

# Municipality of Lakeshore – Report to Council

## Operations

## Public Works



**To:** Mayor & Members of Council  
**From:** Krystal Kalbol, P. Eng., Corporate Leader - Operations  
**Date:** January 3, 2024  
**Subject:** Solid Waste Collection – 2024 Tender Award (3-year term)

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### Recommendation

Award the three (3) year Solid Waste Collection Contract to Green for Life Environmental Inc. (GFL Environmental Inc.) in the amount of \$2,891,726.04 (including applicable HST); and

Approve Option #1 the elimination of the Extra Pick up in Area 3 for a recognized cost savings of \$66,706.84 (including applicable HST), as presented at the January 9, 2024 Council Meeting.

### Background

In 2023 there was an interest in a regional waste collection program. This program was not supported by local Municipalities; however, the regional waste program process had unfortunately led to a later than expected Request for Tender (RFT) for Lakeshore to enter into a new waste collection contract for 2024.

Lakeshore's existing waste collection contract expired on December 31, 2023.

### Comments

Based on the above, the waste collection contract was publicly advertised on Bids & Tenders on November 16, 2023.

The Solid Waste Contract was tendered with a contract period of three (3) years, commencing from January 1, 2024 to December 31, 2026, with a provision to extend the contract for two (2), one-year extensions.

Included in the waste collection RFT were provisions for an annual CPI increase as well as reconciliations (by March 31) for added household pickups based on recognized growth.

These have been standard practice in the past and the basis of the last contract with GFL Environmental Inc.

For this tender, Administration also included two (2) provisional items as identified below:

- **Provision #1 – Costs associated with an extra pickup in Area 3**
  - This extra waste collection is expected to not be required upon implementation of the organics program to be rolled out by ESWA in 2025.
  - Further, the cost benefit is not recognized and should be noted that the extra pickup for this area yields little waste collection, costs generally are related to the transportation (collection) costs.
  - This cost is as identified in the section below (\$66,706.84 including applicable HST).
  - The removal of the extra waste collection in Area 3 will assist with the reduction of costs.
  
- **Provision #2 – Reduction of collection to bi-weekly waste collection**
  - This option is not recommended to be implemented at this time and will be deferred until ESWA organics program is fully implemented for the urban areas. This will be brought back to Council at that time for consideration.
  - There was no cost provided for this provision by the bidder and is expected to be negotiated at a later date.

The following one (1) tender and the associated costs were received prior to closing on December 8, 2023:

<b>Tenderer</b>	<b>Price (excluding applicable HST)</b>	<b>Price (including applicable HST)</b>
<b>Green for Life Environmental Inc.</b>		
Residential (15618 households at 52 pickups/year)	\$ 2,302,263.60	\$ 2,342,783.44
Residential Yard Waste Collection (15618 households at 16 pickups/year)	\$ 390,835.20	\$ 397,713.90
Extra Pick up (1666 households at 12 pickups/year)	\$ 65,553.11	\$ 66,706.84
White Goods Collection including Bins ( <i>estimated</i> )*	\$ 39,860.00	\$ 40,561.54
Commercial Collection (60 households at 104 pickups/year)	\$ 37,440.00	\$ 38,098.94
Commercial Yard Waste Collection (60 households at 16 pickups/year)	\$ 5,760.00	\$ 5,861.38
<b>Total Contract Cost</b>	<b>\$ 2,841,711.91</b>	<b>\$ 2,891,726.04</b>

\* White Goods are reconciled the following year and are typically a low cost for collection.

The tender costs received are significantly higher than expected. Although Administration has made attempts to negotiate the above noted costs, in discussions with GFL Environmental Inc. there is little room for costs savings over the next three (3) years as per the tendered contract.

The only option for reduction of funds is related to Provision #1 - Costs associated with an extra pickup in Area 3. The following options are available:

- Option #1 (Recommended Option) – The extra pickup be eliminated for a cost savings of \$66,706.84 (including applicable HST) to the contract.
- Option #2 – The extra pick up remain through the three (3) year contract and be reevaluated in the subsequent contract years.

Administration is satisfied with GFL Environmental Inc. and they have the manpower and resources to continue to provide the service.

## **Financial Impacts**

Waste collection costs are recoverable as a separate charge on the property tax bill. These charges include the actual costs charged (by the contract), an estimate for white goods collection (based on the prior year), the number of pick-up times (based on the annual collection calendar) and the estimated reconciliation for growth.

It should be noted that the tipping fees are not included in this and are a separate recovery charge.

Since fluctuations can occur based on the above and due to the actual tonnage collected, the above (and below) are estimated values.

A financial summary and comparison of the residential and commercial collection rates for 2023 (estimated costs) and 2024 (tender costs) have been provided below:

Year	Item	Estimated Costs (excluding applicable HST)	Estimated Costs (including applicable HST)	Rate per household**
2023	Residential Collection (15267 households at 52 pickups/year)	\$1,426,188.79	\$1,451,289.71	\$115.56
	Residential Yard Waste Collection (15267 households at 16 pickups/year)	\$194,745.85	\$198,173.38	
	Extra Pickup (1667 households at 12 pickups/year)	\$43,804.36	\$44,575.32	\$28.80
	White Goods Collection including Bins (estimated)*	\$39,860.00	\$40,561.54	n/a
	Commercial Collection (60 households at 104 pickups/year)	\$33,364.59	\$33,951.81	\$622.32
	Commercial Yard Waste Collection (60 households at 16 pickups/year)	\$765.36	\$778.83	
<b>Total</b>		<b>\$1,738,728.95</b>	<b>\$1,769,330.58</b>	
2024	Residential Collection (15618 households at 52 pickups/year)	\$2,302,263.60	\$2,342,783.44	\$197.98
	Residential Yard Waste Collection (15618 households at 16 pickups/year)	\$390,835.20	\$397,713.90	
	Extra Pick up (1666 households at 12 pickups/year)	\$65,553.11	\$66,706.84	\$42.34
	White Goods Collection including Bins (estimated)*	\$39,860.00	\$40,561.54	n/a
	Commercial Collection (60 households at 104 pickups/year)	\$37,440.00	\$38,098.94	\$774.72
	Commercial Yard Waste Collection (60 households at 16 pickups/year)	\$5,760.00	\$5,861.38	
<b>Total</b>		<b>\$2,841,711.91</b>	<b>\$2,891,726.04</b>	

\* White Goods are reconciled the following year and are typically a low cost for collection.

\*\* Household rates are adjusted to include the previous actual white goods and number of pick ups. Rates for 2024 are an estimate however final supplementary tax billing will determine the house count and may affect rate calculations.

<b>Item</b>	<b>Total</b>
2023 Estimated Final Costs	\$1,769,330.58
2024 Estimated Tender Costs	\$2,891,726.04
Additional Households (351 more households in 2024)	\$69,490.98
Total Contract (excluding growth)	\$2,822,235.06
Contract Increase (without growth)	\$1,052,904.48
<b>Percentage Increase of Contract</b>	<b>59.50%</b>

The above noted comparison shows an increase of households by 351, therefore the contract costs (without growth) have increased by 59.5%.

The following increase means the average home in Lakeshore will pay an additional \$83 (\$197(2024)-\$115 (2023)) per year for the collection of Solid Waste. Residents in Lighthouse Cove will pay an additional \$96 (\$240 (2024)-\$144 (2023)) per year for the collection of Solid Waste should Council not reduce service level for the Area 3 extra collection.

It is recommended that the Solid Waste Collection Contract be award to GFL Environmental Inc. in the amount of \$2,825,019.20, with the elimination of the extra pick up with an applicable cost savings of \$66,706.84.

### Report Approval Details

Document Title:	Solid Waste Collection - 2024 Tender Award.docx
Attachments:	
Final Approval Date:	Jan 4, 2024

This report and all of its attachments were approved and signed as outlined below:

Prepared by Krystal Kalbol

Approved by Justin Rousseau