

## Staff Report

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**Report To:** City Council

**Report From:** Bradey Carbert, Manager of Corporate Services  
Chris Webb, Manager of Engineering Services

**Meeting Date:** June 17, 2024

**Report Code:** CR-24-075

**Subject:** Award of RFP-24-007 – Waste Collection and Disposal Services

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### Recommendations:

THAT in consideration of Staff Report CR-24-075 respecting the Award of RFP-24-007 – Waste Collection and Disposal Services, City Council:

1. Awards the above-noted Request for Proposal to the highest scoring Proponent for the Service Level of Bi-Weekly Solid Waste Collection and Disposal and the Implementation of Weekly Source-Separated Organics to Miller Waste Systems Inc. for an estimated annual cost of \$1,334,577.77, including the non-refundable allocation of HST;
2. Directs staff to bring forward a by-law to authorize the Mayor and Clerk to execute the agreement;
3. Approve the allocation of \$50,000 from the Garbage Equipment Reserve to assist in marketing and implementing the new curbside solid waste and source-separated organics program; and
4. Directs staff to prepare a fee-based revenue policy for waste collection costs for the 2025 budget deliberations.

## Highlights:

- In 2023, the Waste Management Strategy (WMS) was approved by City Council. Based on public consultation, one of the highest priorities identified in the WMS is implementing a residential source-separated organics (green bin) collection and processing service.
- The Food and Organic Waste Policy indicates that Ontario municipalities (20,000-50,000 population) establish a target of 50% waste reduction and resource recovery of food and organic waste generated by single-family dwellings in urban settlement areas by 2025; the preferred method to achieve this is curbside source-separated organics collection.
- The annual gross cost increase for a fully implemented waste management program with bi-weekly solid waste collection and weekly source-separated organics collection is \$327,934 and can be offset by additional waste management revenues in the form of a consumption-based system or through reserve fund allocations.

## Strategic Plan Alignment:

[Strategic Plan](#) Priority: This report supports the delivery of Core Service.

## Climate and Environmental Implications:

This supports the objectives of the City's Corporate Climate Change Adaptation Plan by considering climate adaptation in the development of the City's strategies, plans and policies.

## Previous Report/Authority:

Report [OP-24-001](#) Re: Curbside Waste Collection RFP

Report [OP-23-045](#) Re: Curbside Waste Management RFP with possible Service Expansion of Green Bin

[City of Owen Sound Waste Management Strategy](#) – April 2023

Report [OP-23-047](#) Re: Service Level Change - Recycling Budget Reallocation to Future Source Separated Organics Program

Report [OP-23-048](#) Re: Proposed Garbage Bag Tag Price Increase

## **Background:**

The current Waste Management contract with Miller Waste Systems was approved in November 2015. It had a start date of June 2016 and a 7-year term. The contract allows an extension of two (2) additional twelve (12) month terms expiring on May 31, 2025.

On December 14, 2023, the Operations Committee was presented with a report (OP-23-045) on options for the RFP process for a new waste collection contract. Subsequently, on January 18, 2024, the Operations Committee received a follow-up report (OP-24-001) outlining the further details of the RFP.

## **Current Service Level**

The City's current waste management contract for collection and disposal with Miller Waste Systems currently provides waste management to three curbside collection areas: East Side, West Side, and Downtown Core.

East Side and West Side curbside garbage collection occurs once every two weeks to eligible residences and businesses. The collection is scheduled Tuesdays through Fridays (Attachment 1 - 2024 Collection Map). The collection is limited to four bags, each requiring a bag tag of \$2.50 per tag. Blue Bins (recyclables) are also collected every two weeks.

As of July 1, 2023, annual recycled material costs (blue bin) delivery transitioned to the Province. This is important to note as Report OP-23-047 highlighted the 2024 budget impact of the recycling transition on the annual operating budget concerning the potential implementation of a separate source organics program. The report suggested that baseline funding of \$350,000, based on the average net recycling costs, be maintained and then added to if necessary to prevent the need to add these funds back into the operating budget later.

The Downtown Core area receives weekly garbage pickup (Attachment 2—Downtown Core Map). The collection is scheduled for Wednesday and is not limited to four bags. However, each bag requires a bag tag for \$2.50 per tag.

**One of the highest priorities identified in the WMS is implementing a residential source-separated organics (green bin) collection and processing service.**

In 2023, the Waste Management Strategy (WMS) was approved by City Council. Based on public consultation, one of the highest priorities identified

in the WMS is implementing a residential source-separated organics (green bin) collection and processing service.

As outlined in previous curbside waste collection reports to the Operations Committee, The Provincial Food and Organic Waste Policy indicates that Ontario municipalities (20,000-50,000 population) establish a target of 50 per cent waste reduction and resource recovery of food and organic waste generated by single-family dwellings in urban settlement areas by 2025; the preferred method to achieve this is curbside source-separated organics collection.

As such, staff recommended to the Operations Committee to include source-separated organics collection and disposal in the waste management contract request for proposal (RFP)

**The RFP was created using feedback from the Operations Committee and the Council-endorsed 2023 Waste Management Strategy (WMS).**

The RFP was posted on March 14, 2024, in compliance with the City's Purchasing By-law and closed on April 22, 2024, with three (3) compliant bids received. The RFP (Attachment 3 - RFP Document) was created using feedback from the Staff reports at the Operations Committee previously identified in the above previous reports section and the 2023 WMS.

It is important to note that although the current waste management contract extension does not end until May 31, 2025, Staff worked to have the RFP issued well ahead of that operational date to allow an ample amount of time (approximately 12 months) to accommodate communications, education, and the successful proponent's operationalization of a new long-term waste management contract that potentially could have new methods of collection and service offerings.

The RFP identified that the City is considering several variations of services, including potential changes to the frequency of pick-up, manual versus automated pickup, and the possible addition of a separate organics collection program. These factors created a complex RFP document and submission process.

**Term:**

The RFP included a term of eight (8) years commencing June 1, 2025, with an option to extend the agreement for an additional term of up to two (2) 12-month extensions. Although eight years is a considerable amount of

time, Staff learned that with specialized fleet requirements, bidders would be better positioned with longer-term contracts to assist in the amortization of that fleet and thus potentially have a more beneficial pricing effect on the City.

### **Evaluation Criteria:**

Proponents could submit proposals for manual and automated waste collection (curbside carts). Additionally, bidders could bid on source-separated organics manual and automated collection as an optional addition to the City's waste management program.

Both service levels were scored separately. The City evaluation team evaluated all proposals using the following criteria:

- Background, relevant experience, and references;
- Innovation and Sustainability
  - Environmental considerations such as green fleet initiatives, alternative fuels, and commitment to sustainable practices and environmental impact;
- Winter Operations
- Communication Plan;
- Facilities and Equipment; and
- Implementation and Operation.

### **Analysis:**

As specified, the RFP included several service levels, including potential changes to pick-up frequency, manual versus automated pickup (cart system), and the possible addition of a source-separated organics (SSO) collection program.

Three Proponents responded to the RFP with varying options and costs for curbside solid waste and SSO collection.

The RFP Submission review utilized a two-stage evaluation process wherein the technical proposals were reviewed and scored based on technical merit, including the abovementioned evaluation criteria. After the technical scores were established, the annual costs were factored in, where the lowest price was assigned the most points, and vice versa. The evaluation of costs was based on the cost for bi-weekly solid waste collection as this represents the

current level of service adopted by Council and represents the service that must be Awarded for June 1, 2025 as a minimum. The other items included as options were not included in this evaluation and will be added subject to Council approval. The outcome yielded a combined score (to a maximum of 130 points) for each proponent as follows:

<b>Proponent</b>	<b>Service Level</b>	<b>Combined Score</b>	<b>Year 1 Pricing (before tax)</b>
Miller Waste Systems Inc.	Manual Co-Collection	119	Solid Waste - \$692,805.21 SSO - \$618,690.24 Total - \$1,311,495.45
Proponent #2	Automated Collection	86	Solid Waste - \$1,542,303.40 SSO - \$1,014,426 Total - \$2,556,729.40
Proponent #3	Automated Collection	79	Solid Waste - \$1,674,259.00 SSO - \$297,296.00* Total - \$1,971,555

\* Proponent 3 did not submit pricing for weekly collection of source-separated organics

The optional costs for enhancing solid waste collection from bi-weekly to weekly ranged from an additional \$381,000 to \$1,665,450.

The optional costs received for the weekly compost collection from May 1 to October 31 and for the bi-weekly collection from November 1 to April 30 ranged from an additional \$367,900 to \$448,480.

The Proposal Review Committee recommends awarding the RFP to Miller Waste Systems Inc. as the highest-ranked proposal meeting the City's requirements. The services that Miller Waste Systems Inc. will provide are as follows:

### **Solid Waste Collection and Disposal**

Staff recommends continuing bi-weekly solid waste collection and disposal. The collection method will continue to be manual.

## **Source-separated Organics**

**A curbside Source-Separated Organics (green bin) program encourages residents to recycle food scraps and yard waste. It offers a more accessible solution than backyard composting by managing more significant volumes of waste, including materials unsuitable for backyard systems.**

As detailed in the previous curbside waste collection reports presented to the Operations Committee, the Food and Organic Waste Policy stipulates that Ontario municipalities with populations ranging from 20,000 to 50,000 are encouraged to set a goal of achieving a 50 per cent reduction in waste and recovering resources from food and organic waste generated by single-family homes in urban areas by 2025. The primary approach recommended for attaining this objective is implementing curbside organics collection programs.

Staff also considered backyard composting. Composting alone is insufficient to meet the ambitious waste reduction targets in the Food and Organic Waste Policy. Not all households can participate due to limited space, interest, or knowledge, and backyard composters often can't handle the volume or types of organic waste generated.

Another limitation of backyard composting is its seasonal nature, especially in regions with harsh winters like Owen Sound. During winter, composting activity significantly decreases or halts altogether due to freezing temperatures and snow cover. This seasonal constraint reduces the effectiveness of backyard composting as a year-round solution for managing organic waste, highlighting the need for source-separated organic curbside collection to ensure continuous waste diversion efforts.

In addition, by diverting organic waste from landfills, source-separated organics composting helps mitigate greenhouse gas emissions and contributes to climate change mitigation efforts, which aligns with the Council's Climate Action work and the City's Strategic Plan Refresh—Green City.

Weekly curbside source-separated organics collection enhances the regular disposal of organic waste, eliminating worries about organic waste overflow or odours between collections and minimizing pests like rodents and insects. Offering a weekly collection, as opposed to a bi-weekly collection, has the greatest opportunity to increase uptake in usage, helping the City meet a

target of 50 per cent waste reduction and resource recovery from food and organic waste generated by single-family homes in urban areas by 2025.

Based on the review of the submissions received and associated costs, staff recommends implementing weekly collection and disposal of source-separated organics. The collection method will be completed manually and will require the initial provision of a kitchen catcher and a 45L green bin. The cost of the service and the purchase of the bins are outlined in the financial implications section below in the chart titled one-time costs associated with year one.

**Downtown and Surrounding Area Garbage Can Collection cannot be added to the City's existing garbage collection program.**

This RFP did not include the three-times-a-week collection of 62 garbage cans in the downtown core and an additional 17 high-traffic areas of the City that were previously included in the solid waste collection agreement. Including this service would have had the potential to deter companies that only collect waste using automatic trucks from submitting a proposal or would have required an additional vehicle to be deployed over and above their regular fleet.

Staff have commenced a review of whether this service can be completed in-house or contracted out. It should be noted that the current collection of these on-street cans continues until June 2025 under the current contract.

**Communication and education for a new Waste Management contract requires additional resources to implement the contract successfully.**

Staff proposes developing a work plan that covers the time between the award date and shortly after the program's implementation (September 2025) to promote the proposed changes to the City's waste management program and work toward the diversion targets in the Food and Organic Waste Policy.

The program can consist of temporary staffing or provide services by a third party (or a combination) to allow for a communications plan, including but not limited to education, advertising, public information centres, community outreach, etc.; currently, there is no capacity in work plans for existing staff to conduct a successful exercise. Staff proposes an upset limit of \$50,000 for these activities. The contracted third party or temporary staffing position



would last approximately 6-12 months. The potential funding source for this request is identified in the financial implications section below.

**Bag tag fees do not fully offset the current costs of curbside waste collection, and the City could explore other funding options to pay for this service.**

The City currently utilizes the pay-as-you-throw or consumption-based model for curbside waste collection (bag tag program) to help offset waste collection costs. However, alternatives for waste collection fees could be explored, such as eliminating bag tags and incorporating quarterly payments into water bills or increasing property taxes. For example, if costs were recovered through a City based billing system (a common practice in other Ontario municipalities), the applicable customer would see a charge included for waste collection and disposal on their tax or water/wastewater bill of approximately \$175 per year or \$43.75 per quarter. This method would eliminate bag tags as the waste and green bin costs would be equally shared amongst users.

While water and tax bill payments might offer added convenience for certain residents, this approach also has drawbacks. Transitioning from the bag tag system to directly billing residents through their water or tax bills can reduce accountability among some residents, potentially diminishing their incentive to reduce or divert waste, placing an unjust burden on those who produce less waste, and subsidizing those who generate more.

Although maintaining the existing consumption-based cost recovery system compared to managing waste collection fees on an equal cost basis through property taxes or water billing, using bag tags or another system such as dedicated coloured bags, such as the County of Wellington ([Curbside Collection - SWS - Wellington County](#)) should be reviewed at least every three years, staff will recommend that Council direct staff develop a policy allowing Council to approve garbage bag tag costs based on a percentage of curbside waste collection fees.

## **Financial Implications:**

The annual operating budget funds the city's waste management program. Annual expenditures for solid waste collection are offset by revenues generated from the sale of bag tags; however, the revenues only recover approximately 66 per cent of the program costs. The costs of bag tags have

remained the same since 2011, while the annual solid waste collection expenses have increased by 90 per cent.

The four tables below note the proposed annual and one-time costs of implementing the recommended waste management program through to the complete implementation in 2026, broken out by service. The remainder of the agreement's term covering 2027-2033 will increase annually by a combination of the average Consumer Price Index and Diesel Fuel Adjustment.

### **1. Solid Waste Collection Bi-Weekly Manual (Garbage Bags)**

The year-one price for solid waste collection and disposal is \$692,805.21 before tax, starting on June 1, 2025. The table below shows the annual costs for the partial implementation in 2025 and the annualization of the program in 2026. These values are subject to change based on the tonnage collected and disposed of.

<b>Description</b>	<b>2024 Budget (Approved)</b>	<b>2025 Budget (Forecast)</b>	<b>2026 Budget (Forecast)</b>
Solid Waste Collection and Disposal	\$680,000	\$694,600	\$717,350

### **2. Source-Separated Organics Collection (Green Bin)**

The City does not currently provide SSO collection. The WMS estimated the implementation of this service to be between \$450,000 and \$890,000 annually (excluding one-time cart/bin purchases).

As such, \$350,000 resulting from the transfer of recycling costs from the City to Circular Materials (producers) was not removed from the 2024 operating budget to maintain the historical baseline waste management funding before the anticipated commencement of SSO collection in the 2025 budget. Neither the Waste Management Strategy nor the current annual operating budget anticipated revenues from this program.

The year-one price for weekly source-separated organics collection and disposal, which would start on June 1, 2025, is \$618,690.24. The table below shows the annual costs for the partial implementation in 2025 and the

annualization of the program in 2026. These values are subject to change based on the tonnage collected and disposed of.

<b>Description</b>	<b>2024 Budget (Approved)</b>	<b>2025 Budget (Forecast)</b>	<b>2026 Budget (Forecast)</b>
Source Separated Organics Collection and Disposal	\$350,000 (will be transferred to reserve)	\$367,300	\$640,600

### **3. Total Curbside Collection Gross Costs - Solid Waste and SSO**

As identified above, 2026 represents the first full year of the new waste management program, after which the CPI and Diesel Fuel adjustments will be applied annually. The 2024 approved budget is provided to understand current baseline funding, and 2025 is shown to represent the costs of the program that commences on June 1, 2025, and will become annual after that date.

<b>Description</b>	<b>2024 Budget (Approved)</b>	<b>2025 Budget (Forecast)</b>	<b>2026 Budget (Forecast)</b>
Solid Waste	\$680,000	\$694,600	\$717,350
SSO	\$350,000	\$367,300	\$640,600
<b>Total (Gross)</b>	<b>\$1,030,000</b>	<b>\$1,061,900</b>	<b>\$1,357,900</b>

The forecasted 2024 garbage bag tag revenue (at \$2.50/tag) is \$448,400, which offsets the \$680,000 in current solid waste collection and disposal costs. The remainder of the solid waste collection and the baseline spending for the implementation of SSO is \$581,600, which is funded by taxation. An additional \$31,900 (.09% base tax rate increase) in funding is required in 2025, and a further \$296,000 (.82% base tax rate increase) in funding is needed in 2026.

If this contract is endorsed and approved, residents can use two alternate waste streams (Blue Bin and Green Bin) in addition to traditional garbage bags that require bag tags. Therefore, waste management levies or increased consumption fees (bag tags or alternative bags) could further

offset the annual cost increases. Additionally, reserve funding can be considered to offset the immediate burden on the tax-supported operating budget. Staff recommends completing the bag tag fee policy for the 2025 budget deliberations to reduce the tax levy requirement for 2025 and beyond and will also recommend supplementing any adjustments to the bag tag fees through additional funding from the Garbage Equipment Reserve balance once the project bag tag revenues and one-time costs below have been finalized.

#### **4. One-Time Costs Associated with Year One**

The City's Waste Management Strategy estimated the cost of purchasing and distributing the SSO carts to be approximately \$600,000. Capital Project 25S.1, as approved in the 2024-2028 Multi-year Capital Plan, is funded by the City Garbage Equipment Reserve. The funding necessary to supply and deliver the bins required for the SSO program by the highest-scoring proponent is \$273,500.

In addition to the cost for the supply and delivery of the bins, and as identified in the analysis section above, staff are proposing that \$50,000 be allocated toward marketing and implementation support to reflect the proposed changes to the new curbside waste management contract.

It is also recommended that the required funding be allocated from the City Garbage Equipment Reserve, which will have a balance of approximately \$1 million at the end of 2024 due to the source-separated organics program not commencing until June 1, 2025.

The difference between the required \$323,000 for one-time costs and the reserve balance will remain in this reserve, leaving a balance of approximately \$650,000.

The table below summarizes the one-time costs of implementing the new waste management program.

<b>Description</b>	<b>2025 Budget (Forecast)</b>
SSO Carts & Kitchen Bins	\$273,500
Marketing & Implementation Support	\$50,000
<b>Total</b>	<b>\$323,500</b>

**In summary, awarding the new curbside waste management contract will result in an annual operating gross cost of \$1,357,934 or an increase of \$327,934 from the current waste management program.**

This contract includes:

- Bi-weekly curbside pick-up for the East and West sides
- Weekly curbside pick-up for the Downtown Core
- Weekly curbside SSO (Green Bin) pick-up

Before the transition to the producer-funded recycling program, the waste management costs, which included bi-weekly curbside pick-up for the East and West sides and bi-weekly blue bin pick-up, had an annual operating gross cost of \$1,113,005. Annual waste management program costs increased by approximately 4% per year between 2013 and 2022 before experiencing a large increase in 2023. Bag tags, marketing, and grant revenues offset the gross costs.

### **Communication Strategy:**

The above-noted proposal was posted on the City's Bids and Tenders webpage on March 14, 2024, in compliance with the City's Purchasing By-law to be accessible to all potential bidders.

A complete communication plan will be developed in coordination with the successful proponent before the new curbside waste program is implemented.

### **Consultation:**

Manager of Engineering Services  
Manager of Corporate Services  
Supervisor of Environmental Services  
Purchasing and Claims Coordinator

**Attachments:**

Attachment 1 - 2024 Waste Collection Calendar

Attachment 2 - Downtown Core Map

Attachment 3 - RFP Document

**Recommended by:**

Heidi Jennen, Supervisor of Environmental Services

Chris Webb, Manager of Engineering Services

Bradey Carbert, Manager of Corporate Services

Kate Allan, Director of Corporate Services

**Submission approved by:**

Tim Simmonds, City Manager

For more information on this report, please contact Bradey Carbert, Manager of Corporate Services at [bcarbert@owensound.ca](mailto:bcarbert@owensound.ca) or 519-376-4440 ext. 1240.