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Item No. 15.1.4
Halifax Regional Council
July 11, 2023

TO: Mayor Savage and Members of Halifax Regional Council

SUBMITTED BY: Original Signed

Cathie O'Toole, Chief Administrative Officer

DATE: June 27, 2023

SUBJECT: Award – RFP 23-044 Household Special Waste Services

ORIGIN

The current operating agreement for the Household Special Waste (HSW) mobile and permanent depots will expire on August 31, 2023.

LEGISLATIVE AUTHORITY

Halifax Regional Municipality Charter, S.N.S. 2008, c. 39 as amended

- 79A (1)** Subject to subsections (2) to (4), the Municipality may only spend money for municipal purposes if
- (a) the expenditure is included in the Municipality's operating budget or capital budget or is otherwise authorized by the Municipality;
 - (b) the expenditure is in respect of an emergency under the Emergency Management Act; or
 - (c) the expenditure is legally required to be paid.

...

Administrative Order 2022-012-ADM, The Procurement Policy

Section 28(1) of the Procurement Policy provides that Regional Council may approve contract awards of any amount. Section 28(2)(a) further specifies that a contract award must be forwarded to Council for approval if:

- (i) the award commits the Municipality to making operating expenditures in a future fiscal year and exceeds either \$5,000,000, or a term of 5 years;
- (ii) there is legislative requirement for Council to approve the award;

RECOMMENDATION

It is recommended that Halifax Regional Council award the Request for Proposal (RFP) 23-044 for Household Special Waste (HSW) Services to GFL Environmental Services Inc. as outlined in this report.

BACKGROUND

As part of its solid waste resource management system, HRM owns and operates a permanent HSW depot located behind its Material Recovery Facility at 20 Horseshoe Lake Drive, Bayers Lake Business Park. The municipality operates the permanent HSW depot on most Saturdays for a total of approximately 44 days annually. Additionally, the municipality currently provides approximately 17 mobile HSW depot events annually to serve outlying communities and enhance access to the program.

The HSW program accepts chemical waste generated from homes in HRM, including paint, pesticides, used oil products, and propane tanks. The depots are setup with the necessary storage and containment equipment to handle and properly manage HSW materials.

DISCUSSION

An RFP was released publicly on the Province of Nova Scotia's Procurement website to solicit interest from capable, knowledgeable, and competent contractors to operate the permanent HSW Depot and mobile events. The RFP was tendered on April 11, 2023, and closed on May 02, 2023. The RFP term was for three years with the option to renew for one additional year, therefore covering the period of September 1, 2023, until August 31, 2027 (including the option year).

One bid submission was received from GFL Environmental Services Inc. (GFL) in response to the RFP. It is noted that there are a limited number of service providers in the HSW sector. GFL is the current service provider for HRM's HSW program. GFL's technical proposal met all evaluation criteria outlined in the RFP and highlighted their experience with HSW services. The table below shows the proponent's proposed cost to provide services for four years, including operating the permanent depot for 44 days annually and providing 17 mobile events annually. Additionally, the costs include provisional contingency items per RFP requirements.

Table 1. Total 4-year proposed cost (including option year)

Description	Amount¹
Total Cost	\$16,016,827.03
Contingency Items	\$ 4,874,151.52
Net Cost	\$11,142,675.51

¹ Cost includes net HST

The contingency items are related to possible material handling changes such as having to manage paint independently of the Nova Scotia Paint Recycling Program and how flammable materials are packaged and managed. As such, removing contingency items, the net 4-year cost is approximately \$11,142,675 (including net HST).

FINANCIAL IMPLICATIONS

The table below summarizes the financial impact to HRM's budget based on fiscal year. The annual financial impact is generally based on operating the permanent depot for 44 days annually and providing 17 mobile events annually (it is noted that for 2027/2028 the financial impact is for a partial year). The actual annual costs and average residential tax bill impact will vary depending on the actual number of operating days and the quantity of HSW materials collected. Contingency items have not been included in the below table.

Table 2. Cost impact per HRM fiscal year

Fiscal Year - April 1 - Mar 31					
	2023/24 ¹	2024/25	2025/26	2026/27	2027/28 ²
Annual Cost	\$2,003,648.30	\$2,607,158.42	\$2,783,292.23	\$2,973,156.52	\$1,457,829.74
Avg residential tax bill impact	\$2.06	\$2.13	\$0.62	\$0.67	TBD

Costs includes net HST.

¹ For April 1 to August 31, 2023, cost estimated based on current operating agreement. For September 1, 2023, to March 31, 2024 costs estimates based on RFP 23-044.

² Estimated costs from April 1, 2027, to August 31, 2028 (end of contract) under the proposed unit rates.

For 2023/2024, HRM’s current HSW budget is \$1,417,500. Based on the RFP results, the HSW budget has increased to \$2,003,648 or by 41.4%. This results in an operating budget shortfall of \$586,148 for the 2023-24 fiscal year. The revised budget is based on current estimates for the period of April to August 2023 based on the current HSW agreement, while the period of September 2023 to March 2024 is based the RFP 23-044 results. The increased cost is due to inflationary pressures associated with disposal of HSW materials and the increased cost of fuel for transporting materials.

Given the budget shortfall, staff could review cost saving measures by reducing service levels and costs to meet the 2023/2024 budget. This would likely require a reduction of 10-15 operating days consisting of a combination of permanent depot days and mobile events. Given that the majority of program costs are related to the collection, processing, and disposal of HSW materials, it is noted that attempts to save costs by reducing service levels may be offset by residents storing materials over time and accessing HRM’s HSW program as opposed to accessing alternative disposal options (e.g., dropping off paint at an Enviro-Depot). If Regional Council would like to further review cost saving options, please see the Alternatives section of this report.

Budget and service levels for fiscal year 2024/2025 and beyond will be reviewed as part of the business planning cycle.

All costs will be charged against cost centre R334-6399.

RISK CONSIDERATION

There are no significant risks associated with the recommendations of this report.

There is a low environmental risk related to the operational activities at the permanent depot and mobile events due to the nature of the products being handled. These risks are mitigated through service delivery requirements such as environmental monitoring, spill response preparedness, and transportation, handling and storage requirements for dangerous goods. The likelihood of this occurring is low due to the mitigation measures required under RFP 23-044.

COMMUNITY ENGAGEMENT

No community engagement was required.

ENVIRONMENTAL IMPLICATIONS

Quarterly environmental monitoring of groundwater and surface water is required under the Provincial Environmental Operating Approval for the permanent depot. The proponent will be responsible for carrying out all environmental monitoring with the assistance of a qualified Site Professional.

SOCIAL VALUE

This contract is subject to the living wage requirement. The proponent included social value within their submission including information on the organizations approach to sustainability, diversity and inclusion, and community involvement.

ALTERNATIVES

There are two alternatives that could be considered:

1. Council could decide not to award the project and re-tender; however, this is not recommended due to the lack of industry competition and low likelihood that additional proposals would be received.
2. Council could award the contract but request that staff return with a supplemental report that outlines options to attempt to meet the original 2023/24 budget.

ATTACHMENTS

None

A copy of this report can be obtained online at halifax.ca or by contacting the Office of the Municipal Clerk at 902.490.4210.

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