURE CONSIDERATIONS

A final contract execution report will be brought back to Council for formalization of the recommended option and the work program submitted by WM Canada Corporation.

RELATIONSHIP TO STRATEGIC PLAN

Goal 3 the Township is healthy and safe. Goal 4 the administration is fiscally responsible and strives for operational excellence.



Jeff Molenhuis, Director of Public Works



Sharon Chambers, CAO