



# INFORMATION UPDATE

<b>TO:</b>	Mayor and Members City Council
<b>DATE:</b>	June 22, 2020
<b>SUBJECT:</b>	Central Composting Facility Request for Proposal Options (ES20008) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>SUBMITTED BY:</b>	Craig Murdoch Director, Environmental Services Public Works Department
<b>SIGNATURE:</b>	

This information update is to provide the Mayor and Members of Council additional information pertaining to Notice of Motion, Item 10.1, Central Composting Facility Request for Proposal Options, from the June 17, 2020 Public Works Committee meeting which was subsequently referred to the June 24<sup>th</sup> Council meeting.

## Background

The current operations and maintenance contract for the Central Composting Facility (CCF) commenced in June 2006 and is set to expire December 31, 2020.

At the April 3<sup>rd</sup>, 2019 Public Works Committee (PWC) meeting, staff were directed to do the following:

- Issue a Request for Proposal (RFP) for the operation and maintenance of the CCF;
- Establish an in-house bid team to prepare and submit a bid to the RFP with the potential to transfer the service from a contracted provider to an in-house service;
- Conduct a risk assessment of contracted operations and maintenance vs. in-house operations and maintenance; and,
- Report back to PWC with recommendations based on the risk assessment results and both in-house and external bids received.

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OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

**SUBJECT: Central Composting Facility Request for Proposal Options  
(ES20008) (City Wide) - Page 2 of 4**

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In preparation for the expiry of the current contract, staff released RFP C11-09-20 on May 25, 2020 for the operation and maintenance of the CCF. RFP C11-09-20 is set to close on July 20, 2020.

A Notice of Motion was brought forward to the June 17, 2020 PWC meeting seeking direction to cancel RFP C11-09-20 with the intent to modify and reissue the RFP with an additional processing option. During the current procurement process, staff received an inquiry from a proponent asking the City to consider allowing alternative bids to process City Source Separated Organics (SSO) at a third-party off-site processing facility while using the CCF as a transfer facility instead of a processing facility. The current RFP contains a single option which is to operate and maintain the City owned CCF in order to process SSO collected through the City's Green Bin program. The reissued RFP would contain the following two options:

- 1) Accepting SSO at the City's CCF and processing SSO into compost that meets the provincial compost quality standards. This option would continue to see the CCF being used for its intended purpose as a processing facility; and,
- 2) Accepting SSO at the City's CCF, consolidate and transfer the SSO to a third-party processing facility that will process it into compost that meets provincial compost quality standards. This option would see the CCF being converted to a transfer facility.

Cancelling the RFP and reissuing with a second option for third-party off-site processing may provide additional proposals and may provide staff and Council additional options to consider when awarding the next contract for the processing of City SSO. A modified RFP would also allow proponents to submit a proposal for either of the options listed above or both.

#### Public Works Committee Inquires

During the June 17, 2020 PWC meeting, Committee had various questions regarding Item 10.1 (Central Composting Facility Request for Proposal Options), Notice of Motion. These questions are listed and answered below:

1. What is the name and location of the Third-Party and their processing facility that requested this modification to the RFP?

It is not common practice for staff outside of Procurement to be notified of the source of inquires during the procurement process. This information is not shared in order to maintain objectivity during the procurement process. It is recommended by Legal Services, Procurement and the City's contracted fairness monitor that the source of the inquiries provided through this procurement process not be disclosed.

**SUBJECT: Central Composting Facility Request for Proposal Options  
(ES20008) (City Wide) - Page 3 of 4**

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Note that if the RFP includes the option for third-party processing, any proponent, not just the one that made the request, may submit a bid from within or outside the municipality and that staff will not know possible processing locations until the RFP is closed and the evaluation process begins.

2. What can be included in the RFP that would ensure a reputable third-party processor submit proposals?

In order to ensure that only proponents who are reputable and permitted to accept and process SSO are able to progress through the procurement process, staff incorporate language within the RFP and the evaluation criteria ensuring that processing facilities have all appropriate permits and approvals. Staff also include language in the RFP and evaluation criteria focusing on the proponent's ability to operate processing facilities in compliance with all approvals and permits.

In order to accept and process SSO, all processing facilities must obtain appropriate operating permits such as Environmental Compliance Approvals issued from the Ministry of the Environment, Conservation and Parks (MECP). The process to receive approvals is extensive and includes public consultation and environmental reviews for appropriate facility siting. Without the appropriate permits and approvals, the processing facility is not legally allowed to accept and process SSO and, therefore, the City would not award an operating contract to that proponent.

In the case of third-party off-site processing, this does not prevent the host municipality from objecting to the source of SSO, it just means that the MECP permits it.

3. What happens to the CCF if Third-Party processing is selected?

If off-site third-party processing of the City's SSO is selected as the preferred option through the RFP process, the CCF would then be converted from a compost processing facility to a transfer facility at the responsibility of the successful proponent. With this, the CCF would not be used for its originally intended purpose and a portion of the CCF will not be operational for the duration of the contract and would require decommissioning. For example, the aerobic composting tunnels and compost screening portion of the facility are not required in a transfer facility scenario. An alternative use of those portions of the facility would need to be determined or kept intact in case the decision to restart using the CCF for its intended purpose is made at a later date.

4. Will residents see changes to the Green Bin program?

The RFP states what green bin materials must be accepted by any bidder. This means that there would be no change in what residents receive as a service from current operations in either scenario. There is the possibility, depending on the type of technology used to process SSO, that a third-party processing facility may have the ability to process additional materials that are currently deemed unacceptable in the City's Green Bin program. If this is the case, the acceptable items list for the Green Bin program may expand to include materials that are currently deemed unacceptable. If the Motion is approved, Staff will include language in the RFP requesting proponents who are proposing third-party processing to identify any materials that the City could add to the Green Bin program that are currently unacceptable and this information would be included when staff report back on the results of the RFP.

Staff were directed by Council to report back to the PWC following the completion of the RFP process with recommendations based on the risk assessment and results from both the in-house and external proposals received. If the option of third-party processing is added to the RFP, it is staff's intention to expand the scope of the risk assessment to include not only contracted operations and maintenance vs. in-house operations and maintenance, but to also include the option of third-party processing. Staff will also report back to PWC with recommendations and all relevant information related to the processing options and in-house proposal, including processing facility locations for Councils consideration in the award process.

If approved, the original Motion brought forward to the June 17, 2020 PWC meeting will be amended to reflect the third-party option in the risk assessment and to report back to PWC with recommendations as mentioned above.

**APPENDICES AND SCHEDULES ATTACHED**

Not applicable