



Essex-Windsor Solid Waste Authority Administrative Report

September 15, 2020

To: The Chair and Board of the Essex-Windsor Solid Waste Authority
From: Cathy Copot-Nepszy, Manager of Waste Diversion
Meeting Date: Tuesday, September 15, 2020
RE: MATERIAL RECOVERY FACILITY PROCESSING AND REPAIR AND MAINTENANCE REQUEST FOR PROPOSAL RESULT AND AWARD

PURPOSE

The purpose of this report is to recommend the award of Request for Proposals (RFP) for the Provision of Labour, Rolling Stock, Tools and Other Supplies for Processing Two-Stream Blue Box Recyclable Materials and Repairs and Maintenance of Processing Equipment in Material Recovery Facilities (MRFs) located in Windsor to HGC Management Inc.(HGC) for an initial period of December 1, 2020- December 31, 2022 with options for extension in years 2023-2027. The total price submitted by HGC for all years is \$19,572,000 excluding HST.

BACKGROUND

At the July 7, 2020 EWSWA Board Meeting, the Members of the Board supported Administration's recommendation "That for Processing and Repairs & Maintenance services that the Authority issue a tender". As a result on Monday August 10, 2020, the EWSWA released this said RFP. The RFP invited Proponents through the County of Essex's Bids and Tenders Procurement Tool to submit a competitive offer for the Provision of Labour, Rolling Stock, Tools and Other Suppliers for the Processing of Blue Box Recyclable Materials and Repairs and Maintenance in the Fibre and Container MRFs. The procurement process was administered under the Authority's Expenditure Approval process where competitive submissions were made by the Proponents until 5:00 pm on Wednesday, September 9, 2020. The current contractor that holds the processing and repair and maintenance contracts is Windsor Disposal Services/Green For Life and the contract term ends November 30, 2020. The successful, awarded Proponent begins the Work to the said RFP on December 1, 2020.

RFP Evaluation Overview

The RFP Evaluation was comprised of Stage 1 which required that Mandatory Submission Requirements such as: an email from the EWSWA confirming that the mandatory onsite visit was completed, an executed Declaration, Bid Bond & Agreements to Bond were all submitted by Proponents in order to be eligible to proceed to Stage 2, the Technical Evaluation. In Stage 2, Technical Proposals were reviewed and evaluated by an evaluation team who comprised of Authority Management staff: Manager of Waste Diversion, Manager of Finance & Administration and Manager of Waste Disposal, as well as facilitation was given from the

Director of Financial Services/Treasurer for the County of Essex. As defined by the RFP, Technical Proposals were given a score out of 90 points which was the maximum points that a Proposal could receive. Proponents achieving a Minimal Technical Score of 63 points (70%) out of 90 points proceeded to the Financial Evaluation in Stage 3. If Proposals were successful in receiving the Minimal Technical Score, their Total Price of Contract for the term plus optional periods were then opened and evaluated. Here the Proponent with the lowest Total Price of Contract received the highest possible score of 60 points towards its Financial Score. Then, the Total Price of Contract of each of the other Proponents was compared to the lowest Total Price of Contract to determine each score out of 60 points using the following formula:

Proponent's Financial Score = (Lowest of all prices submitted/This proposal's price) x 60

Therefore, a Proposal submitting a price twice as much as the lowest would get 30 points.

After Financial Scores were calculated for each Proponent's Proposal, the Combined Score for each Proposal was evaluated. The Combined Score is the sum of the Technical Score and the Financial Score which could at a maximum reach 150 points. The Technical Evaluation was weighted at 60% while the Financial component was weighted at 40%. The Proponent with the highest Combined Score was selected as the "Preferred Proponent" who will proceed to Stage 4, the Contract phase where they will enter into discussions with the Authority to finalize the terms of the Contract.

DISCUSSION

The RFP was published through the Bids and Tenders portal on the County of Essex website, EWSWA website, MERX, Biddingo, Windsor Star and County newspapers (Amherstburg/ Leamington/ Essex/ Harrow). Emails were also sent by the Authority directly to ten companies, eight of which were in the waste management industry, as well as to the Ontario Waste Management Association of Ontario, Recycling Council of Ontario, and the Canadian Plastics Industry Association.

The RFP process required that Proponents attend a thorough and transparent Mandatory Site Visit from August 12- August 26, 2020 with the Authority Manager of Waste Diversion and Clerk. For this RFP component, seven Site Visits were conducted in total. Many questions and inquiries were also received by the Authority during this process and four Addendums were issued through Bids and Tenders in response and in accordance with the outlined RFP timeline.

It shall be noted that there were 14 plan takers of the RFP, however, on September 9, 2020 five bid packages were received in total. These submissions were opened at 5:05 pm through a sound Procurement process outlined in the RFP. Submissions were reviewed for compliance and no issues were found with these five submissions. The companies who made submissions were, in alphabetical order, 1869096 Ontario Ltd. (Canadian Transfer), Environmental 360 Solutions, GFL Environmental Inc., Halton Recycling Ltd. (dba. Emterra Environmental) and HGC Management Inc.

Once compliance was approved the Technical Proposals were given to the Evaluation Team to determine final Technical Scores for each Proponent. Here four of the five Proponents were successful in achieving the Minimal Technical Score and proceeded to Stage 3, the Financial Evaluation. At this stage the four Proponent's Total Price of Contract was opened and evaluated.

The highest Combined Score was attained by HGC Management Inc. and therefore they are the "Preferred Proponent" per the terms of the RFP.

FINANCIAL IMPLICATIONS

The recommended proponent, HGC Management Inc., submitted an overall price for the period December 1, 2020 – January 31, 2027 (1 month plus 7 years) of \$19,572,000 exclusive of HST.

In Stage 3 of the Financial submissions where four Proponent's Total Price of Contract were reviewed, it was noted that two had pricing higher than the Preferred Proponent. On the flipside, one Proponent had lower pricing than the Preferred Proponent, but that Proponent scored lower on the Technical Evaluation Component than the Preferred Proponent.

The RFP was for an initial term of December 1, 2020 – December 31, 2022 with options for individual annual extension in the following years: 2023-2027. The pricing as submitted for the initial Contract Term is as follows:

December 2020	\$217,000
January – December 2021	\$2,605,000
<u>January – December 2022</u>	<u>\$2,656,000</u>
Total	\$5,478,000

This Contract Term serves to bring the contract to January 1, 2023 which is the earliest possible date that Blue Box programs in Ontario can transition to Producers. This transition to Producers is scheduled to take place at some point in time during the period 2023-2025. Ontario municipalities will be advised of their transition date sometime by the end of 2020 or early 2021. As such, the RFP asked for pricing to the end of 2027, but it is unlikely that the contractor will be engaged by the Authority for 2026 or 2027. The RFP requested pricing for those years in the event that the Province and Ministry delay the roll-out of the transition. However, that being said, there has been no indication to date that transition to Producers will not take place during the 2023-2025 timeframe.

Offsets to Cost of Contract

The RFP includes new wording which was not included in prior contract language. This new wording will allow the Authority to offset the Processing cost by charging back the contractor for costs incurred by the Authority to haul away and dispose of "residual material" which is

leftover material from the sorting process which cannot be sold as recyclable material to buyers of the Authority's recyclables. The amount of the offset is estimated at approximately \$200,000 per year. Also, the RFP includes language which compels the contractor to pay for third party security to watch over any recyclables that are stored outside overnight in the case of an unforeseen issue. In the past, the Authority included this amount in its budget as a contingency and the actual expenditures are in the range of \$30,000 - \$40,000 year. Further, 50% of the Processing costs (along with all other Blue related costs) are covered by Blue Box Stewards/Producers for which the Authority receives payment in quarterly instalments.

About the Recommended Proponent

HGC has been in operation for over 30 years and they are based out of Brantford. Its principal is Herb Lambacher. HGC previously performed Recycling Processing services for Essex-Windsor during the mid to late 1990s. HGC currently provides Recycling Processing services in five Ontario municipalities.

RECOMMENDATIONS

1. THAT the Authority Board award the Request for Proposals (RFP) for the Provision of Labour, Rolling Stock, Tools and Other Supplies for Processing Two-Stream Blue Box Recyclable Materials and Repairs and Maintenance of Processing Equipment in Material Recovery Facilities (MRFs) located in Windsor to HGC Management Inc.
2. THAT the Authority Board authorize the Chair and General Manager to execute a contract to engage HGC Management Inc. for the initial term of December 1, 2020-December 31, 2022 at a total price of \$5,478,000 excluding HST for that 25 month term and for additional optional terms as may be required in the future but only to December 31, 2027.

Submitted By



Catharine Copot-Nepszy, Manager of Waste Diversion