

Landfill and Small Vehicle Transfer Station Operating Contract Term

Presented To:	Operations Committee
Meeting Date:	May 21, 2024
Type:	Managers' Reports
Prepared by:	Aziz Rehman Environmental Services
Recommended by:	General Manager of Growth and Infrastructure

Report Summary

This report seeks approval to post the multi-year landfill and small vehicle transfer station operating contract for an initial term of seven (7) years with three (3) additional one (1) year optional extensions.

Resolution

THAT the City of Greater Sudbury authorize Staff to issue a competitive procurement for the next landfill operating contract, which allows for a contract term of seven (7) years with three (3) additional one (1) year extension options as outlined in the report entitled “Landfill and Small Vehicle Transfer Station Operating Contract Term” from the General Manager of Growth and Infrastructure, presented to the Operations Committee on May 21, 2024.

Relationship to the Strategic Plan, Health Impact Assessment and Climate Action Plans

This report refers to operation matters.

Financial Implications

There are no financial implications associated with this report.

Background

The City of Greater Sudbury owns the following landfill and waste diversion sites, and a small vehicle transfer station:

- Sudbury Landfill and Waste Diversion Site;
- Azilda Landfill and Waste Diversion Site;
- Hanmer Landfill and Waste Diversion Site, and
- Walden Small Vehicle Transfer Station & Waste Diversion Site.

The site operations are contracted to a third-party service provider. The Service Provider is solely responsible for the complete day-to-day operations of the sites in a manner acceptable to the City and in compliance with all applicable laws.

The service provider is selected through a competitive bidding process in accordance with the City's Purchasing By-Law. The Purchasing By-law limits the term of multi-year contract terms to no greater than five (5) years when the annual acquisition cost is expected to be \$100,000 or more, unless otherwise approved by Council Resolution.

The current landfill and small vehicle transfer station contracts have a term of five (5) years, and that term will end on May 30, 2026. Staff are working to prepare a new tender document for posting in early 2025.

In an effort to benefit from the most advantageous pricing, Staff recommend extending the contract term to seven (7) years with three (3) additional one (1) year extension options. A longer contract term will allow bidders to amortize their financial investments in equipment over a longer period and fully depreciate its value over the life of the contract.

Analysis

Site Operations:

In previously posted competitive bids to complete landfill and small vehicle transfer station operations, Staff have employed strategies that allow for competitive opportunities from various sized businesses, and operational efficiencies. Some strategies involve the pooling of equipment and other resources between sites where feasible. Another includes allowing bidding of individual sites as well as combinations of sites. As an example, the current landfill operating contract invited bids for four separate opportunities as listed below:

Bid 1: Walden Small Vehicle Transfer Station & Waste Diversion Site

Bid 2: Azilda and Hanmer Landfill and Waste Diversion Sites

Bid 3: Sudbury Landfill and Waste Diversion Site

Bid 4: Operation of All Sites listed above.

Machinery and Equipment:

The City does not provide any machinery or equipment for the operation of the sites. The service provider supplies and maintains all machinery and equipment required to operate and provide the service. The equipment may be new or used provided it is in good working condition.

A list of the minimum machinery and equipment required to operate the sites is provided in Appendix A. Some of the machinery and equipment used to operate the sites is very expensive. Therefore, the service provider requires a sizable financial commitment to fulfill the contract obligations. Proving bidders the opportunity to amortize equipment over a longer contract term is a potential cost-saving strategy that has not previously been employed in the landfill and small vehicle transfer station operating contracts.

Potential Cost Savings:

It is difficult to determine to what extent the length of the contract term may impact the overall cost of landfill and small vehicle transfer station operations. However, discussions with service providers and the Auditor General support the concept that longer term service agreements are more likely to result in increased competition and cost-efficient bidding.

Next Steps

If approved, Staff will draft the landfill and small vehicle transfer sites contract with an initial term of seven (7) years from May 31, 2026, to May 28, 2033, and three (3) additional one (1) year optional extensions from May 29, 2033, to May 31, 2036. The competitive procurement will be posted in early 2025 and the resulting bids will inform future budget deliberations.

Conclusion

The City is committed to procuring quality cost-efficient services. Staff are seeking further opportunities for efficiencies that may translate into cost savings in the up-coming landfill and small vehicle transfer station operating contract. A longer term contract has been identified as a potential strategy that can be employed to contain costs in the upcoming contract bidding process.

Resources Cited

Purchasing By-Law 2014-1 (Consolidated) available at:

<https://www.greatersudbury.ca/city-hall/by-laws/by-law-pdfs-en/c-by-law-2014-1/>