

**REPORT TO ENVIRONMENTAL SERVICES COMMITTEE  
MEETING OF WEDNESDAY, SEPTEMBER 28, 2022**

---

**SUBJECT**      **Award of Contract ERM2022-006 – Curbside Collection of Packaging and Printed Paper**

**ISSUE SUMMARY**

To seek direction with respect to awarding a new six-year contract for the provision of residential curbside blue box recycling service beginning January 1, 2024 and ending December 31, 2029.

**BACKGROUND**

At its meeting of June 8, 2022, the Capital Regional District (CRD) Board passed a motion directing staff to issue a Request for Proposals (RFP) for a six-year contract for Board approval to provide residential curbside blue box collection from January 1, 2024 to December 31, 2029, with language to incent the provision of low or zero emission vehicles. Staff issued an RFP in July 2022 (see Appendix A) that closed September 12, 2022, with two submissions being received: one from Halton Recycling Limited doing business as Emterra Environmental (the incumbent contractor) and the other from GFL Environmental Incorporated (GFL).

Both proposals have been reviewed by an evaluation team and staff recommend that the work be awarded to GFL. This is in recognition of the fact that, to provide curbside collection using the current collection configuration, GFL is:

- offering a lower annual service fee compared to Emterra
- proposing to use 25 collection trucks as compared to 16 proposed by Emterra
- proposing to use 23 trucks fuelled by compressed natural gas and two all-electric powered trucks

The 25 collection trucks proposed by GFL is an appropriate-sized fleet to reliably service the region, including future growth. GFL's proposal meets the requirements of the RFP, and is free from errors. Awarding the contract now will provide sufficient time for collection vehicles to be ordered, manufactured and delivered in time to begin service in January 2024.

**ALTERNATIVES**

*Alternative 1*

The Environmental Services Committee recommends to the Capital Regional District Board:

1. That staff be directed to enter into a six-year contract with GFL Environmental Incorporated to provide residential curbside blue box collection from January 1, 2024 to December 31, 2029; and,
2. That the Chief Administrative Officer be authorized to execute the contract and do all things incidental to finalizing the agreement.

### *Alternative 2*

That staff be directed to enter into a six-year contract with Emterra Environmental to provide residential curbside blue box collection, from January 1, 2024 to December 31, 2029.

## **IMPLICATIONS**

### *Environmental & Climate Implications*

The proposed use of compressed natural gas and electric powered vehicles by GFL under Alternative 1 aligns with the Board's desire to utilize low or zero emission vehicles. Moreover, the proposed use of two all-electric trucks will help to confirm their viability and result in their broader use.

The collection fleet proposed by Emterra Environmental under Alternative 2 would be fuelled by compressed natural gas, with lower emissions when compared to a standard diesel powered fleet.

### *Financial Implications*

The annual cost for the provision of blue box service under Alternative 1 is \$8.3 million in 2024, approximately 47% higher than the per unit rates secured in 2017, and Alternative 2 is similarly priced. Service expectations and inflationary pressures have resulted in significant cost increases in fuel, labour and collection trucks that are the primary cost elements of this service. This will increase program costs by approximately \$2.7 million annually beginning in 2024, and any portion not covered by Recycle BC funding will be funded by CRD Environmental Resource Management's budget.

As the BC Recycling Regulation requires that stewards pay the full cost of their recycling programs, it is expected that the increased costs will be recovered from payments received by Recycle BC. Recycle BC will be conducting a review of its collection compensation rates, with CRD staff participation, and will be reviewing the results of this RFP as part of that process. However, as the review may not be complete by the start of the new collection contract, it is probable that, in 2024, the CRD will have to bear the difference in the new contract cost and the compensation paid by Recycle BC, which could total up to \$2.6 million. Despite this fact, Recycle BC has previously demonstrated good faith in increasing rates and has stated its intention to further adjust rates in accordance with service delivery costs.

The rate offered by GFL under Alternative 1 is subject to an annual Consumer Price Index (CPI) adjustment. This CPI adjustment would be calculated using the same formula used by Recycle BC for its contracts where it provides collection service directly in communities where local government is not involved in collection. GFL is prepared to forego any increases in compensation that would result from increases in payment rates paid by Recycle BC to the CRD, in favour of the CPI adjustment. Understanding that Recycle BC will be using an approach that is similar to the CPI calculation to determine payment increases to the CRD, staff have determined that the CPI adjustment calculation that the CRD would be obligated to provide GFL would be comparable to the payment adjustments that Recycle BC will be providing to the CRD.

The RFP solicited other collection options, including the use of wheeled totes, but the proposals received for such service were significantly more expensive than the current collection configuration.

### *Service Delivery Implications*

As a result of recent service delivery challenges, the new curbside collection contract has been modified and contains clauses that allow the CRD to levy significant monetary penalties for non-performance, to have the right to correct deficiencies, as well as requiring a business continuity plan to ensure that services continue under extraordinary circumstances, such as a pandemic.

The CRD's current curbside collection contract is based on 18 collection trucks. Vehicle reliability and driver availability, along with other pandemic related factors, have substantially impacted curbside collection service levels under the current contract.

Alternative 1 proposes 25 collection trucks, 50% more than the current contract. Alternative 2 proposes 16 trucks, 10% less than the current contract.

It is anticipated that the increase collection capacity under Alternative 1, along with the changes to the collection contract, will result in substantial improvements in curbside service delivery.

### **CONCLUSION**

In June 2022, the Capital Regional District (CRD) Board passed a motion directing staff to issue a Request for Proposals (RFP) for a six-year contract that included language to incent the provision of low or zero emission vehicles to provide residential curbside blue box collection, from January 1, 2024 to December 31, 2029. The RFP was issued in July 2022 and closed in September, with two proposals being received—one from Emterra Environmental and one from GFL Environmental Incorporated (GFL). Having reviewed the two proposals, staff recommend that the CRD enter into a contract with GFL Environmental to provide residential curbside blue box collection beginning January 1, 2024. The collection fleet being proposed by GFL would include 23 trucks powered by compressed natural gas and two all-electric collection trucks.

### **RECOMMENDATION**

The Environmental Services Committee recommends to the Capital Regional District Board:

1. That staff be directed to enter into a six-year contract with GFL Environmental Incorporated to provide residential curbside blue box collection from January 1, 2024 to December 31, 2029; and,
2. That the Chief Administrative Officer be authorized to execute the contract and do all things incidental to finalizing the agreement.

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

Attachment: Appendix A – Capital Regional District Curbside Collection – Request for Proposals