

**REPORT TO CAPITAL REGIONAL DISTRICT BOARD
MEETING OF WEDNESDAY, NOVEMBER 18, 2020**

SUBJECT Hauling and Processing of Kitchen Scraps – Award of Contract 30.20-16-01

ISSUE SUMMARY

To recommend award of Contract 30.20.16-01 for the hauling and processing of kitchen scraps.

BACKGROUND

The current kitchen scraps hauling and processing contract expires on February 28, 2021 and a new contract needs to be awarded to ensure continuity of service. A public tender for the provision of the service for four years, from March 1, 2021 to February 28, 2025, closed on October 22, 2020 and one bid (from the incumbent contractor) was received, as follows:

Name of Firm Tendering	Estimated Annual Tonnage	Rate Per Tonne	Estimated Annual Cost	Proposed Processing Facilities
D.L. Bins Ltd.	12,000	\$138.60	\$1,663,200.00	Fisher Road Recycling, Cobble Hill BC Convertus Canada Ltd., Nanaimo BC

The rate offered for Contract 30.20.16-01 is nearly 7% less than what is being paid under the current hauling and processing contract and will reduce costs by approximately \$114,000 annually.

Awarding this four-year hauling and processing contract will allow time for options of establishing a processing facility at Hartland to be fully investigated and procured, if approved. The tender has been reviewed and it complies with the instructions to tenderers. D.L. Bins Ltd. is qualified to undertake the contract and both of the proposed processing facilities are licensed.

The tipping fee at Hartland for source-separated kitchen scraps is currently \$120 per tonne, as directed by the Capital Regional District (CRD) Board at its April 13, 2016 meeting. The rate to haul and process kitchen scraps under Contract 30.20.16-01 means the CRD will incur a net loss of \$18.60 per tonne of kitchen scraps it receives at Hartland, for a total annual net loss of about \$223,000 in the first year of the contract. The tipping fee for kitchen scraps was last adjusted on January 1, 2017 when it was increased from \$110 to \$120 per tonne.

ALTERNATIVES

Alternative 1

That Contract 30.20.16-01, Hauling and Processing Kitchen Scraps, be awarded to D.L. Bins Ltd. from March 1, 2021 to February 28, 2025, at the rate of \$138.60 per tonne and an estimated cost of \$1,663,200 per year.

Alternative 2

That Contract 30.20.16-01, Hauling and Processing Kitchen Scraps, not be awarded and staff be provided with alternative direction.

IMPLICATIONS

Environmental Implications

The diversion of kitchen scraps saves landfill air space and reduces greenhouse gas emissions by avoiding methane generation at Hartland Landfill. The finished compost produced from kitchen scraps can also help reduce the use of fossil-fuel based fertilizers when used in agriculture. Alternative 1 will help facilitate the diversion of kitchen scraps by maintaining a kitchen scraps diversion option to both public and private haulers using Hartland Landfill.

Economic Implications

The \$138.60 per tonne rate of the new contract is nearly 7% less than the previous contract rate of \$148.08 per tonne. This represents an annual savings of \$114,000 for 2021 budget, which was prepared using the previous contract's rate. The rates paid to the contractor would be subject to an annual 1.5% inflationary adjustment beginning in January 2022, meaning the per tonne fee would rise to \$140.68 in 2022, to \$142.79 in 2023, to \$144.93 for 2024 and to \$147.10 for the two months of 2025 that the contract is in effect. This represents an average per tonne fee of approximately \$142.82 over the term of the contract.

CONCLUSION

The current kitchen scraps hauling and processing contract is set to expire on February 28, 2021 and a new contract is required to ensure continuity of service. A four-year tender for the service closed on October 22, 2022 and one bid was received from D.L. Bins Ltd. in the amount of \$138.60 per tonne of kitchen scraps, with an annual 1.5% inflationary adjustment. The tender has been reviewed and it complies with the tender requirements and D.L. Bins Ltd., the incumbent contractor, is qualified to undertake the contract work.

RECOMMENDATION

That Contract 30.20.16-01, Hauling and Processing Kitchen Scraps, be awarded to D.L. Bins Ltd. from March 1, 2021 to February 28, 2025, at the rate of \$138.60 per tonne and an estimated cost of \$1,663,200 per year.

Submitted by:	Russ Smith, Senior Manager, Environmental Resource Management
Concurrence:	Larisa Hutcheson, P. Eng., General Manager, Parks & Environmental Services
Concurrence:	Robert Lapham, MCIP, RPP, Chief Administrative Officer