



Agenda No: 6.2

Mtg. Date: November 12, 2015

Regional Board Report

TO: Regional Board
FROM: Chris Radford
Director of Community Services
DATE: November 3, 2015
SUBJECT: Curbside Waste Collection Contract 3 Year Extension

Purpose: To seek Board approval for a 3 year extension to the curbside collection contract.

Executive Summary:

On March 28, 2008 the Regional Board approved the following resolution:

"THAT the Regional Board award the curbside collection contract to Okanagan Environmental Services for the seven year period beginning March 1, 2009, the cost being \$1,194,858 (\$170,694 per year or \$117.72 per household per year)."

This contract has a three year extension option which staff is recommending we exercise at this time. The proposed contract extension maintains the current unit prices and contract terms & conditions resulting in a projected cost of \$605,000 over the next 3 years.

This contract extension complies with our obligations for competitive bidding under the New West Partnership Trade Agreement (formerly TILMA) because this three year extension term option was included in the Request For Proposal for this contract. The three year contract extension will keep the Regional District's curbside collection program aligned with its member municipalities. Contract alignment with our member municipalities is important as it provides the economies of scale required for competitive financial rates and a high level of service.

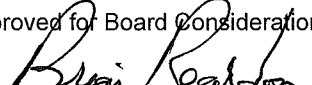
RECOMMENDATION:

THAT the Board approve a three year extension to the existing curbside waste collection contract with Okanagan Environmental Waste Systems under the existing terms and conditions, from March 1, 2016 to April 30, 2019 at an approximate cost of \$605,000.

Respectfully Submitted:


Chris Radford
Director of Community Services

Approved for Board Consideration


Brian Reardon, CAO

Implications of Recommendation:

Financial:	Accountability and transparency
Legal / Statutory Authority:	Compliant with New West Partnership Trade Agreement, compliant with section 175 of the Community Charter (Liabilities under Agreements)

Background:Contract History:

Following the completion of a Request for Proposals process in partnership with our member municipalities in 2008, the Regional District of Central Okanagan (RDCO) entered into a contract with Okanagan Environmental Waste Systems on April 22nd, 2008 to provide automated curbside collection of garbage, recyclables and yard waste to more than 1,600 households in Electoral Areas Central Okanagan East and Central Okanagan West. In parallel, our member municipalities entered into their own contracts for service in their areas. The term of the current contract is for seven years, commencing on March 1, 2009 and expiring on April 30, 2016. Similar to the municipal partner agreements, the RDCO contract contains an option to extend the contract for up to an additional three years to April 30, 2019.

Legal / Statutory Obligations:

Both the Community Charter and New West Partnership Trade Agreement requirements have been considered in this report as follows:

- Community Charter: the original seven year contract term and this proposed three year extension are both compliant with the requirements of the Community Charter. As per Regional District Liabilities Regulation 261-2004, this contract is not subject to the requirement to be approved by electors when the contract term exceeds five years, because this is an operating agreement.
- New West Partnership Trade Agreement (NWPTA): this contract extension is fully compliant with our procurement obligations under the NWPTA (formerly TILMA) because the three year extension term was included in the Request for Proposal when this contract was competitively bid.

Financial Considerations:

The total cost of the three year extension is approximately \$605,000. The recommended three year contract extension is under the existing fixed financial terms that have been in place since 2009, plus the additional Radio Frequency Identification system cost approved by the Regional Board on July 26, 2010.

Since the adoption of the RFID program, total curbside solid waste collection contract costs have increased due to the addition of new households to the contract. Unit costs have remained the same since 2009/2010.

A decision on executing the contract extension is required at this stage due to the time required to prepare a Request for Proposals process and enter a new contract if the extension is not approved.

The rationale for extending the curbside collection contract for an additional three years with Okanagan Environmental Waste Systems is based on the following key factors:

- Contract costs are competitive. Currently, contract costs are approximately 12.5% less than the revenue we receive from Multi Material British Columbia (MMBC) for providing recyclables collection service. MMBC revenue rates are based on a thorough analysis of service costs in British Columbia.
- Okanagan Environmental Waste Systems provides exceptional service.
- RDCO benefits in numerous ways with a collection system that is aligned with its member municipalities.
- A three year contract extension closely aligns the terms of the curbside collection and MMBC contracts (April, 2019/November, 2018, respectively).

RDCO member municipalities have all finalized their three year contract extensions with Okanagan Environmental Waste Systems.

Given how intermittent electoral area collection is (Figure 1) the RDCO realizes significant financial and service quality benefits from having a collection system that is aligned with the member municipalities. The member municipalities provide significant improvements in economies of scale and the contractor spends more time in the vicinity of electoral areas resulting in quicker response times related to cart maintenance, new cart deliveries and missed collections.

Allowing the current contract to expire and issuing a new RFP without any member municipalities participating, particularly the City of Kelowna, is extremely risky from a financial and service quality perspective. Staff expects that contract costs will increase significantly if the RDCO does not extend this contract by three years, as we will then have to issue an RFP for collection without partnering with member municipalities, specifically the City of Kelowna, and will therefore lose those economies of scale.

Figure 1 Portions of Electoral Areas serviced by curbside collection.

