

MINUTES

JOINT MEETING OF
CORPORATE SERVICES AND ECONOMIC DEVELOPMENT COMMITTEE
AND
PLANNING AND ENVIRONMENT COMMITTEE

REGIONAL MUNICIPALITY OF OTTAWA-CARLETON

CHAMPLAIN ROOM

16 SEPTEMBER 1998

9:00 A.M.

PRESENT

Chair: B. Chiarelli

Members: D. Beamish, M. Bellemare, R. Cantin, B. Hill, P. Hume, G. Hunter,
J. Legendre, A. Munter, W. Stewart, and R. van den Ham

Regrets: A. Loney, M. Meilleur

ENVIRONMENTAL SERVICES ITEMS

1. AWARD OF CONTRACT CE-8012 - SOLID WASTE
CURBSIDE COLLECTION TENDER CONTRACT
- Environment and Transportation Commissioner's report dated 04 Sep 98

Pat McNally, Director, Solid Waste Division, provided Committee with an overview of the Environment and Transportation Commissioner's reports. A copy of the slide presentation is held on file with the Regional Clerk. Richard Palmer, Regional Internal Auditor, gave a brief presentation on his report (i.e. Item 2, Curbside Collection Contracts - Review of Region of Ottawa-Carleton Zone Estimates).

Councillor Cantin, noted the Region would obviously not have to post security on the contract and he asked if staff had prepared estimates of what it would cost for a private company to post security. Mr. Palmer stated he believed Ernst & Young (the auditors retained to review the Region's zone estimates) had considered this and he would provide this information to the Councillor.

- Note:
1. Underlining indicates a new or amended recommendation approved by the Committees.
 2. Reports requiring Council consideration will be presented to Council on 23 September 1998 in Joint Corporate Services and Economic Development Committee and Planning and Environment Committee Report 1.

In response to questions from Councillor Bellemare, Mr. McNally advised the rationale for changing the level of service for the blue box to a two stream process, was intended to accomplish a number of different goals, including reduced cost and simplifying collection (i.e. allows contractors to use packer trucks instead of curbside sorting and residents will not have to compact fibre boxes).

Councillor Bellemare went on to note it did not appear any savings would be achieved by switching from weekly collection to the two stream process. Mr. McNally explained the chart used in the presentation showed the cost of the current recycling system and the new tendered two stream system; however, as the current system was not tendered, these costs could not be shown. He offered, if the current system had been tendered, there would have been an increase of approximately five to ten percent (over the two stream system).

Mr. Palmer clarified, at Councillor Bellemare's request, he was recommending that Council request an annual audited statement to be prepared by an external auditor, as well as an annual report from staff.

Responding to questions from Councillor Hill, Mr. Palmer advised that the Region, wanting to take on only one zone, submitted only single zone bids (as directed by Council) and therefore no economies of scale are reflected (as would likely be the case with combination bids).

Chair Chiarelli read a motion from Councillor Legendre that the joint committee recommend that Council require an annual audit of expenditures of works awarded to the Region, that Council require an annual information report, qualitative and quantitative in nature, relevant to this program, as suggested by the Regional Internal Auditor.

Chair Chiarelli, referring to the recommendations for Item 1, which state "...*total estimated five year cost...*" requested staff explain the nature of the estimate. Mr. McNally explained the wording used in the recommendations with respect to the private sector prices, are estimates of the five year cost based on estimated tonnages. He further explained the contract is bid and payments are made on a price per tonne basis and tonnages are estimated by staff based on historical monitoring taking into account projected changes and growth.

Responding to further questions from Chair Chiarelli, Mr. McNally explained the contractors submit a price per tonne for each year of the contract and they have the option of increasing the unit price at the time of tender. He believed the prices submitted for this tender have been flatlined from year 1 to year 5. Chair Chiarelli asked if staff considered a sliding scale on the total amount relevant to increasing costs (i.e. labour and fuel) over five years with the possible benefits to the Region of assisting the cash flow.

Mr. McNally said staff did not consider a sliding scale and indicated the prices reflect the manner in which the private sector bid on a cost per tonne basis, adding the private sector, at their discretion, could have increased or decreased their unit price over the five years. Mr. McNally added staff did not receive any questions or comments on the price per tonne format and the two bids being recommended were both flatlined.

Mike Sheflin, Commissioner, Environment and Transportation Department, added with respect to the merits of directing the contractors to bid on a sliding scale, would not recommend that approach. He felt the method of formulation of the bids should be left up to the contractor.

Councillor Stewart posed a number of questions concerning the salary scale for the regional employees and whether the regional estimate (on Zone C4) was sustainable. Mr. McNally advised the salaries being paid to regional employees were based on industry standards and are therefore competitive. With respect to the sustainability of the regional estimate, Mr. Palmer confirmed these numbers had been looked at and are believed to be appropriate.

Mr. Palmer confirmed, at Councillor Munter's request, the private sector bids before the Committee do not include the GST obligation of 3% (payable by the Region). GST is not applicable to the work awarded to the Region. Councillor Munter, as an example, then noted the \$46.5 million proposed contract for Canadian Waste Services Inc. would cost taxpayers an additional \$1.5 million.

Councillor Munter stated he supported a Regional proposal as a way of preserving competition; he noted another method would be to split up a contract. He pointed out the principal award for curbside collection is going to the large players, while smaller firms such as Goulbourn-Stittsville Sanitation Ltd. and R.W. Tomlinson Ltd. are left out. He asked staff what the additional cost to the Region would be if Zone C3 (the zone in which Goulbourn-Stittsville's lowest bid occurred) were awarded to Goulbourn-Stittsville.

Mr. McNally advised that awarding Zone C3 to Goulbourn-Stittsville would result in changes to the combination bids put forward by other contractors and would cost the Region a premium of between \$2.4 and \$3 million dollars.

Councillor Munter questioned whether Goulbourn-Stittsville was disadvantaged by being allowed to bid only on single zones (not on combinations). Mr. McNally explained Goulbourn-Stittsville was prequalified to bid on only single zones in accordance with their

ability to provide the required financial securities (i.e. letter of credit, bond, proof of insurance, etc.). He stated it was his understanding that Goulbourn-Stittsville only wanted to bid on one zone and he noted the Region was also only allowed to bid on single zones.

Referring to points raised by Chair Chiarelli, Councillor Legendre sought a legal opinion on whether or not “non-flatlining” of a contract could be done as part of the negotiations.

Eric Johnston, Deputy Regional Solicitor, advised that on the basis of what is before the Committee, a tender was called and the contract would have to be awarded on that basis. In the event there was a desire to change the essential terms and provisions, then it would be open to a retender of the process.

Councillor Legendre stated it was his understanding that although staff only provided estimates, after the expiration of this new contract, the Region would be providing bids. In this regard, he asked if it would not be a good approach to set up a regional garbage collection entity at this time.

With respect to the Region providing collection services, Mr. McNally stressed the primary motivation for the Region doing so at this time is to ensure competition. He noted three of the firms that participated in the tender process five years ago are no longer operating in this marketplace. If in five years, it is appropriate the Region still be involved in solid waste collection, then staff would recommend bidding in some manner.

On the issue of setting up a separate entity, Mr. Johnston advised the Region currently does not have legislative authority to do this and further, the proposed new Municipal Act legislation prohibits setting up special corporations of this nature.

Councillor Hill expressed her disappointment that Goulbourn-Stittsville Sanitation Ltd., which is in her ward, did not receive a contract and sought clarification as to why their bids were not successful. She noted Council has made it clear it wants to maintain competition and not have large firm monopolies. The Councillor pointed out the Region’s bid on Zones 3 and 4 were the lowest, however staff are recommending Zone 3 be awarded to Canadian Waste Services Ltd.; she questioned why staff would not consider Goulbourn-Stittsville Sanitation for Zone 3 when the increase would only be \$1.5 million.

Mr. McNally responded the staff recommendations are based on the premise the Region would do one zone and would select the zone which would have the largest financial advantage (i.e. Zone 4). He explained, if Zone 3 were taken away from Canadian Waste Services Ltd and awarded to Goulbourn-Stittsville Sanitation the total cost of the contracts would increase from \$78.9 million to \$81.8 million, a difference of \$2.9 million (as a result of changing the combination bids).

In response to questions from Councillor Cantin, Mr. Sheflin stated staff have taken a conservative approach and are very comfortable with these estimates.

Committee Chair Hunter asked if the contracts would contain clauses concerning assignment from one company to another. Mr. Johnston advised contracts would require the Region's consent prior to assignment to another company.

The Committee then heard from the following speakers.

Wayne Beaudoin, Canadian Waste Services Inc.(CWS), stated he was in general agreement with the staff recommendations, however, CWS was disappointed at the possibility of losing the business of processing the recyclables. Although CWS was not the lowest bidder he stated it remains to be seen if the lowest bidders can be profitable with their bids. Mr. Beaudoin offered, as a result of CWS losing the recycling contract, it may have to close its recycling facility or at a minimum it will be significantly downsized.

Mr. Beaudoin expressed agreement with the staff recommendation not to pursue the composting option at this time, as the prices for processing the composting were higher than expected. With respect to the issue of the alternating weekly pickup of recyclables (i.e. collection of fibre one week and containers the next), Mr. Beaudoin offered that members of the private sector were in agreement this process would result in savings. He explained the savings are not evident because it was assumed there would be savings from current total costs. He stated, if the Region had opted for the status quo (i.e. weekly collection of both streams), on the three zones for which CWS is recommended, their bid would have been \$2.2 to 2.3 million higher over the five year period.

On the issue of managed competition, Mr. Beaudoin expressed strong disagreement with this concept, calling it unfair competition. He noted the private sector must cover all of its costs from its business, in addition to paying its shareholders or owners, corporate taxes, property taxes, letters of credit, insurance etc.; all of which a municipality does not have to pay. He urged, if it is the will of Council to support the Region having a hand in the waste collection business, that its participation be limited to one zone.

Finally, Mr. Beaudoin noted although its bid for apartment collection was not the lowest, he pointed out that a combination of Maylex Waste Systems Inc. doing one of the waste collection zones and CWS doing the other waste collection zone and the recycling is only \$29,000 more than the lowest possible combination (reference Table 1, page 20 , Option 2 of the staff report). He questioned why the Region would disrupt an established service to over half of the apartments in the Region so it could save less than \$5,000 per year (.004 percent). Mr. Beaudoin went on to state that Maylex has been known to carry on improper and, in some cases, illegal business practices. They have been found to co-mingle

waste in the Outaouais communities and presently, the Ontario Ministry of the Environment and Energy is preparing to file charges against Maylex for moving waste from Ontario to Quebec. He cautioned the Region should avoid awarding a contract to a firm that carries on business in a manner the Region is trying to stop.

At Committee Chair Hunter's request Mr. Johnston commented on the appropriateness of Mr. Beaudoin's final statements. He advised the speaker was making comments in a public forum; the Committee was receiving a representation from an individual representing a private corporation; and the comments would form part of the public record. He offered the Committee would have to reach its own conclusions about the statements made.

Councillor Munter commenting on the issue of managed competition, noted CWS had the opportunity to forego the expense of putting in a tender if the Region had extended its contract for two years. CWS had proposed a 10% increase in cost of the contract for those two years; when the Region's price is factored in to CWS's low bid, the increase is cut to 5%. The cost to taxpayers is decreased, which would lead one to believe that managed competition is a success. Mr. Beaudoin felt it was not fair to compare the two year extension to the five year contract, as the contract extension included the processing of the recyclables. He noted the trend across North America is away from the supply of public services to the public sector and the onus is now on the Region to prove they have the capability to manage as well as the private sector at a lower cost.

Responding to questions from Councillor Legendre, concerning the increased costs of recycling, Mr. Beaudoin explained the cost of processing the recyclables will increase. He noted in the last contract, the cost of collecting the expanded blue box was greater than anticipated; he confirmed the baseline was faulty.

Councillor Beamish asked Mr. Beaudoin if CWS had ever been charged for any violations. Mr. Beaudoin acknowledged they had.

Councillor Cantin asked the delegate to comment on whether compacting the different materials (e.g. glass, aluminum, styrofoam, etc.) which will be collected together, would contaminate the commodities. Mr. Beaudoin stated technology exists to counteract this (cross-contamination) and further, the whole equation would be looked at by the processor (i.e. the company may get less for the product, but it may cost them less to process it).

Mr. Beaudoin was not able to confirm with certainty, for Councillor Cantin, the cost of posting security.

In response to questions posed by Councillor Bellemare, Mr. Beaudoin clarified the increased cost of solid waste collection of 10% is solely attributable to the costs associated with collecting garbage; the process or methodology used for collecting recyclables (i.e. the current weekly collection of both streams of recyclables or the proposed alternating weekly collection) has no impact on the cost of collecting solid waste. He went on to say the 10% increase is an average price over the next five years compared to the price being paid today and this takes into account inflation, increased costs, etc.

Robert Dick, General Manager, Huneault Waste Management (HWM), advised his company is a locally owned and operated company located on Navan Road, Gloucester. He noted HWM has operated a landfill for over thirty years and in the early 1990's, ventured into the waste haulage business, serving in particular the construction and demolition industry in Ottawa-Carleton. In 1996, HWM expanded its waste hauling services to include frontloading containerized services. Mr. Dick expressed HWM's support for the staff recommendation that it be awarded the contract for Zone AG1. He pointed out HWM qualified for all four zones for the apartment waste and recycling services but only bid on two.

Referring to comments made by the previous speaker, concerning the cost difference in Table 1 on page 20 of the staff report, of \$29,000 dollars, Mr. Dick felt not all of the costs were being considered. He drew the Committee's attention to page 24, Item 2 "Extra Services" and noted that approximately 40% of the 830 apartment buildings in the region receive some form of "extra services", which increases dramatically the costs to building owners and managers. Table 2 on page 25, illustrates the significant decrease in costs these buildings will achieve for extra services.

In closing, Mr. Dick stated HWM is very excited to be part of this process and they look forward to working and partnering with Ottawa-Carleton in the coming years.

Responding to a question posed by Councillor Cantin, Mr. Dick advised the cost of funding securities would be 2% of the contract price.

David Graham, Goulbourn Stittsville Sanitation Ltd. (GSS), noted GSS is a locally based, independent solid waste firm with over thirty years in residential and commercial waste removal and recycling. Mr. Graham noted in 1990, GSS was awarded a six year contract in the City of Kanata to include waste and recycling removal. GSS was one of the first companies to offer all revenues from the resale of blue box commodities back to the local municipality and, over life of the contract, more than \$3 million was taken in by Kanata.

Another new initiative being spearheaded by GSS is the collection of commercial organic waste for composting. GSS has successfully run this program for two years and is currently diverting over 200 tonnes per month from the landfill. GSS wants to increase collection levels twofold by the year 2000.

In December 1995, GSS recommended the region be divided into six zones however, the Region decided on three zones. Although GSS was unable to tender because of the size of the three zones, GSS has always been available to the Region to provide piecemeal work when needed, lending a helping hand whenever the Region encountered difficulties.

Mr. Graham opined, if the contracts are awarded as proposed, a monopoly will exist. He noted two multinationals will get 94% of the third party contracts; one out of province firm will get 3%; and only one regionally based company will receive any part of the contract and that amounts to only 3%. He stated this decision will eliminate local companies from future tendering processes and future contract costs will increase with the elimination of competition. He said he does not believe having the Region compete in the current contract will provide the protection necessary for future competitive pricing. Further, local companies will reinvest in the Region, which will of course create jobs; while the multinational companies will send profits out of the Region and most likely out of the country. He cautioned, if the contract is awarded as proposed, it could mean the end of GSS.

Mr. Graham explained, as a result of being eliminated from the 1995 tender process, GSS would now have to purchase new equipment essential in performing this contract. This is what caused GSS's bid on Zone C3 to be \$1.5 million higher than the lowest bid. He noted this equates to \$300,000 per year or 12 cents per household per month. He felt contracts of this nature should not be evaluated strictly on the basis of the lowest bid but rather on the recognition of the intangible value of reinvesting in the community.

In conclusion, Mr. Graham proposed a plan which he felt would result in a winning situation for all concerned. He suggested, instead of awarding a zone to the Region, one zone (any zone) be divided amongst the local companies who qualified to tender, on the condition their price not exceed the lowest bid for that particular zone.

Responding to questions from Councillor Munter, Mr. Graham confirmed if they are not successful in obtaining a contract from the Region, GSS may not exist for the next tendering process.

Councillor Munter asked staff if any of the points raised by Mr. Graham concerning the benefits of awarding contracts to local companies had been considered in the evaluation of

the bids or were they evaluated on the basis of lowest cost. Mr. McNally confirmed it was primarily on the basis of lowest cost.

Councillor Munter then sought a legal opinion on whether there was anything preventing the Region from discriminating in favour of locally owned companies. Mr. Johnston advised there exists a body of case law and legislation that presents some barriers for discrimination in favour of local companies. He confirmed, at the Councillor's request, the Region does not have to accept the lowest bid.

Referring to Mr. Graham's suggestion that Zone C4 be awarded in the amount of \$15.8 million to small local contractors (i.e. Goulbourn-Stittsville Sanitation Ltd. and R.W. Tomlinson Ltd.), Councillor Munter asked if this would be permitted under the tendering process. Mr. Johnston stated this would constitute reopening of the process and advised the Region would have to retender for this zone.

Responding to questions from Councillor Cantin, Mr. Graham stated since the current contract was awarded in 1996, Goulbourn-Stittsville Sanitation has been asked many times by the Region to assist them, often on very short notice and occasionally Mr. Graham (the president of the company) has responded himself. Councillor Cantin felt it important to note this company could respond on such short notice when needed.

Councillor Legendre, commenting that he would have liked to have seen nine zones (as opposed to the five proposed) asked the delegation how he felt about the size of the zones. Mr. Graham stated he was satisfied with the five zones and felt his company could easily tender and provide the proper letter of credit and performance bonds (i.e. \$1.5 million) for one of the five zones. If the Region had opted for smaller zones, GSS would have been able to offer combined bids.

Councillor van den Ham asked, if Zone C4 were awarded to the Region, whether it could be subcontracted without incurring any legal ramifications. Mr. McNally thought this would be possible but felt consideration should be given to whether it could be subcontracted for less than the Region has estimated. Mr. Johnston added, if the Region were awarded a zone, it would be open to it as to how best to carry out that service, however, he would recommend retendering for that zone.

Councillor van den Ham then asked the delegation to comment on the suggestion GSS is expecting to be subsidized as it did not have the lowest bid. Mr. Graham responded by saying it has been his experience that services contracted by municipal governments have ended up costing more than originally estimated.

Commissioner Sheflin noted staff are very comfortable with their estimate and fully expect to come in below the estimated cost. If Committee and Council were to accept this particular proposal, it would be locking in at the highest cost.

Councillor Munter noted GSS's bid for Zone C4 was \$5 million more than the Region's estimate for that zone, he asked Mr. Graham if he felt confident GSS could perform the work for the same price as proposed by the Region (i.e. \$15.8 million). Mr. Graham stated he felt it would be possible with a combination of small contractors and if they were not required to put up the performance bonds and letter of credit.

Alain Cyr, Malex Waste Systems, advised he was the President and owner of Malex, which has been in business for the last two years and prides itself in providing personal service. Referring to statements made by an earlier speaker, Mr. Cyr stated Malex has never been charged for any type of infractions in the past. He said however, on August 31, 1998, an incident occurred, about which he could not give details because of third-party involvement and which is under review by the MOEE. He stated all necessary precautions have been taken to prevent a recurrence of such an incident in the future. Mr. Cyr concluded by saying he was looking forward to the opportunity to work with the Region and assured the Committee Malex has the resources in place to ensure a high level of satisfaction to its clients.

Councillor Cantin noted it was in his ward that failures occurred with a small company during the present contract, he asked for assurance from Mr. Cyr that his company will have the equipment and resources to ensure provision of service. Mr. Cyr advised his company currently has one front end vehicle and will be purchasing two new front end vehicles as well they will have all of the containers necessary to perform the contract.

Councillor Cantin then asked Mr. Cyr if Malex presently had commercial contracts in Ontario, to which Mr. Cyr responded yes. The Councillor then pointed out that tipping fees are payable on commercial waste (but not domestic waste) at the landfill site; he asked Mr. Cyr what steps would be taken to ensure there would be no integration of the commercial and domestic flows. Mr. Cyr replied the loads would be segregated with basic service being done in the early part of the week (and the trucks properly identified) and the extra service in the latter part of the week.

Having heard from all public speakers, Committee Chair Hunter brought the discussion back to Committee.

Councillor Cantin, referring to the issue raised by one of the delegations concerning the benefits garnered from using local companies, asked if in future tenders the Region could include a local economic factor as part of the evaluation criteria. Geoff Cantello,

Solicitor, Regional Legal Department, responded the process the Region has entered into has no local economic factor; it is unlikely this factor could have been included prior to the contracts being tendered and it definitely could not be included at this stage of the process. Further, he stated, given current legislation and inter-provincial agreements, including a local economic factor would not be possible; however, he conceded that anything could happen in the five years leading up to the next contract award.

Responding to questions posed by Councillor Hill, Mr. McNally advised if Zone C3 were taken from Canadian Waste Services Inc. and awarded to Goulbourn-Stittsville Sanitation Ltd., the premium would be \$2.9 million. However, if the Region accepts the Goulbourn-Stittsville price for Zone C3, Capital Environmental Resource Inc. is awarded Zones C1 and C5, Canadian Waste Services is awarded C2 and the Region is awarded Zone C4, the premium would be reduced to \$2.3 million.

The Committee then considered the following motion.

Moved by R. Cantin

That the Joint Corporate Services and Economic Development Committee and Planning and Environment Committee move In Camera pursuant to Subsection 11(1) (e) litigation or potential litigation affecting the Regional Corporation, including matters before administrative tribunals; and, (f) the receiving of advice that is subject to solicitor-client privilege, including communications necessary for that purpose.

CARRIED

(P. Hume and W. Stewart
dissented)

Moved by R. Cantin

That the Joint Corporate Services and Economic Development Committee and Planning and Environment Committee move out of Camera and resume open session.

CARRIED

Upon resuming the meeting in open session, Committee Chair Hunter then read the motions before the Committee for consideration.

Moved by J. Legendre

That the Joint Corporate Services and Economic Development and Planning and Environment Committees recommend that Council require an annual audit of expenditures for works awarded to the Region, that Council require an annual information report, qualitative and quantitative in nature, relevant to this program, as suggested by the Regional Internal Auditor.

Moved by B. Hill

That Zone C3 be awarded to Goulbourn-Stittsville Sanitation Ltd.

WITHDRAWN

Councillor Hill advised that in light of information received in the In Camera session, she was withdrawing her motion.

Councillor Cantin then moved the six staff recommendations and the Committee agreed to consider each one individually.

- 1. That implementation of the Organics Program be delayed pending further technical study and the Solid Waste Collection Contract award proceed accordingly;**

CARRIED

Councillor Bellemare expressed his agreement with the staff recommendation to delay implementation of the organics program given that it is not cost-effective. The Councillor went on to speak of his disappointment with the results of the tender process. He felt the taxpayers will be losing on two counts; first it will cost 7 to 8% more for waste collection in Ottawa-Carleton and secondly, the expected savings from changing to an alternate week pick-up of recyclables will not be realized. Councillor Bellemare reminded the Committee, when Council approved this process in June he urged that two sets of numbers be obtained from the contractors (i.e. the current method and the two-stream alternating week pick-up). As this was not done, the Region does not have the benefit of being able to compare the cost of the two methods.

Councillor Bellemare felt the separation of the blue box and organics diversion programs had been fortunate for the taxpayer, both in terms of convenience and in terms of an estimated savings of \$850,000.00 per year for organics diversion. He felt the decision to

proceed with an alternate weekly pickup schedule for recyclables would be complicated and confusing for the residents. The Councillor said he supported the staff recommendations, but expressed disappointment there was not more choice in the matter.

Councillor Cantin informed that many residents in his ward already had two blue boxes; one for fibre, the other for containers. He felt the alternate weekly pickup would only mean storing the material for a week either way, and ensuring the blue box was full every time it was put out. He offered the contract would result in savings, and the perception to the contrary was because of an overall rise in costs for goods and services over time. He felt the Region had received the best available results from the tender it had put out. He also felt it was unfortunate that preference could not have been given to local firms, but it was now necessary to ensure the Region had a level of comfort that the work would be done in the most cost effective and environmentally-sensitive fashion. Councillor Cantin said he would support the staff recommendations not because he was happy with what was before Committee, but because he felt there was no other choice.

Councillor Hume said he agreed with Councillor Legendre's Motion, but felt it was necessary to ensure the annual externally audited statement of expenditures to the Region's Internal Auditor be provided directly to the Planning and Environment Committee and to Regional Council. He said he wanted to ensure people would be allowed to come to Committee and comment on costs, in addition to which this would help make the process more transparent, and would give the Committee a basis for comparison to the private sector. Councillor Hume also spoke of the need for the Region to be innovative in dealing with its waste management processes, and offered this was a new attempt at innovation; trying to bring savings to the taxpayer. He made clear his feelings that if at any time, he believed the Region was not bringing about the best value to the taxpayer, he would be prepared to vote for the immediate removal and re-tendering of the Region's contract. The Councillor said he was happy to support the rest of the recommendations, and did not believe it was necessary to retender any of the zones or do anything other than what staff had recommended.

Councillor Munter felt the numbers bore out the wisdom in introducing the concept of managed competition. He offered the example of Canadian Waste, which had been offered a two-year extension on an existing contract, at a cost to the Region of an additional 10%. The Councillor noted the combination contained in the staff report would cost only 5% more and noted if costs were lower than the \$15.8 million estimate, the Regional taxpayer, and not a private firm, would pocket the difference. He pointed to the example of the Region's sewage treatment plant, whose consolidation of operations in-house had resulted in a higher level of savings than originally anticipated, which had helped the Region in dealing with some of its financial pressures.

Councillor Munter disputed a newspaper editorial which claimed government should not involve itself in business. He noted the subject under discussion was not about business, but about the delivery of a public service, and whether or not to contract this service out. Regarding Mr. Beaudoin's claim it was unfair for the Region to compete because it did not have to pay GST, property tax, securities and did not have to turn a profit, Councillor Munter felt these were costs the Region did not need to incur, resulting in a savings to taxpayers. The Councillor also felt one of the goals of having the Region involved was to ensure a competitive environment, and believed that maintaining local players in the market was an important part of this view.

Councillor Munter said he was familiar with the work performed by Goulbourn-Stittsville Sanitation (GSS) in the Region's west end. He felt firms such as GSS and Tomlinson were in the category of local players, and the Region should be doing what it can to help support these companies. He also said he was disappointed the recommendations from staff did not do this. Councillor Munter felt it was important for members of the public to know the Committee had received legal advice about what its options were in this regard, and which cited a number of cases in other municipalities where the municipality had not gone with the lowest bidder and had thus exposed itself to lawsuits. He emphasized he wished the Region to go as far as it could in supporting local players, and put forth the following Motion to this effect.

Moved by A. Munter

That in the interest of preserving a competitive environment in the waste management industry, staff be directed to bring back a report on how the RMOC can help keep small local contractors in the industry through potential sub-contracting in the RMOC zone, use during emergencies and other gaps in service.

The Councillor noted his first Motion was specific to this contract. Regarding future decisions and how far the Region could go within the limits of Provincial and Federal legislation and free trade agreements, which limited a government's ability to discriminate in favour of local companies, Councillor Munter then moved the following.

That staff prepare a report on the issue of changing the Region's tendering policies in order to include the benefits to the local economy of awarding contracts to locally owned firms compared to multi-national companies.

The Councillor said he understood senior governments and the rush towards economic globalization, might make this more difficult than in the past, but he felt supporting local business was an important goal for local government, and he wanted the Region to explore how far it could go toward this goal.

Committee Chair Hunter said Councillor Munter's first Motion presumed there would be an RMOC zone, as did Councillor Legendre's Motion, and therefore ruled it an amendment to the report. He said the second Motion was not an amendment but a separate issue, and would not affect the awarding of the contracts or the policies being considered by Committee. He therefore ruled the Motion out of order, and ruled it as a Notice of Motion to the Corporate Services and Economic Development Committee.

Councillor Munter then asked that the Committee Coordinator put the Notice of Motion on the next Corporate Services and Economic Development Committee agenda.

Councillor van den Ham, speaking to Recommendation No. 4, said he had mixed feelings on the issue. He said he would not support the Region taking a portion of the contract, and indicated he would move the contract be awarded to the lowest bidder. The Councillor thanked staff for their efforts, but felt the Region should not be getting into solid waste collection, and that private industry should continue to collect all garbage throughout the Region.

The Committee Chair ruled this an amendment to Recommendation No. 4, and noted the lowest bid for Zone 4 was by Capital Environmental Resource Inc.

Councillor Munter asked for confirmation of his calculation that Councillor van den Ham's Motion would cost the taxpayers of Ottawa-Carleton two million dollars. Chair Hunter said this appeared to be so on the surface, but noted this was comparing an estimate to a bid.

Referring to Table 1, Mr. McNally explained that with no zones going to the RMOC, it was necessary to take into account the combination zone prices, with the lowest price being Zones 1, 2 and 3 to Canadian Waste Services Inc., and Zones 4 and 5 to Capital Environmental Resource Inc., at a cost of \$79.7 million as opposed to the recommended \$78.8, for a difference of over \$800,000.00 over five years.

Councillor Munter then noted in this scenario, in addition to a cost difference of \$800,000.00, the entire curbside collection would go to the two large firms, resulting in a monopolistic environment, which would expose taxpayers in future to the effect of driving out smaller local participants.

Councillor Cantin said he believed in private sector involvement, and in partnering with the private sector, but he also believed taxpayers deserved to get the best value for their money. He said if this meant the Region should take over all waste collection and recycling because it made more economic sense, then this should be done. The Councillor

offered if the experience were as positive as staff felt it could be, then perhaps staff could take over two or three zones. Councillor Cantin said he would not support Councillor van den Ham's Motion, and urged all members of the Joint Committees to do the same. He argued it was necessary for the Region to put aside its preferences for individuals or for private sector involvement in certain things and emphasized this was a public service and not a business. He noted he would like the Region to eventually move away from recycling, towards a greater emphasis on product stewardship to remove the burden of high costs from taxpayers.

The Joint Committee then considered the second staff recommendation.

- 2. That Zone C1, C2 and C3 (as per Annex E) for the collection of waste, recycling and leaf and yard waste, Contract No. CE-8012(C1C2C3) be awarded to Canadian Waste Services Inc., Nepean, Ontario for a total estimated five year cost of \$46,466,774 (GST not included);**

CARRIED

Speaking to his Motion, Councillor van den Ham put into context the additional \$800,000.00 over the five year life of the contract, would be less than two dollars per household per year. He said a number of residents had indicated they did not believe government should get involved with this issue, and would rather pay (a nominal fee) more per year to have private industry perform the task. The Councillor said he was not trying to overlook the extra cost, but felt that based on principle, he would prefer to see garbage collection remain with private industry.

Councillor Legendre felt Councillor van den Ham's Motion was ideologically based. He noted staff had indicated the experience worldwide was for public bodies and private companies to move towards a workable approach which made sense. The Councillor said he believed Committee had received the appropriate recommendations from staff.

Chair Hunter felt the decision was difficult to make in that he did not want to spend \$800,000.00 if unnecessary, but shared Councillor van den Ham's view that private sector companies who were experts in the field should perform the task. However, the Committee Chair offered if it was legitimate to contract out, it should also be legitimate to contract in when circumstances warranted. He felt Committee had to seriously consider the staff estimate for Zone C4, which independent advisors had confirmed as legitimately based. He believed it was necessary to have benchmarks in place to ensure the Region would meet the spending goals of \$15.7 million. He offered that if benchmarks for the cost of equipment, estimates of collection quantities and labour costs were not being achieved, the Region would have to consider bailing out of the proposal. The Committee Chair noted the advantage to the Region of an in-house proposal was that it would be

much easier to get out of this agreement than with the private sector, noting it would not be necessary to wait for the end of a contract, or to go to court on the issue. Despite personal reservations, Chair Hunter felt the possibility of saving close to a million dollars warranted allowing staff to try, provided there were reporting mechanisms in place to allow the matter to be revisited if staff expectations could not be met.

Committee then considered the following Motion from Councillor van den Ham:

Moved by R. van den Ham:

That Zone C4 be awarded to the lowest bidder or combination bidder of Zone 4.

LOST

Nays: M. Bellemare, R. Cantin, B. Hill, P. Hume, G. Hunter J. Legendre and A. Munter....7

Yeas: W. Stewart and R. van den Ham....2

Following this, Committee resumed consideration of the staff recommendations.

3. That Zone C5 (as per Annex E) for the collection of waste, recycling and leaf and yard waste, Contract No. CE-8012(C5) be awarded to Capital Environmental Resource Inc., Burlington, Ontario for a total estimated five year cost of \$16,666,707 (GST not included);

CARRIED

4. That Zone C4 (as per Annex E) for the collection of waste, recycling, leaf and yard waste not be awarded to any of the bidders, and be retained by the Region of Ottawa-Carleton (ROC) for a total estimated five year cost of \$15,755,075;

CARRIED

(W. Stewart dissented)

5. That the Chief Administrative Officer be delegated signing authority for the expenditures in preparation for the start-up of the ROC collection service in Zone C4;

CARRIED

6. That capital project 982-42329, Regional Waste Collection Vehicles, be established for the acquisition of new collection vehicles in the amount of \$

4,017,000 in order to meet the timelines required for purchasing vehicles for the start up of the ROC collection service in Zone C4;

CARRIED

Pursuant to suggestions made by Councillor Hume, Councillor Legendre amended his motion to include routing of the reports to Committee. The Committee then considered Councillor Legendre's Motion.

Moved by J. Legendre:

- 7. That the Joint Corporate Services and Economic Development and Planning and Environment Committees recommend that Council require an annual audit of expenditures for works awarded to the Region, that Council require an annual information report, qualitative and quantitative in nature, relevant to this program, as suggested by the Regional Internal Auditor, and that such reports follow the usual Committee process.**

CARRIED

Committee then considered the following Motion from Councillor Munter:

Moved by A. Munter:

- 8. That in the interests of preserving a competitive environment in the waste management industry, staff be directed to bring back a report on how the RMOC can help keep small, local contractors in the industry, through potential sub-contracting in the RMOC zone, and for use during emergencies and gaps in service, etc.**

CARRIED

Councillor Legendre said he also wished to move that staff be directed to bring forward any reports to Committee as soon as possible, should their estimates fail to be realized prior to the actual start of the contract. Nancy Schepers, Director, Water Environment Protection Division, Environment and Transportation Department, confirmed this was staff's intent.

Chair Hunter noted that presently, a global capital budget for acquisition has been set up; in previous annual budget discussions, estimates of what was to be acquired was presented in more detail than just the global authority. He inquired as to how staff intended to report on this matter to Committee. Mr. McNally noted Annex B outlined the number of vehicles required at present, if the Region were to proceed with Zone C4. He said the

contract had been priced with new vehicles and if Council approves the Committee's recommendations, staff would review its existing fleet compliment and quickly move on with securing prices. He said staff could keep Committee apprised with respect to the progress of vehicle procurement. He also noted discussions with labour relations and with bargaining agents would be necessary, and that staff would report back to Committee as soon as they had information worth reporting.

Committee then considered Councillor Legendre's direction to staff.

Moved by J. Legendre

9. That staff be directed to bring forward a report should their estimates fail to be realized prior to the start of the contract.

CARRIED

There being no further discussion, Committee then approved the staff report, as amended.

That Planning and Environment Committee and Corporate Services and Economic Development Committee recommend and Council approve the following:

- 1. That implementation of the Organics Program be delayed pending further technical study and the Solid Waste Collection Contract award proceed accordingly;**
- 2. That Zone C1, C2 and C3 (as per Annex E) for the collection of waste, recycling and leaf and yard waste, Contract No. CE-8012(C1C2C3) be awarded to Canadian Waste Services Inc., Nepean, Ontario for a total estimated five year cost of \$46,466,774 (GST not included);**
- 3. That Zone C5 (as per Annex E) for the collection of waste, recycling and leaf and yard waste, Contract No. CE-8012(C5) be awarded to Capital Environmental Resource Inc., Burlington, Ontario for a total estimated five year cost of \$16,666,707 (GST not included);**
- 4. That Zone C4 (as per Annex E) for the collection of waste, recycling, leaf and yard waste not be awarded to any of the bidders, and be retained by the Region of Ottawa-Carleton (ROC) for a total estimated five year cost of \$15,755,075;**
- 5. That the Chief Administrative Officer be delegated signing authority for the expenditures in preparation for the start-up of the ROC collection service in Zone C4;**

6. That capital project 982-42329, Regional Waste Collection Vehicles, be established for the acquisition of new collection vehicles in the amount of \$ 4,017,000 in order to meet the timelines required for purchasing vehicles for the start up of the ROC collection service in Zone C4.
7. That the Joint Corporate Services and Economic Development and Planning and Environment Committees recommend that Council require an annual audit of expenditures for works awarded to the Region, that Council require an annual information report, qualitative and quantitative in nature, relevant to this program, as suggested by the Regional Internal Auditor, and that such reports follow the usual Committee process;
8. That in the interests of preserving a competitive environment in the waste management industry, staff be directed to bring back a report on how the RMOC can help keep small, local contractors in the industry, through potential sub-contracting in the RMOC zone, and for use during emergencies and gaps in service, etc.
9. That staff be directed to bring forward a report should their estimates fail to be realized prior to the start of the contract.

CARRIED as amended

2. CURBSIDE COLLECTION CONTRACTS - REVIEW OF REGION OF OTTAWA-CARLETON ZONE ESTIMATES
- Regional Internal Auditor's report dated 08 Sep 98

That the Planning and Environment Committee and Corporate Services and Economic Development Committee and Council receive this report for information.

RECEIVED

3. AWARD OF CONTRACT CE-8013 - SOLID WASTE APARTMENT COLLECTION TENDER CONTRACT
- Environment and Transportation Commissioner's report dated 04 Sep 98

That Planning and Environment Committee and Corporate Services and Economic Development Committee recommend and Council approve the following:

1. **That Zone AG1 (as per Annex C) for the collection of apartment waste, Contract CE-8013 (AG1) be awarded to 943162 Ontario Inc. (operating as Huneault Waste Management, Navan, Ontario for a total five year cost of \$2,309,459 (GST not included) based on estimated quantities;**
2. **That Zone AG2 (as per Annex C) for the collection of apartment waste, Contract CE-8013 (AG2) be awarded to Malex Waste Systems Inc., Aylmer, Québec, for a total five year cost of \$1,868,612 (GST not included) based on estimated quantities;**
3. **That Zones AR12 (as per Annex C) for the collection of apartment recycling Contract CE-8013 (AR12) be awarded to Canadian Waste Services Inc., Nepean, Ontario for a total five year cost of \$3,646,204 (GST not included) based on estimated quantities.**

CARRIED

(P. Hume and W. Stewart
dissented on Recommendation
2)

4. **RECYCLABLE MATERIAL PROCESSING
CONTRACT CC - 8017F AND CC-8017C**

- Environment and Transportation Commissioner's report dated 04 Sep 98

That the Planning and Environment Committee and Corporate Services and Economic Development Committee recommend and Council approve:

1. **That Contract CC-8017F be awarded to Waste Recycling (Ottawa/Hull) Inc., Ottawa, Ontario for a five year period commencing 01 June 1999 to process the Region of Ottawa-Carleton's mixed fibre stream at an estimated cost of \$9,930,000 (GST not included);**
2. **That Contract CC-8017C be awarded to Halton Recycling Limited, Burlington, Ontario for a five year period commencing 01 June 1999 to process the Region of Ottawa-Carleton's co-mingled containers at an estimated cost of \$8,320,000 (GST not included).**

CARRIED

ADJOURNMENT

The meeting adjourned at 1:00 p.m.

CORPORATE SERVICES AND
ECONOMIC DEVELOPMENT
COMMITTEE COORDINATOR

CORPORATE SERVICES AND
ECONOMIC DEVELOPMENT
COMMITTEE CHAIR

PLANNING & ENVIRONMENT
COMMITTEE COORDINATOR

PLANNING & ENVIRONMENT
COMMITTEE CHAIR