



City of Richmond

Report to Committee

To: General Purposes Committee **Date:** November 28, 2023
From: Suzanne Bycraft **File:** 10-6370-01/2023-Vol
 Director, Public Works Operations 01
Re: **Extension of Contract - 6577P - On-Call Collection of Hazardous Materials**

Staff Recommendation

1. That Contract 6577P – On-call Collection of Hazardous Materials be extended for an additional three-year term, commencing February 1, 2024 with the total contract value of \$1,584,560, split between GFL Environmental Inc. and Secure Energy Services Inc. as described in the report titled “Extension of Contract - 6577P - On-Call Collection of Hazardous Materials”, dated November 21, 2023, from the Director, Public Works Operations;
2. That the Chief Administrative Officer and the General Manager, Engineering and Public Works be authorized to execute the extension of the contract for a further two-year term, up to a maximum total term of eight years, for the maximum total amount of \$2,288,120, as described in the report titled “Extension of Contract - 6577P - On-Call Collection of Hazardous Materials”, dated November 21, 2023, from the Director, Public Works Operations; and
3. That the Chief Administrative Officer and the General Manager, Engineering and Public Works be authorized to execute the extension of the contract with GFL Environmental Inc. and Secure Energy Services Inc.

Suzanne Bycraft
 Director, Public Works Operations
 (604-233-3338)

REPORT CONCURRENCE		
ROUTED TO:	CONCURRENCE	CONCURRENCE OF GENERAL MANAGER
Finance Department	<input checked="" type="checkbox"/>	
Purchasing	<input checked="" type="checkbox"/>	
SENIOR STAFF REPORT REVIEW	INITIALS: 	APPROVED BY CAO

Staff Report

Origin

At the January 25, 2021 Council meeting, the following resolution was adopted during consideration of the staff report entitled “Award of Contract 6577P – On Call Collection of Hazardous Materials”:

1. That Contract 6577P – On Call Collection of Hazardous Materials be awarded at the unit rates quoted for a three-year term, commencing February 1, 2021 as follows:
 - a. GFL Environmental Inc. at an estimated total contract value of \$450,000; and
 - b. Tervita Corporation at an estimated total contract value of \$200,000; and
2. That staff report to Council for extensions beyond the initial three-year term, up to the maximum identified eight-year term under the provisions of Contract 6577P – On Call Collection of Hazardous Materials.

The initial three year term of Contract 6577P is due to expire on January 31, 2024. This report requests approval from Council for the execution of the renewal for an additional three-year term and the option to renew for an additional two-year term.

This report supports Council’s Strategic Plan 2022-2026 Focus Area #4 Responsible Financial Management and Governance:

Responsible financial management and efficient use of public resources to meet the needs of the community.

4.1 Ensure effective financial planning to support a sustainable future for the City.

4.2 Seek improvements and efficiencies in all aspects of City business.

This report supports Council’s Strategic Plan 2022-2026 Focus Area #5 A Leader in Environmental Sustainability:

5.2 Support the preservation and enhancement of Richmond’s natural environment.

5.3 Encourage waste reduction and sustainable choices in the City and community.

Analysis

Background

The City awarded Contract 6577P to two different vendors GFL Environmental Inc. (GFL) and Tervita Corporation per Council approval on January 25, 2021. Tervita Corporation has since amalgamated with Secure Energy Services Inc. (Secure) in 2021, and now does business as Secure. The aforementioned contractors are required to properly respond to, handle and safely

dispose of miscellaneous hazardous items that may be spilled, illegally dumped or abandoned on City property. Both contractors are required to respond to:

- Illegal dumps of asbestos-containing drywall or other hazardous wastes.
- Abandoned materials, including unknown substances.
- Hazardous waste materials accumulated at the Richmond Recycling Depot or City's Works Yard.
- Road spills from vehicle accidents/incidents.
- Clean-up of spills of potentially unknown substances from City watercourses or ditches.

City staff currently handle the clean-up and disposal of non-hazardous materials abandoned or illegally dumped on City-owned property. However, to ensure the safe disposal or recycling of hazardous waste materials generated from various public works related operational activities, the City engages GFL and Secure, as they specialize in the collection, transportation and safe disposal or recycling of hazardous waste materials. This approach helps to maintain public spaces and operations throughout Richmond, while ensuring compliance with provincial legislation such as the Hazardous Waste Regulation.

Request for Proposals 6577P – On-Call Collection of Hazardous Materials

Request for Proposal (RFP) 6577P – On-Call Collection of Hazardous Materials was posted onto BC Bid on April 16, 2020 and closed on May 27, 2020. Seven proposals were received by the closing date with an evaluation committee scoring and determining that splitting the contract between GFL and Secure provided best overall value to the City as they displayed the greatest ability to meet the scope and variable nature of the work, including emergency response capability. Two-thirds of the work was allocated to GFL, and the remaining balance to Secure.

Renewal Terms

Upon request for the three-year renewal, both GFL and Secure provided updated pricing effective February 1, 2024 and escalation costs for the remaining two years. Costs are detailed below in Table 1.

Approval is requested from Council for staff to extend the 6577P – On-Call Collection of Hazardous Materials agreement for an additional three-year term until January 31, 2027, with the option to further renew for the final two-year term.

Staff recommend the proposed extension as the original tendering process identified the lowest price and best value to the City. The performance of both GFL and Secure has met City standards for timeliness, overall general approach and material handling methods. Throughout the initial three-year term, GFL and Secure were required to hold their pricing in accordance with the terms of Contract 6577P. This was despite the evolving market conditions due to impacts from the COVID-19 pandemic, fuel pricing and an accumulative CPI increase of 10.46% over the initial three-year term. Staff sought updated pricing in accordance with the allowance of the Contract in order to extend the agreement with both vendors. This updated pricing is reflected in Tables 2 and 3 below.

Financial Impact

Contract Value

Table 1 below summarizes the approved contract value and actual spend for the initial three-year term.

Table 1: Approved Contract Value and Projected Three-Year Term Spend

Contract Year	Approved Contract Value		Actual Spend
Year 1 (February 2021 – January 2022)	\$	216,660	\$ 137,948
Year 2 (February 2022 – January 2023)	\$	216,670	\$ 174,472
Year 3 (February 2023 – January 2024)	\$	216,670	\$ 269,685 ¹
Total Contract Value (3 Years)	\$	650,000	\$ 582,104

¹ Year 3 figure includes a forecast for remaining contract period

As summarized below in Table 2, the total value of the proposed Contract over a three-year term extension, or until January 2027, is \$934,560, including contingency. This estimate for 2025 onward is based on a 5% increase per year from GFL and Secure, based on the approved annual contract value. A 20% contingency is required to accommodate potential changes in user requirements, service demand and the volatility of the market.

Table 2: Estimated Total Three-Year Extension (February 1, 2024 - January 31, 2027)

Contract Year	Total Estimated Contract Value	
Year 4 – (February 2024 – January 2025)	\$	247,000
Year 5 – (February 2025 – January 2026)	\$	259,400
Year 6 – (February 2026 – January 2027)	\$	272,400
Subtotal	\$	778,800
Contingency (20%)	\$	155,760
Total Contract Value (3 Years)	\$	934,560

The additional three-year term brings the total contract value to \$1,584,560, finishing January 2027.

The City has the option to extend for a further two-year term, or until January 2029, for an additional value of \$703,560, including contingency which staff recommend. The estimated costs associated with this extension are summarized in Table 3.

Table 3: Estimate Total Two-Year Extension (February 1, 2027 - January 31, 2029)

Contract Year	Total Estimated Contract Value	
Year 7 – (February 2027 – January 2028)	\$	286,000
Year 8 – (February 2028 – January 2029)	\$	300,300
Subtotal	\$	586,300
Contingency (20%)	\$	117,260
Total Contract Value (2 Years)	\$	703,560

The total amount for the maximum eight-year term is \$2,288,120, including contingency. Staff consider the proposed contract extension represents overall best value to the City based on the initial competitive bid process and cost increases which align with current inflationary factors.

November 28, 2023

- 5 -

Before extending the contract by the final allowable two-year term, or to January, 2029, staff will ensure individual contractor's service and performance over the previous three-year term is acceptable to the City's standards.

Conclusion

This report requests approval to execute the option to renew Contract 6577P – On-Call Collection of Hazardous Materials with GFL Environmental Services Ltd. and Secure Energy Services Inc. for the additional three-year term, plus two-year term, or until January 2029.



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