

REGIONAL MUNICIPALITY OF OTTAWA-CARLETON
MUNICIPALITÉ RÉGIONALE D'OTTAWA-CARLETON

**REPORT
RAPPORT**

Our File/N/Réf. **50 57-97-0012-H**

Your File/V/Réf.

DATE 30 March 1998

TO/DEST. Co-ordinator, Planning and Environment Committee

FROM/EXP. Director, Solid Waste Division
Environment and Transportation Department

SUBJECT/OBJET **SOLID WASTE COLLECTION CONTRACT DEVELOPMENT -
COMPETITIVE ELEMENTS**

DEPARTMENTAL RECOMMENDATIONS

That the Planning and Environment Committee recommend Council approve the following changes to the Solid Waste Collection Contract Tender in order to increase competition:

1. Request for Qualifications (RFQ), attached as Annex A, be issued in order to pre-qualify interested firms for the next Solid Waste Collection Contract, and approval to qualify the firms be delegated to the CAO;
2. The second generation of the Regional Municipality of Ottawa Carleton (RMOC) Solid Waste Contracts include:
 - a) a Curbside Collection Contract, an Multi-unit Container Collection Contract, a Recyclable Material Processing Contract and an Organics Processing Contract;
 - b) nine collection bid zones in total for residential collection as per the attached Annexes B and C;
 - c) the term of the Curbside Collection Contract and the Multi-unit Collection Contract be for a duration of five years with two one-year extensions;
 - d) the term of the Recycling Processing Contract and the Organic Processing Contract be for a duration of five years or ten years at the Corporation's option;
3. The RMOC operate one curbside collection zone to be monitored and evaluated in accordance with the protocol set out in Annex D;

4. The next Solid Waste Collection Contract Tender follow the timeline as set out in Annex H.

INTRODUCTION

The current Solid Waste Collection Contract will expire on 31 May 1999, at which time it must be either extended or re-tendered. Recently, the Solid Waste Division requested a price from the current contractor for the extension of the contract for Zones A, B and D for one year. The contractor has indicated that the premium for this extension would be approximately 10 percent. A contract extension, therefore, is not recommended at this time. The second generation of the Solid Waste Collection Contract provides an opportunity to increase the competitive process and minimize the cost of service while achieving the RMOC's waste diversion target. This is one of two reports in the Solid Waste Collection Contract development process and focuses on enhancing the competitive elements.

The contract development process determines how we can optimize the re-tendering procedure. The current contract development includes the following key elements:

- development of a RFQ in order to pre-qualify firms interested in bidding on the next Solid Waste Collection Contract;
- consultation with private waste management companies to discuss the current contract and eliminate barriers to competition;
- retention of a consultant with leading expertise in solid waste contract procurement;
- review of the terms and conditions of the existing contract in order to remove some of the risk and uncertainty in the contract for the bidder, in order to provide a lower cost system;
- RMOC to operate part of the contract in preparation for a managed competition.

DISCUSSION

1. Development of a Request for Qualifications

The RFQ has been created to provide the RMOC with sufficient information to evaluate the capabilities of those contractors interested in participating in the upcoming 1999 Solid Waste Collection Tender process. The RFQ will provide the RMOC with indicators related to financial viability and experience. In turn, the RMOC may define the number of zones that a firm is eligible for award.

The RFQ will be issued with the contract documents. Firms will have three weeks to complete the RFQ allowing them time to review and commence preliminary work on their contract bid. The Solid Waste Division, in conjunction with the Finance, Internal Audit, and Legal Departments, will evaluate submissions, and the Chief Administrative Officer will have

delegated authority to accept eligible firms. The RMOC will notify firms of the pre-qualification results within one week of the closing date, at which time five weeks will remain to submit bids. The total time that the contract documents will be out for bid is approximately ten (10) weeks.

The RFQ development included input from the Legal Department, the Finance Department including the Supply Management Division, and the Solid Waste Division of the Environment and Transportation Department.

2. Consultation with Private Waste Management Companies

On 9 and 10 December 1997, consultation meetings were held with individual private firms including waste haulers, material recycling processors and organic processors. The purpose of the consultation was to: identify barriers that restrict vendors from competing, consider options for contract efficiencies, and examine potential for technological innovation. The consultation with private firms has greatly assisted with the development of the new contract and has led, in part, to the following recommended changes to the contract:

i) Increasing the Bid Zones

Increasing the bid zones from four zones to nine zones will advantage small to medium firms and, therefore, increase competition. Four of the five curbside collection zones will have 40,000 to 48,000 households each, while the fifth zone will have approximately 29,000 households. The multi-unit containerized contract will be divided into two equal zones of about 40,000 units each and each zone may be bid on either waste or recycling, for a total of four containerized zones as shown in Annex C.

Annex B outlines five curbside zones with distinctive geographic boundaries, such as highways or railway tracks. This configuration was planned to minimize the confusion among the different contractors in neighbouring zones. During the consultation, vendors indicated that curbside zones from 30,000 to 50,000 households are optimal and preferable to the status quo. They further indicated that different multi-unit zones will allow some contractors who are only interested in the multi-unit service to bid. One vendor preferred the status quo.

ii) Five-Year Term

The majority of vendors agreed that a five-year Curbside and Multi-unit Collection Contract term with two one-year extensions is preferred, as vehicles are normally depreciated over five to seven years. A short contract term tends to advantage more established vendors who have standing equipment.

The expertise required to process organic waste and recyclable material is different from the expertise required for collection services. Currently, there is no viable organic processing facility in the RMOC, and changes planned for the recycling program (see the Levels of Service Report) will require either existing facilities be retrofitted or new

facilities be established. To encourage more competition and to assist in the establishment of new firms, it is recommended that the term of the Recycling Processing Contract and the Organic Processing Contract be for a duration of five or ten years.

iii) Separate Contracts

Curbside Collection Contract - Currently, about 207,000 households receive collection of garbage, leaf and yard waste and recyclable materials. Many vendors expressed their concerns about different firms providing different services in the same zone, as this situation could lead to conflicts regarding items left behind (not collected) at curbside. It was concluded that the successful contractors would provide all three services per zone.

Multi-Unit Contract - Collection is completed at approximately 80,000 Multi-unit units by using front-end containers for garbage, and large plastic carts for recyclables. Some firms expressed an interest in bidding only on containerized collection. The multi-unit collection system is totally separate from the curbside collection service and can, therefore, be a separate tender which will permit more competition.

Recyclable Material Processing - Many of the vendors agreed that the processing of recyclables is a separate, stand alone tender. Currently, recyclable materials collected by the RMOC contractors are processed at two facilities, both of which are designed to sort the current four streams of materials. The Levels of Service report recommends that recyclables be collected in two streams in order gain collection efficiencies. This will require either retrofitting the existing facilities or the establishment of a new facility. Accordingly, it is recommended that the processing of recyclables be tendered separately.

Organics Processing - Currently, the RMOC collects about 20,000 tonnes per year of leaf and yard waste, and this program is to be expanded to include food and other organic waste. The expertise required to compost organic waste is dramatically different from the expertise required for collection services. The vendors unanimously agreed that organics processing should be a separate contract. The report on the Levels of Service appends the RMOC's Organic Strategy which outlines the processing of organics in more detail.

The detailed results of the consultation are included as Annex E.

3. Review of Current Terms and Conditions - Solid Waste Procurement Consultant

As a result of a request for proposals, the Solid Waste Division hired Malcolm Pirnie Inc., a solid waste management consultant. The scope of work included a review of the existing RMOC contract, a workshop/briefing session and a final report. On 11 and 12 December 1997, a workshop on competitive enhancements was held for the appropriate RMOC management. Further to the contract review and workshop, the consultant had the following recommendations:

- more contract areas;
- separate bids for curbside collection, Multi-unit collection and processing services;

- inclusion of a pre-qualification process;
- operation of one zone by the RMOC in preparation for future managed competition;
- extended collection hours during peak leaf collection season;
- removal of some unnecessary and “open ended” contract provisions.

Malcolm Pirnie has experience in advising municipalities on the planning and implementation of integrated solid waste systems, including design, procurement, negotiation and operations. As a leading solid waste consulting firm, they have developed many large and small solid waste integrated systems and facilities, using public-private partnerships and traditional public approaches. Four of these municipal procurements have included instances of a municipality bidding against the private sector. Results from these municipalities show that managed competition can dramatically lower the cost of services.

4. Managed Competition

Traditionally, solid waste services are provided in two ways: either by municipal forces, or by tender to the private sector. Simply put, traditional municipally-run solid waste operations generally have little incentive to cut costs while private companies bid only relative to their closest competitor and corporate profit objectives.

Historically, in Ottawa-Carleton, municipal waste contracts have been largely held by one company. The RMOC tendered out a region-wide contract in late 1995 and the average prices received were higher than estimated, with the existing service provider taking the majority of the contract. Although a number of factors may explain this, the large presence of one multi-national in this market area makes it difficult for other firms to become established. Unfortunately, competitive conditions in the Region have not significantly changed. One contractor continues to hold over three-quarters of the RMOC’s Solid Waste Collection Contract and the company’s existing infrastructure, personnel, equipment and local market knowledge remain a large advantage for them. Annex F provides more details on solid waste competition in Ottawa-Carleton and on trends in the solid waste industry in general.

Ultimately, competition versus non-competition has the most bearing on price and neither a fully public nor fully private environment fosters the highest level of competition. In order to ensure competition, some municipalities are now including managed competition in their procurement process. In most of these cases, the municipalities are going from providing all of the collection service to a joint provision of services. In a modern managed competition, union agreements are on a term-of-contract basis and the municipal “team” understands that they must win the bid to remain in the game. Accordingly, there is new incentive to stay competitive and be efficient, minimize costs and bid competitively as contracts come up for tender. This motivation, coupled with a “non-profit” status, makes the municipal sector very competitive.

In municipalities that are making the transition from public sector operation to joint public/private operations, two key issues must be addressed: first, the policy decision to go to a more competitive public/private environment; and second, how to validate the public sector bid. The RMOC policy decision must consider a number of issues, including:

- advantages of more competition in the marketplace;
- benefits of making the RMOC a more knowledgeable buyer in the marketplace through first hand operating experience;
- added flexibility to implement and optimize systems to move aggressively toward waste diversion goals;
- anticipated private sector reactions to the change and reasons for these reactions;
- risk that the public sector may not be able to perform relative to the private sector.

In consideration of the two latter points and the validation of public sector pricing, it is recommended that one of the five curbside residential zones be operated by the RMOC and monitored against the private sector costs and performance. If operating experience indicates that the service provided by the RMOC is not competitive, the work should be returned to the private sector.

In the last contract, Council assumed the risk of supporting a small private sector contractor to improve the long-term competitive environment. The other proposed changes to this contract (smaller zones, more zones, longer term, discrete tenders and an RFQ) are designed to better suit the introduction of new private sector competitors. The RMOC has extensive experience and knowledge in administering and monitoring collection contracts. In addition, financial knowledge and expertise has been greatly enhanced in all areas of waste collection. The past three years have also provided many opportunities to investigate and pilot new and innovative equipment and techniques required to meet the waste diversion goals of the Regional Official Plan; however, the RMOC does not have any direct experience in operating a waste collection service. For this reason, it is recommended that for the new contract, the RMOC assume one zone. This will establish the cost of operating a municipal collection service so that a full managed competition (municipal bid) may be held for the next solid waste tender.

The decision, therefore, to assign a portion of the collection services to the public sector, and initially exempt the RMOC from bidding in this round of competition, has the largest potential to reduce long-term waste management costs.

The competitiveness of a municipal waste collection service depends largely upon a favourable collective agreement and the availability of a fleet. To ensure that the RMOC remains competitive, costs can be reviewed regularly relative to the private sector winning bids. Should the RMOC option not be cost effective, collective agreements can be structured and equipment provisions exist that would limit the RMOC's liability should the service be discontinued. However, should the RMOC remain competitive, the municipal waste collection entity would then bid directly against the private sector for the waste collection contract in either the year 2004 or 2006. Annex D sets out the draft managed-competition protocol. Annex G includes some case studies from other municipal jurisdictions.

5. Contract Tender Timelines

The current Solid Waste Collection Contract tender was released on 6 December 1995 and closed on 16 January 1996, for a start-up on 1 June 1996. This was completed in an exceptionally short timeline. Due to the assumption of waste management services from the local municipalities and the desire to enhance diversion programs, the RMOC could not allow more time for bid preparation or contract start-up. In response to this experience, the Solid Waste Collection Contract development process has been planned to allow sufficient time for vendors to prepare their bids, establish facilities and source vehicles if necessary. The Solid Waste Division is scheduling for a September 1998 award date, which would allow the winning vendors approximately nine months to prepare for the commencement of operations. Vendors have indicated that this time frame is adequate, but have stressed that it is imperative that the process stay on schedule in order to procure fleet and upgrade or establish new facilities. It is recommended that Council endorse the timeline for the next Solid Waste Collection Contract as set out in Annex H.

FINANCIAL IMPLICATION

The Solid Waste Collection Contract development process is designed to remove barriers and to change some contract terms and conditions in an attempt to foster real competition. These measures include:

- separate contracts for curbside collection, multi-unit collection, recyclable material processing and organics processing;
- increase in the number of bid zones from four to nine;
- five-year bid term.

These components should have the effect of increasing the competition and, therefore, lowering the contract cost to the RMOC. It must be understood, however, that marketplace behaviour ultimately dictates the cost of providing these services.

The greatest impact upon cost will be achieved by a managed competition where the RMOC bids directly against the private sector. In the short term, by operating a zone the RMOC will be able to establish the municipal cost to provide collection services. In the long term, by competing directly against the private sector, the cost of service should be reduced dramatically. It has resulted in public sector bids as much as 35 percent lower than the next lowest private bid (City of Chesapeake, Virginia). This strategy is important to keep in mind, but the results are totally dependant on the competitive field present in the local marketplace, and savings of that magnitude may not be achievable in the RMOC. Detailed costing analysis by staff shows that savings of 10 to 20 percent on the entire contract are possible in the future. Experiences of other municipalities, see Annex G, show that the addition of a public sector competitor in a managed-competition environment can result in significantly lower costs over time.

CONSULTATION

During this phase of development of the Solid Waste Collection Contract, the Solid Waste Division has consulted with individual private firms including waste haulers, material recycling processors and organic processors. A second report on Levels of Service will outline the extent of consultation with residents.

CONCLUSION

Re-tendering the contract for May 1999 will provide an opportunity to implement changes designed to foster more competition and lower the cost of service. In order to take advantage of this opportunity, the Environment and Transportation Department has begun developing the next Solid Waste Collection Contract. The contract development has included the preparation of a Request for Qualifications, consultation with waste management firms, input from a Solid Waste Procurement Consultant, and changes to contract terms and conditions, all of which may increase competition amongst private vendors in this contract tender resulting in a lower cost for the service.

The RMOC now has an opportunity to guarantee competition in the tender process for the next solid waste collection contract by assuming one of the curbside zones, thus moving to managed competition for the next contract tender. In the absence of a managed competition, if the other recommended contract changes are not effective in containing cost, the only remaining option will be to reduce costs by reducing service levels. This may impact on the Region's waste diversion goals. Ultimately, a fully managed competition where the public sector bids with the private sector, coupled with a strong diversion program, will be capable of achieving both the RMOC's financial and waste diversion objectives.

*Approved by
P. McNally, P.Eng.*

KHW/PM/RV/cp

Attach. (8)

ANNEX A

Request for

Qualifications

for the

27

Solid Waste

Residential Collection Tenders

RFQ Documents

1.1 The RFQ Documents for the 1999 Solid Waste Residential Collection Tenders are:

- (a) RFQ:
 - (i) Part I - Definition of RFQ,
 - (ii) Part II - RFQ Conditions, and
 - (iii) Part III - Form of Submission.
- (b) Tenders :
 - (i) Residential Curbside Collection Tender, and
 - (ii) Residential Multi-Unit Collection Tender
- (c) Appendices.
- (d) All Addenda issued pertaining to the RFQ.

PART I : DEFINITION OF RFQ

- 2.1 This RFQ has been created to provide the Regional Municipality of Ottawa-Carleton (“Corporation”) with sufficient information to evaluate the capabilities of those Contractors interested in participating in the upcoming 1999 Solid Waste Residential Collection Tenders process for curbside residential zones and residential multi-unit zones. In order that the Corporation may better assess the strengths of competing firms, several documents are required to be completed or provided so that such determinations may be made.
- 2.2 As indicated in Section 14.3, several documents are required, and are of two types. One type are those which help provide assurances that will safeguard the Corporation from various forms of loss that might be incurred as a result of awarding the tender. These include, but are not limited to, Insurance Certificates, Agreements to Bond, etc.. The second type of document provides information to the Corporation to assess the scale to which a firm is capable of participating. That is, if a firm submits that it can only provide a limited number of vehicles which, for example, will satisfy only a single zone, then the Region will only consider tender submissions from that firm for single zones.
- 2.3 The scheduling of the RFQ and Tender process is as follows :
- | | |
|--|--------------------------|
| • Release of RFQ and Tender documents | Wednesday, 29 April 1998 |
| • RFQ due by 3:00 p.m. | Tuesday, 19 May 1998 |
| • Notification of RFQ status on or about | Tuesday, 26 May 1998 |
| • Tenders due by 3:00 p.m. | Tuesday, 07 July 1998 |
- Section 14 elaborates on the RFQ submission requirements. Any changes to the above schedule will be made by way of addendum.
- 2.4 The Corporation expects and encourages all respondents to continue working toward completing their tender submissions in accordance with the guidelines as set out within those documents during the RFQ evaluation period, between 19 May 1998 and 26 May 1998.

PART II : RFQ CONDITIONS

Addenda

- 3.1 The Contractor will ensure that its name and address for receipt of Addenda are included on the Corporation's list of firms to whom Addenda to this RFQ, if any, are to be sent. Inclusion on the Corporation's list does not absolve the Contractor of its responsibilities as set out in Section 6.1 of the RFQ.

Collusion

- 4.1 The Contractor will not engage in collusion of any sort and, in particular, will:
- (a) ensure that no person or other legal entity, other than the Contractor, has any interest in the Contractor's response; and
 - (b) prepare its response without any knowledge of, comparison of figures with or arrangement with any other person or firm preparing a RFQ for the same work.

Confidentiality

- 5.1 The public disclosure of the contents of each submission in response to this RFQ is governed by the Municipal Freedom of Information and Protection of Privacy Act, RSO. 1990, c.M.56, as amended (“MFIPPA”).
- 5.2 If any part of this submission contains proprietary information, such information should be specifically and clearly identified by marking those pages accordingly. The Corporation will endeavour to maintain the confidentiality of all such marked pages, however, MFIPPA will govern all disclosure of information contained in submissions.

Contractor's Declarations

- 6.1 The Contractor declares that it has obtained and reviewed the RFQ Documents, including all Addenda, issued by the Corporation pertaining to this RFQ.
- 6.2 The Contractor declares that it understands and agrees to be bound by the RFQ Documents.
- 6.3 The Contractor declares that it has, at the time of submitting its RFQ response, fulfilled all of the obligations under the RFQ which are required to be fulfilled by the time of submitting its response.

- 6.4 The Contractor declares that all information which it has provided to the Corporation is correct and true.

Contractor's Offer

- 7.1 The Contractor proposes that it is qualified to do the work in accordance with the RFQ Documents.

Details in Question

- 8.1 It is the Contractor's responsibility before submitting its response to make investigations and inquiries relating to the character of the proposed work and obtain any information or clarification necessary to enable the Contractor to prepare its RFQ response, and whether or not having so investigated, the Contractor is willing to assume and does assume all risk of conditions now existing or arising in the course of preparing this response which might or could make the proposed work, or any part thereof, more expensive in character, or more onerous to fulfill than was contemplated or known when the RFQ was prepared. The Contractor also declares that in submitting its response for the proposed work he did not and does not rely upon any information furnished by the Corporation or any of its servants or agents respecting data on quantities of materials and all other matters which could in any way affect the performance of the proposed work. The Contractor acknowledges that such information is provided by the Corporation for information only and the Corporation makes no representation or warranty as to the accuracy of the information.
- 8.2 Each Contractor will familiarize itself with the locations of the proposed work, and will not claim at any time after submitting its response that there was any misunderstanding in regard to conditions of the locations and all other factors which may affect the RFQ and the performance of the proposed work, and will not claim at any time after submitting its response that there was any misunderstanding in regard to conditions at the locations or the conditions imposed by the RFQ.
- 8.3 All requests for information regarding this RFQ shall be addressed in writing to the attention of the RFQ Administrator, Mr. Robert Vincent, CGA, Special Projects Officer, Solid Waste Division, Environment and Transportation Department, Regional Municipality of Ottawa-Carleton, 4th Floor, 111 Lisgar Street, Ottawa, Ontario, K2P 2L7, fax number (613) 560-6068. All inquiries MUST be in written form.
- 8.4 All requests for information regarding the tenders shall be addressed in writing to the Contract Administrator, Ms. Anne-Marie Fowler, Manager, Collection Operations Branch, Solid Waste Division, Environment and Transportation Department, Regional Municipality of Ottawa-Carleton, 5th Floor, 111 Lisgar Street, Ottawa, Ontario, K2P 2L7, fax number (613) 560-1274. All inquiries MUST be in written form.

- 8.5 Contractors are not to make oral or written inquiries to any employees of the Corporation, the Corporation's technical advisors or members of Regional Council, except the RFQ Administrator, at any time prior to the opening of the RFQ responses.
- 8.6 All written inquiries made of the RFQ Administrator will be logged and, where appropriate, written information will be provided to all Contractors.
- 8.7 Failure to comply with the foregoing may result in rejection of a Contractor's RFQ response.

Errors, Omissions & Discrepancies in the RFQ Documents

- 9.1 If the Contractor finds any errors or omissions or discrepancies in the RFQ Documents, it shall immediately notify the RFQ Administrator at the address specified in Section 8.3.
- 9.2 No oral explanation or interpretation by any person will modify any of the RFQ Documents.

Irregular RFQ Response

- 10.1 The Corporation will be the sole judge of whether or not a RFQ response is irregular.

RFQ Documents

- 11.1 The Contractor will obtain and review all RFQ Documents as listed in the Form of RFQ including all Addenda issued by the Corporation pertaining to this RFQ.

Resolutions

- 12.1 If the Contractor is a corporation, an authorized officer, or officers, of the corporation will sign the Form of Submission and will affix the corporate seal. The Contractor will attach a corporate resolution declaring that the authorized officer, or officers, is entitled to act on behalf of the corporation. The Contractor will also attach a copy of its Incorporation Document indicating the corporation's registration number.
- 12.2 If the Contractor is a partnership, a minimum of two partners will sign the Form of Submission and signatures will be witnessed. The partners will include their home addresses. Other information may be required for purposes of a reference check.
- 12.3 If the Contractor is a sole proprietorship, the sole proprietor will sign the Form of Submission and the signature will be witnessed. The sole proprietor will include his or her home address. Other information may be required for purposes of a reference check.

Right to Accept or Reject RFQ Responses

- 13.1 Notwithstanding any other provision in this Contract, the Corporation will have the right to:
 - (a) accept any RFQ response;
 - (b) accept any part of any RFQ response;
 - (c) reject any RFQ responses;
 - (d) reject any part of any RFQ response; and
 - (e) reject all RFQ responses.

- 13.2 Without limiting the generality of Section 13.1, the Corporation will have the right to:
 - (a) accept an irregular RFQ response;
 - (b) accept a RFQ response or any part of a RFQ response which is not the RFQ response that most closely meets all RFQ requirements; and
 - (c) reject a RFQ response even if it is the only RFQ response received by the Corporation.

- 13.3 Acceptance of a RFQ response will occur at the time the Corporation notifies the contractor.

- 13.4 All decisions, whether acceptances or rejections, made by the RFQ Evaluation Committee, shall be final and not subject to appeal.

- 13.5 The RFQ Evaluation Committee will be comprised of three (3) representatives from the Corporation's Solid Waste Division, and one (1) each from the Corporation's Finance, Internal Audit, Legal, and Supply Management departments; for a total of seven (7) members.

- 13.6 Based on the assessment of the Evaluation Committee as approved by Regional Council, firms will be advised that they have either :
 - been prequalified to bid on all zones, or as many zones as they may choose to bid,
 - been prequalified to bid on a restricted or specified number of zones, or
 - have failed to prequalify for the tender stage.

Submission of RFQ Documents

- 14.1 The Contractor must complete all documents pertaining to this Contract in ink or in type.

- 14.2 The Contractor must submit its RFQ response by 3:00 p.m., Tuesday, 19 May 1998, and will deliver its submission to the:

Regional Clerk
Regional Municipality of Ottawa-Carleton
Ottawa-Carleton Centre
111 Lisgar Street,
Heritage Building, First Floor,
Ottawa, Ontario, K2P 2L7.

14.3 The Contractor must submit to the Corporation:

- (a) the Form of Submission;
- (b) in the case of a corporation responding, the Corporate Resolution (Section 12.1);
- (c) the Contractor's Certificate of Approval (Sections 15.1 and 15.2);
- (d) the Contractor's Commercial Vehicle Operator Registration (Sections 16.1 and 16.2);
- (e) the Competence and Experience schedules, Statements "A" through "E" (Section 17.2);
- (f) the details of the Contractor's financial structure and the Audited (or appropriately certified) Financial Statements (Section 18.2);
- (g) the Certificates of Insurance (Section 19.5);
- (h) the Agreement to Bond (Section 20.1);
- (i) the Commitment for the Unconditional Automatically Renewing Irrevocable Letter of Credit (Section 20.1);
- (j) the Workers' Compensation Board of Ontario Clearance Certificate (Sections 21.1 and 21.2);
- (k) all Addenda issued by the Corporation with respect to this Contract.

Failure to submit any of the above items may result in a rejected submission.

14.4 The Contractor must submit one (1) original of the RFQ and all documents on the date indicated in Section 14.2, and must submit seven (7) copies of the RFQ and all documents within twenty four (24) hours of the date and time indicated in Section 14.2 (sufficient for the RFQ Evaluation Committee).

PART III : FORM OF SUBMISSION

Certificate of Approval (CofA)

- 15.1 The Contractor must provide a certified copy of the Ontario Ministry of the Environment's CofA to operate a waste collection business in Ontario.
- 15.2 For Contractors who do not yet have their CofA, a certified proof of application with the projected future date of receipt of the CofA will be required.

Commercial Vehicle Operator Registration (CVOR)

- 16.1 The Contractor must provide a certified copy of the Ontario Ministry of Transportation CVOR to operate waste collection vehicles in Ontario.
- 16.2 For Contractors who do not yet have their CVOR, a certified proof of application with the projected future date of receipt of the CVOR will be required.

Competence and Experience

- 17.1 Any Contractor who does not demonstrate to the Corporation sufficient experience with the types of work described in the Tender, and sufficient resources to ensure its continuing successful performance as required in the Tender within this RFQ, will be deemed to be unqualified to submit a Tender.
- 17.2 The Corporation requires the Contractor, under 17.1, to complete and submit the following Statements which are attached as Appendix "1".

<u>Statement "A"</u>	States the Contractor's experience in similar work which it has successfully completed, or is currently engaged in.
<u>Statement "B"</u>	Provides a list of the Contractor's senior supervisory staff with a summary of the experience of each.
<u>Statement "C"</u>	Provides, by zone, the number of vehicles the Contractor proposes to use, whether available or to be procured at the time of the RFQ Response, and a general description of vehicle specifications proposed for use.
<u>Statement "D"</u>	Supplies the name and address of each Sub-Contractor the Contractor proposes to use in order to complete the proposed Work, and states the portion of the proposed Work that would be allotted to each Sub-Contractor.

Statement "E"

Provides the complete addresses and other details for their office, maintenance facilities, and other facilities for this Contract in order to allow the Corporation the opportunity to examine the Contractor's ability to provide adequate services. Should the Contractor not have facilities available at the time of the RFQ, the Contractor will provide detailed descriptions and plans of the facilities required to suit the parameters of the RFQ.

Financial Capabilities

- 18.1 Any Contractor who does not demonstrate to the Corporation within its RFQ response, sufficient financial capabilities and sufficient resources to ensure its continuing successful performance as required in the Tender and in accordance with the provisions of Section 13 of this RFQ, will be deemed to be unqualified to submit a Tender.
- 18.2 The Contractor must have sufficient financial capacity and resources to perform according to the requirements and terms and conditions of the tender. In this respect, and in order to assess and confirm the financial viability and capability of the Contractor as they relate to this tender, the following information must be provided with the RFQ response :
- a) details of the financial structure of the Contractor (e.g. related company, ownership, etc.), and
 - b) the most recent audited or appropriately certified financial statements (including comments and notes) for the last three (3) years.

In case of incorporated joint ventures, all parties of the incorporated joint venture must provide this information.

Insurance

- 19.1 The Contractor will provide, maintain and pay for Comprehensive General Liability Insurance in the joint names of the Contractor and the Corporation, which will include premises and operations liability, products liability, contractor's contingency liability with respect to the operations of sub-contractors, completed operations liability, and contractual liability, all in accordance with the requirements set out herein. The insurance coverage will be subject to limits of not less than Five Million Dollars (\$5,000,000.00) inclusive per occurrence for bodily injury, death and damage to property, including loss of use thereof.
- 19.2 The Contractor will also carry Standard Automobile and Non-owned automobile liability insurance and will protect themselves against all liability arising out of the

use of owned or leased vehicles, used by the Contractor, it's employees or agents. The limits of the coverage for both owned and non-owned vehicles will be not less than Five Million Dollars (\$5,000,000.00) inclusive per occurrence.

- 19.3 The Contractor will also carry an Umbrella policy and protect themselves against all forms of risk. The limits of the coverage will be not less than Five Million Dollars (\$5,000,000.00) inclusive per occurrence.
- 19.4 The Contractor will insure all machinery and equipment used for the performance of the Work. Such insurance will be in the form acceptable to the Corporation and will name the Corporation as additional named insured and will not allow subrogation claims by the Insurer against the Corporation.
- 19.5 The Contractor must provide original Certificates of such insurance to the Corporation. The Corporation reserves the right to approve both the policies and the insurance companies submitted.
- 19.6 All such insurance will be maintained until final completion of the Work and will be endorsed to provide that the policy or policies will not be altered, canceled or allowed to lapse without thirty (30) days prior written notice to the Corporation.

Securities

- 20.1 The successful Contractor must provide the Corporation security in the form of a Performance Bond from an authorized surety (see the list of bonding companies acceptable to the Corporation, attached as Appendix "2") in the amount of seven hundred fifty thousand dollars (\$750,000.00) per Curbside Collection Zone, or two hundred fifty thousand dollars (\$250,000.00) per Multi-Unit Collection Zone, and a commitment from a legally authorized bank or financial institution to provide an Unconditional Automatically Renewing Irrevocable Letter of Credit in the amount of seven hundred fifty thousand dollars (\$750,000.00) per Curbside Collection Zone, or two hundred fifty thousand dollars (\$250,000.00) per Multi-Unit Collection Zone. The Irrevocable Letter of Credit is to be in the form as provided in Appendix "3" to the RFQ Documents.
- 20.2 The Performance Bond of the Contractor and the Irrevocable Letter of Credit referred to in Section 20.1 shall be to the satisfaction of the Regional Solicitor.
- 20.3 The Performance Bond and Irrevocable Letter of Credit referred to in 20.1 must either automatically renew or be renewable by the successful Contractor sixty (60) days prior to the annual anniversary date of the Contract in the amount specified in 20.1, such that continuous coverage is provided throughout the term of the Contract.
- 20.4 As evidence of the Contractor's ability to provide the Performance Bond and Irrevocable Letter of Credit referred to in Section 20.1, the Contractor shall submit

with its RFQ response an Agreement to Bond and Bank Letter in the form attached as Appendix “4” and Appendix “5”. Appendix “4” and Appendix “5” shall be duly signed and sealed by, respectively, the Contractor’s surety and legally authorized bank or financial institution. Both the Agreement to Bond and the Bank Letter shall be irrevocable for a period of one hundred and twenty (120) days.

- 20.5 The successful Contractor or Contractors shall submit to the Corporation, in accordance with the terms of the Tenders, the Performance Bonds and Letters of Credit, as required in Section 20.1 above, within seven (7) days of receiving the request from the Corporation, and such request shall be made immediately following the award of the contract.

Workers’ Compensation

- 21.1 The Contractor will submit to the Corporation, for purposes of this RFQ, and at any other time when requested to do so, a Certificate of Clearance from the Workers’ Compensation (WC) Board of Ontario, to the satisfaction of the Regional Solicitor, that all of the assessments the Contractor is liable to pay under the WC Act of Ontario or successor legislation have been paid.
- 21.2 For Contractors who do not yet have their WC number, a certified proof of application with the projected future date of receipt of the WC number will be required.

Form of Submission

Name of Corporation, Partnership, or Sole Proprietorship preparing RFQ response (hereinafter
“Contractor”)

Signature of Authorized Officer, Partner, or Sole Proprietor Corporate Seal or Signature of
Witness

Signature of Authorized Officer, Partner, or Sole Proprietor Corporate Seal or Signature of
Witness

Corporation's Registration Number

Home Address and Social Insurance Number of Partner or Sole Proprietor

Home Address and Social Insurance Number of Partner or Sole Proprietor

Date

APPENDIX 1 OF ANNEX A

CONFIDENTIAL : Regional Municipality of Ottawa-Carleton : RFQ : 1999 Waste Collection : DRAFT

STATEMENT A

WORK EXPERIENCE

CONFIDENTIAL : Regional Municipality of Ottawa-Carleton : RFQ : 1999 Waste Collection : DRAFT**STATEMENT B****KEY EMPLOYEES**

TITLE	NAME	DATE OF HIRE	DESCRIPTION OF EXPERIENCE	PROFESSIONAL QUALIFICATIONS
General Manager				
Controller				
Operations Manager				
Maintenance Manager				
Route Supervisor				
Route Supervisor				
Route Supervisor				

CONFIDENTIAL : Regional Municipality of Ottawa-Carleton : RFQ : 1999 Waste Collection : DRAFT**STATEMENT C****PROPOSED LIST OF VEHICLES**

ZONE	PROPOSED NUMBER OF VEHICLES TO PERFORM WORK		COMMENTS (eg. vehicle types, capacity, etc.)
	Available at time of RFQ	Required to Procure at time of RFQ	
C1			
C2			
C3			
C4			
C5			
D1			
D2			
D3			
D4			

CONFIDENTIAL : Regional Municipality of Ottawa-Carleton : RFQ : 1999 Waste Collection : DRAFT

STATEMENT D

LIST OF PROPOSED SUBCONTRACTORS

CONFIDENTIAL : Regional Municipality of Ottawa-Carleton : RFQ : 1999 Waste Collection : DRAFT**STATEMENT E****LIST OF FACILITIES**

FACILITY TYPE (see below)	ADDRESS	YEAR CONSTRUCTED	CAPACITY (see below)	CONDITION

FACILITY TYPES: generally : Garage, Office, MRF, Combined Garage with offices, Combined MRF with offices, etc.

CAPACITY: for a Garage, the number of bays; for an office, the number of staff accommodated; for a MRF, the number of metric tonnes

APPENDIX 2 OF ANNEX ARegional Municipality of Ottawa-Carleton - List of Acceptable Bonding Companies

Allianz Insurance Company of Canada
Canadian Group Underwriters Insurance Company
Canadian Northern Shield Insurance Company
CIBC General Insurance Company Limited (Surety Only)
The Commerce Group Insurance Company
Commonwealth Insurance Company
Everest Insurance Company of Canada
GE Capital Casualty Company, Canada (surety only)
Grain Insurance and Guarantees Company
Jevco Insurance Company (Surety Only)
John Deere Insurance Company of Canada
Lombard General Insurance Company of Canada
Lombard Insurance Company
London and Midland General Insurance Company
The Missisquoi Insurance Company
The Personal Insurance Company of Canada
Primum Insurance Company
Progressive Casualty Insurance Company of Canada (Surety Only)
Quebec Assurance Company
Saskatchewan Mutual Insurance Company (Fidelity Only)
Traders General Insurance Company
Waterloo Insurance Company
Wellington Insurance Company
Eagle Star Insurance Company
Ecclesiastical Insurance Office Public Limited Company (Fidelity Only)
The London Assurance
The Non-Marine Underwriters, Members of Lloyd's London, England (Fidelity Only)
Norwich Union Fire Insurance Society Limited

Surety bonds issued by the following companies may be accepted provided that the contract of surety-ship was executed in a province in which the company is licensed to do business, as indicated in brackets :

AXA Assurances Inc. (in Ontario, and Quebec)
AXA Boreal Insurance Inc. (in P.E.I., N.B., Qué., Ont., Man., B.C.)
Canada West Insurance Company (in Ont., Man., Sask., Alta., B.C., N.W.T.) (Surety Only)
The Canadian Union Assurance Company (in Quebec)
Commerce and Industry Insurance Company of Canada (Nfld., N.S., P.E.I., N.B., Qué., Ont., Man., Sask., Alta., and B.C.)

GAN General Insurance Company (P.E.I., N.B., Qué., Ont., Man., Sask., Alta., B.C., Y.T., N.W.T.)
Gerling Global General Insurance Company (in N.B., Qué., Ont., Man., Sask., Alta., B.C.)
Insurance Corporation of British Columbia (in B.C.)
Kingsway General Insurance Company (in N.S., N.B., Qué., Ont., Man., Sask., Alta., B.C.)
The Manitoba Public Insurance Corporation (in Manitoba)
Norgroupe Assurance Generales Inc. (in Québec)
Pilot Insurance Company (in Ontario)
Saskatchewan Government Insurance Office (in Saskatchewan)

APPENDIX 3 OF ANNEX A

SAMPLE LETTER OF CREDIT

Letter of Credit Number : _____

Amount of Letter of Credit : \$ _____

Initial Expiry Date : _____

TO: THE REGIONAL MUNICIPALITY OF OTTAWA-CARLETON

ADDRESS: 111 Lisgar Street, Ottawa, Ontario K2P 2L7

WE HEREBY AUTHORIZE YOU TO DRAW ON THE

_____ (Name of Bank)

for the account of

_____ (Name of Customer)

UP TO AN AGGREGATE AMOUNT OF

_____ DOLLARS

(\$) available on demand.

PURSUANT TO THE REQUEST OF our customer

_____, we the _____

_____ (Name of Bank)

hereby establish and give you an Irrevocable Letter of Credit in your favour in the above amount which may be drawn on by you at any time and from time to time, upon written demand for payment made upon us by you, which demand we will honour without inquiring whether you have the right as between yourself and the said customer to make such demand, and without recognizing any claim of our said customer, or objection by it to payment by us.

THE LETTER OF CREDIT we understand relates to works and services to be performed pursuant to an Agreement between the Customer and the Regional Municipality of Ottawa-Carleton, which Agreement is dated the _____ day of _____ 1998.

THE AMOUNT of this Letter of Credit may be reduced from time to time as advised by notice in writing to the undersigned from time to time by the Regional Municipality of Ottawa-Carleton.

THIS LETTER OF CREDIT will continue in force for a period of one year, but will be subject to a condition hereinafter set forth:

IT IS A CONDITION of this Letter of Credit that it will be deemed to be automatically extended without amendment from year to year from the present or any expiration date hereof, unless at least 60 days prior to any such future expiration date, we notify you in writing by registered mail, that we elect not to consider this Letter of Credit to be renewable for any additional period.

DATED at _____, _____, this _____ day of
_____, 1998.

COUNTERSIGNED BY:

(Name of Bank)

Per: _____

APPENDIX 4 OF ANNEX A

SAMPLE AGREEMENT TO BOND

OR

SAMPLE CONSENT OF SURETY

Should _____ be successful in the Request
(Name of Contractor)
for Qualifications process and subsequent Request for Tenders for the Regional
Municipality of Ottawa-Carleton 1999 Solid Waste Collection Tender, we the undersigned
do hereby agree to become bound as surety and will issue a Performance Bond in an
amount not to exceed _____ dollars
(\$ _____ .00) guaranteeing successful performance of a contract resulting from a
tender submission of said Contractor for the RMOC 1999 Solid Waste Collection
Contract, provided the said bond be called for within thirty (30) days of the award of the
contract.

This Agreement to bond shall cease and be null and void after one hundred and twenty
(120) days from 19 May 1998.

Signed and Sealed this _____ day of _____, 199_____.
By: _____

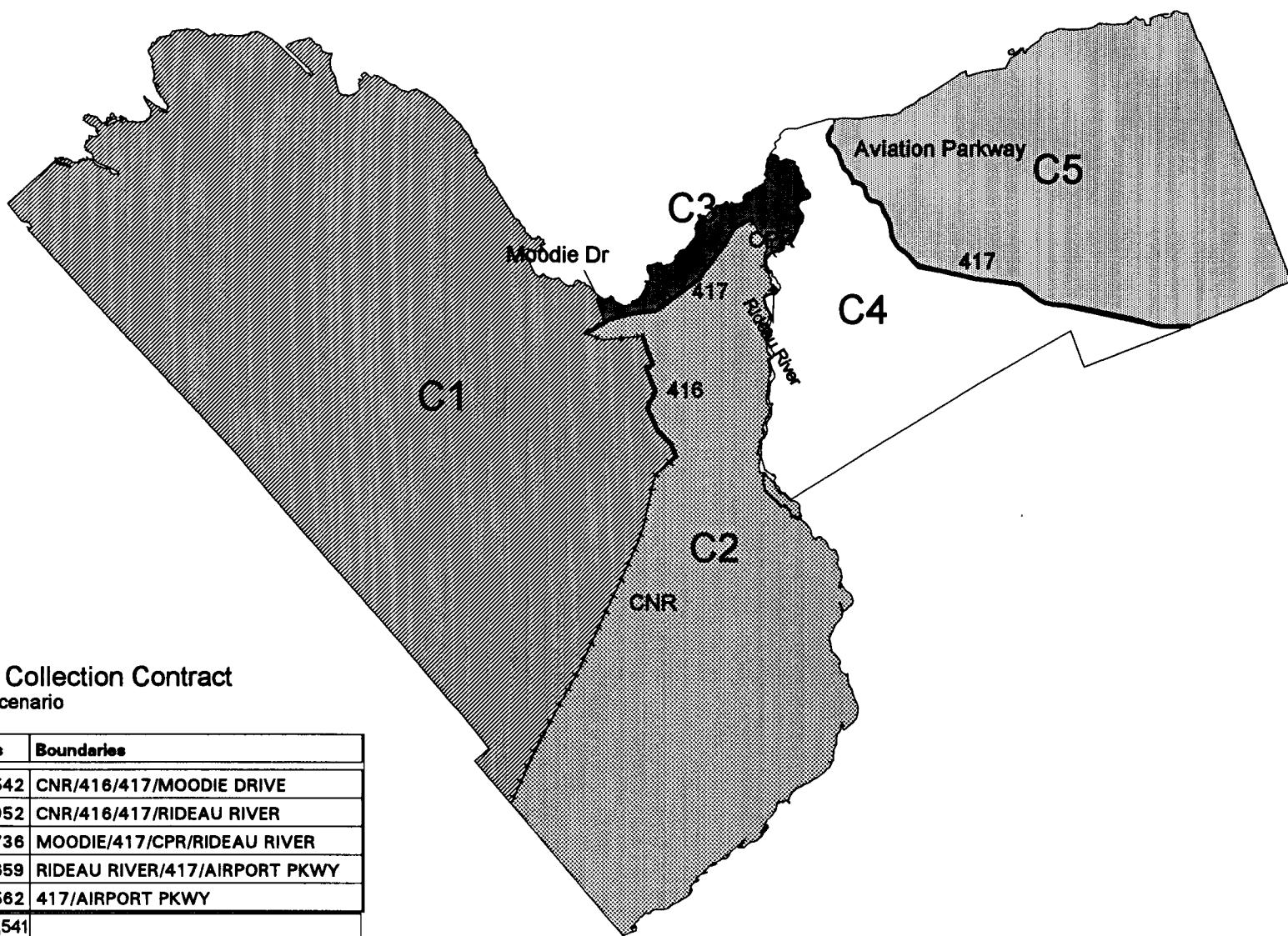
APPENDIX 5 OF ANNEX A

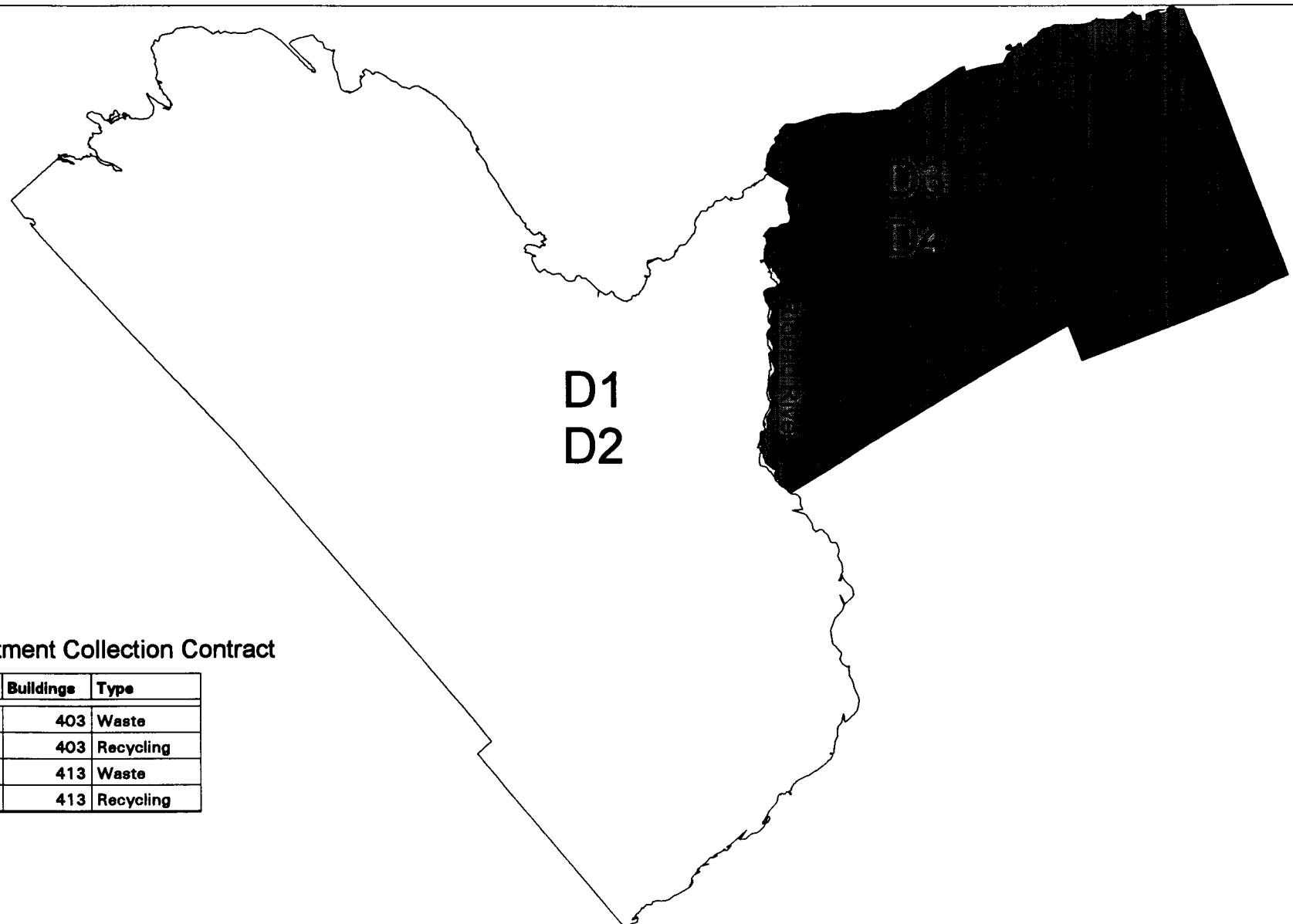
SAMPLE BANK LETTER

Should _____ be successful in the Request
(Name of Contractor)
for Qualifications process and for the Regional Municipality of Ottawa-Carleton 1999
Solid Waste Collection Tender (the "RFQ"), we the undersigned do hereby agree that we
will issue an Irrevocable Letter of Credit in the form attached as Appendix "A" to the
RFQ in an amount not to exceed
_____ dollars (\$ _____.00)
guaranteeing successful performance of a contract resulting from a tender submission of
said Contractor for the RMOC 1999 Solid Waste Collection Contract.
This Letter shall cease and be null and void after one hundred and twenty (120) days from
19 May 1998.

Signed and Sealed this _____ day of _____, 199____.

By: _____





Apartment Collection Contract

Zone	Buildings	Type
D1	403	Waste
D2	403	Recycling
D3	413	Waste
D4	413	Recycling

**REGIONAL MUNICIPALITY OF OTTAWA-CARLETON
SOLID WASTE DIVISION**

Solid Waste Collection Contract Development - Managed Competition Protocol

This protocol for Managed Competition has been developed for use in the Solid Waste Collection Contract tender.

Principles

1. That the objective of a managed competition for the Solid Waste Collection Contract is to determine the most cost effective means to deliver high quality waste management services to residents, while continuing to achieve the RMOC's waste diversion mandate.
2. It is recognized that the eventual goal of managed competition as it applies to solid waste services in Ottawa-Carleton is to have a competitive procurement bid process.
3. In order to achieve principal number 2, the RMOC for the next solid waste collection contract will assume a minimum of one of the five curbside zones.
4. The basis of choosing a zone for the RMOC to operate will:
 - be dependent on price
 - preserve maximum competition in the other four zones
 - represent the greatest collective savings for the RMOC
5. That the process for evaluating the managed competition be conducted in a fair and transparent manner. To this end staff will report to Council on the cost of operation of the municipal zone after the first two years and then annually thereafter.
6. That the RMOC general administration allocation policy be recognized as a policy which is separate from and not related to the issue of whether the operation of a particular program is conducted internally or by an external service provider.
7. That the Finance Department and/or an outside audit firm ensure that the RMOC costs are accurate, correct and is inclusive of all operating costs and any additional general administration allocation resulting from this work.

8. For the purposes of comparison between the RMOC and private sector, total costs will be compared with consideration for the diversion programs implemented in that particular zone. The organics collection program must be phased in over time to be operationally manageable for the contractor, the Solid Waste Division and residents. Cost comparisons can only be made on zones with like programs and comparisons will be adjusted according to the extent of program implementation.
9. Where the RMOC procures capital equipment required to provide the services, for financial purposes, they will be depreciated using a fashion consistent with industry practice.
10. That the RMOC will further pursue negotiation with CUPE to establish an appropriate auxiliary agreement that will allow for a competitive wage and benefit package for the work performed. In addition the agreement will be contingent on the RMOC providing the service at a competitive rate.
11. Should the RMOC demonstrate that they can provide service in an efficient manner and at a price competitive with the local marketplace, the RMOC would be in a position to bid on future contract work. Details of bidding conditions and any limitations on the level of RMOC involvement will be approved by Regional Council in the future.
12. Should the RMOC option not be cost effective compared to the private sector, collective agreements will be structured and equipment provisions will exist that will allow divestiture of assets and withdrawal from the competitive environment.

ANNEX E

REGIONAL MUNICIPALITY OF OTTAWA-CARLETON SOLID WASTE DIVISION

Solid Waste Collection Contract Development

Consultation with Waste Management Firms

In December of 1997, notices of consultation were sent out to 14 waste firms, 5 recycling processors and 10 compost facility operators. On 9 and 10 December 1997, consultation meetings were held with individual private firms including waste firms, material recycling facility operators and compost facility operators. A total of 7 waste firms, 2 recycling processors and 6 compost facility operators attended the meetings. All participants were advised that they could also send in written submissions.

The purpose of the consultation was to discuss potential barriers for vendors to compete, options for contract efficiencies and vendor ideas for technological innovations. The RMOC included general topics regarding the upcoming Solid Waste Collection Contract Tender. The following is a summary of this consultation.

1. CURBSIDE COLLECTION SYSTEM

Length of Contract

- Majority of waste vendors preferred a five-year contract with two one year extensions. One vendor thought a three-year contract was adequate.

More Curbside Zones

- Majority of vendors thought that more curbside zones would attract more competition. One vendor said that the current three zones was adequate.

Size of Curbside Zones

- Majority of vendors felt that 40,000 was the optimal size of zone in order to gain efficiencies of fleet and facilities. One vendor felt that more efficiencies could be gained by making the zones larger.

Co-collection System Options

- Majority of waste vendors did not think that co-collection of different streams would be effective, except possibly in the rural areas.

Two Stream Recycling Collection

- Most vendors thought that from a collection point of view, two stream collection would be more efficient. One vendor said that it would not lower costs.

Collection of Full Organic Waste Stream

- Most vendors were interested in bidding on full organics.

Re-scheduling the Collection of Bulky Items

- One vendor thought that costs could be lowered by either banning or scheduling the collection of bulkies. The other vendors did not have a strong opinion.

Extended Collection and Dumping Hours during peak Leaf and Yard Waste Collection

- All vendors said that extending the hours would require less trucks that are not utilized during the rest of the year and therefore lower costs.

SUMMARY: All of the above items were adopted in the contract development process.

2. APARTMENT COLLECTION SYSTEM

Length of Contract

- Majority of waste vendors preferred a five-year contract. One vendor thought a three-year contract was adequate.

Separate from Curbside Contract

- The majority of vendors would like to see the apartments contracted separately from curbside. One vendor indicated that it should stay amalgamated.

Separate Waste Collection Recycling Collection Service

- The majority of vendors would like to see waste contracted separately from recycling. One vendor indicated that it should stay amalgamated.

Two Stream Recycling Collection

- Most vendors thought that from a collection point of view, two stream collection would be more efficient. One vendor said that it would not lower costs.

Splitting the Current Zone into Smaller Zones

- Most vendors would like to see two zones. One vendor said that the current zone should not be divided.

Allow the Co-collection of Apartments and Commercial Accounts

- Most vendors indicated that this should help to lower costs. One vendor indicated that co-collection may not allow them to compete.

SUMMARY: All of the above items were adopted in the contract development process.

3. MATERIAL PROCESSING FACILITY

Feasibility of a Two-Sort-Collection System

- Recycling processors indicated that two-stream processing would require additional equipment, glass would be a problem.

Locations of Processing Facilities to Reduce Travel Time

- Two processors indicated a possibility of relocation that would require a separate, seven-year contract.

Separate Tender of Combined with Collection Contract

- Most processors thought that the tender should be separate. Firms that are integrated thought that it should remain one tender.

Sorting Capacity and Technology

- Two processors indicated the possibility of expansion. The general feeling was that equipment is available to sort commingled containers but no facility within the Region currently has it.

Maximizing Market Revenue

- Companies indicated a willingness to market on the RMOC's behalf.
- One processor would like to provide a guaranteed market for fibre.

Revenue Sharing and other Performance Incentives

- Vendors and processors alike indicated that some shared arrangement would help lower costs and gain efficiencies. One vendor thought that the vendor should retain all the revenues.

SUMMARY: To gain collection efficiencies, the contract will require processors to sort commingled glass and containers. In order to establish a true cost for processing, the RMOC will continue to retain the revenue, but marketing in conjunction with the processors.

4. COMPOSTING FACILITY

Separate or Combined with Solid Waste Collection Contract

- All processors indicated that it should be separate from the collection contract. One processor indicated that it would consider partnering with a hauler.

Contract Duration

- Compost operators preferred a ten or twenty year contract in order to establish a facility.

Ownership of Compost

- The majority thought that the operator should retain ownership of the product. Two said that revenues should be shared with the RMOC.

Targeted Materials

- The majority targeted food and yard waste. One processor could target the full waste stream. Another processor wanted food waste stream separate from yard waste.

Planned Composting Capacities

- There was no consensus on optimal facility size; several vendors were in the 20,000 tonnes/year range, one was 8,000 to 12,000 tonnes/year.

Facility Locations

- The majority wanted the RMOC to provide land. One processor had land

Operator Readiness (Timelines)

- Readiness ranged between two months to twelve months, plus approvals.

SUMMARY: Vendors had two opportunities to provide input to Regional staff while the Organics Diversion Strategy was developed. Facility size and system are an MOE responsibility via the Certificate of Approval process. However, the RMOC supports the idea of multiple operators in order to ensure competition. More details regarding private sector feedback on the strategy are contained on page 8 of Annex A in the Level of Services report.

ANNEX F

REGIONAL MUNICIPALITY OF OTTAWA-CARLETON SOLID WASTE DIVISION

Solid Waste Collection Contract Development

Solid Waste Competition in Ottawa-Carleton

1. Background

Prior to 1995, waste management services have been contracted out to private companies by municipalities within the RMOC. The majority of those contracts have been held by one company. The table below summarizes municipal contracts at the time of transition of waste management to the RMOC.

Municipality	Contractor
Ottawa, Nepean, Gloucester, Cumberland, Rideau, Goulbourn, Rockcliffe Park	Laidlaw Waste Service Ltd.
Vanier	Exel Environmental
Kanata	Goulbourn Stittsville Sanitation
West Carleton	Waste Management Inc.

2. RMOC Tender

In December 1995 the RMOC release a tender to amalgamate the above individual contracts into one contract with three curbside zones and one apartment zone. The tender was advertised in the three daily newspapers, as well notice of the tender was sent to the offices of all known waste hauling companies in eastern Canada as well as the large multinational companies not having a local presence. A total of 32 companies picked up the tender package, consisting of 12 hauling companies, 5 recycling processors, 3 consultants and 12 other interested parties.

Bids were received from the following four companies; Laidlaw Waste Systems (LWS), BFI Waste Systems (BFI), Waste Management Inc.(WMI), and Exel Environmental (Exel).

3. Competition and the Impact Upon Costs

Based upon contract prices in other jurisdictions, staff was of the opinion that the prices received for the current contract were about 10% higher than expected. A number of factors may explain this bidding pattern. The near monopolistic situation in this market area makes it difficult for other firms to get established. Further, the small number of bids (4) is not favorable to real competition. Finally, private companies tend to position

themselves only relative to their nearest competitor and in accordance with specific market area conditions.

4. Current Competitive Status

Since that time there has been considerable consolidation in the waste management industry. Of the four bidders from 1995, only BFI remains in its original inception. LWS is now Canadian Waste Services (CWS) a subsidiary of USA Waste, WMI was purchased by CWS and then divested into Capital Environmental Resource Inc and Exel Environmental has ceased operations (see the chronology below).

Recently, other waste management companies starting operations in the RMOC area include:

- Tomlinson Environmental Services in Osgoode Township
- Miller Waste in Lanark County
- Huneault Waste Management
- Rebuts Solides Canadiens - C.U.O.

5. Conclusion

Prior to the release of the last collection contract, the Solid Waste Division identified at least 12 hauling firms that had expressed interest in the RMOC tender. Only four bids were received. The general market conditions have not changed significantly since then and the competitive field in Ottawa-Carleton remains unclear. The chronology below gives a broader picture of competition in the solid waste industry.

Solid Waste Competition Chronology

What follows is a chronology of the major events impacting the Solid Waste Industry in North America.

August 1996 : USA Waste (Houston, Texas) establishes a foothold in Canada, as Canadian Waste Services (CWS), with the purchase of most of Philip Service's (Hamilton, Ontario) non-hazardous solid waste businesses in Ontario, Quebec, and Michigan.

January 1997 : Laidlaw sells all of its non-hazardous solid waste businesses to Allied Waste (Scottsdale, Arizona).

March 1997 : CWS purchases those Canadian assets acquired by Allied from Laidlaw; in less than one year, CWS goes from no presence in Canada, to controlling non-hazardous solid waste revenues of \$600 million.

- June 1997 : WMI sells off its less profitable companies, including all of the Canadian operations, to USA Waste. Because of "anti-competitive" legislation in Canada, certain markets became unavailable to CWS, and Ottawa was one of those markets. In an effort to secure its position in the Canadian marketplace, CWS negotiated to divest certain former Canadian WMI operations, including Ottawa, to a firm by the name of Branard Investment Corp. (Branard). This firm has as its majority shareholders, Philip and Allen Fracassi, majority shareholders of Philip Services. In the Ottawa-Carleton area, Branard conducts business as Capital Environmental Resource Inc. (CE).
- February 1998 : After almost 21 months of difficulties, Exel is unable to meet its contractual obligations, and the RMOC is forced to terminate the contract, handing the work over to a consortium of local haulers until a better solution can be implemented.
- March 1998 : USA Waste and WMI announce a merger where each WMI share will be exchanged for 0.725 USA Waste shares; that is, the smaller (\$3 billion per year revenues) company has swallowed the larger firm (\$9 billion per year revenues).

As is evident herein, the waste industry in North America is undergoing massive consolidation. To put everything into better perspective, according to Waste Age magazine's September 1997 issue, which includes the "Waste Age 100" top 100 waste firms in North America, the top 4 waste firms control almost 55% of the estimated \$32 billion market available. The top 100 firms represent almost 63% of this total. This means that the top 4 firms control 87% of the volume controlled by the top 100. When the USA Waste/WMI merger is consummated in the Fall of 1998, this will change the top 4 waste firms in control, to 3.

ANNEX G

REGIONAL MUNICIPALITY OF OTTAWA-CARLETON SOLID WASTE DIVISION

Solid Waste Collection Contract Development

Case Studies

Charlotte, North Carolina

In 1990, the Charlotte Solid Waste Services Department (SWSD) implemented a city curbside recycling program. In 1994, it changed from twice-per-week backyard collection to once-per-week automated collection and streamlined its workforce from 345 employees to 156 employees.

In 1995, the municipality bid directly against the private sector. A private bidder won the bid process at a cost of \$5.66 per roll-out container per month. In that year, the public bid was \$6.38. When the service went out to tender again in 1997, however, the roles were reversed: the public bid was only \$4.74, a 26 percent reduction from the previous time, while the private bid was \$8.36, an increase of 48 percent. By accepting the public bid, the City spent \$1.9 million for work that the lowest private sector bidder estimated at \$3.5 million.

Region of Peel

The Region of Peel recently published a competition strategy, at this point limited to service from its Public Works Department. The goal is to allow Peel Public Works to select and evaluate, on an ongoing basis, those activities which could be subjected to some form of competition for the benefit of the Region. This work program was implemented as a series of consultant-facilitated workshops involving Peel management and supervisory staff and addressed objectives and principles of outsourcing services, screening criteria and testing of this, and formulation and testing of competition procedures. Peel Public Works' Competition Subcommittee, comprised of elected members of Regional Council and appropriate professional staff from the Peel administration, are monitoring implementation activities. The goal is to have procedures in place and award first competition contracts prior to completion of the 1998 fiscal year.

Indianapolis, Indiana

The Solid Waste Division of the Department of Public Works (DPW) historically used a patchwork system for collection and disposal of waste in Marion County. It divided the County into 25 districts which were randomly assigned to four private firms and DPW's in-house crews. In 1994, the number of districts was reduced to eleven and waste management for ten of these opened to competition. One district remained under DPW

control, to ensure that the City would retain an emergency capacity to collect waste. DPW employees were included in the bidding process. Any single bidder was restricted to winning a maximum of three districts, to prevent monopolies. City employees won the maximum of three bids. In this instance, competition produced a savings of \$15 million over five years. The cost of garbage collection dropped from \$85 to \$68 per household. In 1994, the first year of the contract, City employees beat their own bid price by \$2.1 million. In early 1995, they received incentive pay averaging \$1,750.

City of Winnipeg

The City of Winnipeg recently established a Taskforce on “Special Operating Agencies” (SOA), made up of Councilors, the Chief Financial Officer and the City Auditor. The SOA provides an agreement between Council, the SOA Management team and an Advisory Board on delivery of service. Special Operating Agencies are one of several ASD options. This approach represents a significant opportunity for the City of Winnipeg in changing the way it does business to better meet the public demand in the future.

The City of Winnipeg recent experienced a 90% increase in the cost to collect apartments for a one year contract extension while the City prepares to establish a SOA for Solid Waste Services.

Phoenix, Arizona

For the purposes of waste collection, Phoenix has been divided into districts. A phased-in bidding process affects one district per year. No more than one-half of total waste management is to be operated by the private sector. All waste collection assets are owned by private contractors, but landfill assets are owned by the City. Contracts, which are for five to seven years, contain a “no lay-off clause” that compels private contractors to hire public works employees.

A private contractor initially won the bid for the largest district until 2003. In 1994, however, the City changed operations to one-person trucks and thereafter managed to out-bid private contractors by more than \$6 million.

City of Etobicoke

City Council, in order to improve cost-effectiveness and productivity of waste management services, decided to contract out the existing services. City employees requested the opportunity to develop a joint management/employee proposal and were allowed to do so.

Three outside bids were received in 1994 in addition to the joint internal proposal. After a public meeting, the contract was awarded for seven years to Waste Management Incorporated in July of 1995. The private operator uses trucks operated by one person instead of three people. Most of the employees who were displaced were re-assigned to

other City jobs. Surplus garbage trucks were sold at public auction, but the yard and facilities remained with the City.

City of Chesapeake, Virginia

In early 1997 the City of Chesapeake conducted a managed competition for the collection of waste, yard waste and bulky materials. The City competed with the private sector for the right to collect those materials on 25% of the City's routes. Some features of the competition included: independent team for proposal evaluation and negotiation, hiring of an independent technical advisor and an independent competition manager.

The result of the managed competition was that the City bid was 35% lower than the next-lowest private bid.

ANNEX H

REGIONAL MUNICIPALITY OF OTTAWA-CARLETON
SOLID WASTE DIVISION

Solid Waste Collection Contract Development

Solid Waste Contract Time Schedule

<i>Contract Task</i>	<i>Target Date</i>
Reports to Planning & Environment Committee	April 14
Reports to Council	April 14
Release Request for Qualifications	April 29
Release Curbside Tender	April 29
Release Apartment Tender	April 29
Release Processing Tenders	May 6
Bidder's Meeting	May 6- 13
Request for Qualifications closes	May 19
Tender Closes	July 7
Award Contract	September 16
Contract Starts	June 1, 1999