

# **Stewardship Ontario**

## **Effectiveness and Efficiency Fund**

### **Application # 214 - Joint Solid Waste/Blue Box Collection for Six Northern Municipalities in York Region**

#### **Final Report**

**March 2007**

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## 1. **Introduction**

The Northern Six (N6) Municipalities of the Region of York consisting of Aurora, East Gwillimbury, Georgina, King, Newmarket and Whitchurch-Stouffville jointly issued an RFP for the Collection and Haulage of Collectible Waste. The stated goal of this joint effort was to maximize solid waste and blue box collection efficiencies and minimize solid waste/blue box collection costs while introducing new waste diversion initiatives (SSO) to divert a minimum of 65% of waste from landfill by 2010.

The N6 Municipalities joined together to engage the services of a consultant to assist them in the preparation of a collaborative RFP and the evaluation of submissions received. As part of the planning for the issuance of the RFP for the Collection and Haulage of Collectible Waste, a request for financial assistance was submitted to the Effectiveness and Efficiency Fund of Stewardship Ontario. The Application (#214) was accepted by Stewardship Ontario on June 23, 2006 and this report addresses the conditions of that approval. The successful joint waste collection RFP resulted in savings exceeding one million dollars per year including savings for recycling collection averaging 21% for the respective municipalities over the current individual municipal costs and will also result in further savings through shared administration and contract supervision between the N6 municipalities.

## 2. **Process to Develop and Evaluate RFP**

As with any project of this size (10-year contract in excess of 60 million dollars) co-ordination is a major requirement to ensure a successful outcome. Indeed, when the project is a joint effort of

6 adjacent, yet very diverse, municipalities, co-ordination is imperative. There are a number of levels of co-ordination required in an undertaking of this order, including:

- (a) Municipal Councils;
- (b) top Municipal administrators (in this instance C.A.O.'s); and
- (c) Municipal technical personnel (in this instance Public Works Directors or Managers).

Although the ultimate decisions are made by the Municipal Councils, the key success of this project was the collaboration and co-operation among the C.A.O.'s. Although the concept of joint efforts in matters such as this project can come from Council or the technical staff, without the commitment of the C.A.O.'s there is no energy or drive to cause the matter to move forward. The C.A.O.'s must also be willing to take some risk because the nature of this type of joint arrangement is that everybody gives up a little so that the total group can achieve greater gains. For example, to be effective, the C.A.O.'s must provide the technical staff with clear direction on the goals and objectives of the project and guide their Councils in moving these projects forward.

**CRITICAL POINT NO.1**

***Success of a project that requires the coordinated efforts and direction of a number of municipalities can only be achieved if the top administrative levels are committed to the project and willing to take certain risks to see the project through to its end.***

The process to develop this co-ordinated effort can be summarized as follows:

- 1) Establish the project as a priority and receive Municipal Council approval to move forward with the project;

- 2) Senior management (CAOs) to take ownership and agree on the project's objectives and direction;
- 3) Establish a Technical Working Committee (TWC) of Public Works Directors or Managers;
- 4) Hold a "Kick-off" meeting with all CAO's and the TWC to provide direction to the TWC;
- 5) Assign one or more members of the TWC to assume ownership or responsibility for the product of the Committee;
- 6) Frequently invite the appropriate TWC members to the CAO Meetings to keep everybody "in-the-loop".

### **Identification and Resolution of Issues**

It is important to understand that a project of this magnitude will require the identification and resolution of numerous and varied issues. The Municipalities (in our case) must realize that the project is a collaborative process and that each participant may have to give up something so that the group, as a whole, gains. For example, the municipalities agreed on a common level of service to be provided by the contractor across the 6 municipalities. While this meant a change to some municipal service levels and additional costs, the N6 recognized that agreeing on a common level of service would provide greater efficiencies and economies of scale for the group as a whole.

The first issue, or discussion point, is the need for outside consultant help.

#### **CRITICAL POINT NO. 2**

*The first issue is to decide on the need for outside consultative help.*

It was determined very early that generation of an RFP of this magnitude, especially with the number of different municipalities involved, required the assistance of outside consultative assistance.

The second issue to be determined is the type of agreement(s) to be entered into. There is the contract between the municipalities and the contractor, which would be common to all the municipalities. Additionally, there is an agreement between the municipalities to bind them to the process.

In addition to the Contract, a Governance Charter and Memo of Understanding were drafted. These agreements provide guidance to the Municipalities and the Contractor with respect to their responsibilities under the Contract and how they will work with each other co-operatively to administer the Contract and resolve disputes.

Additionally, it is imperative that the individual municipalities clearly identify specific aspects of their waste collection and haulage programs that must find their way into a new contract. Some of these aspects would include:

- i. those elements of the existing contracts that will be eliminated;
- ii. upgraded or reduced service level changes;
- iii. those areas where economy-of-scale can be utilized to achieve savings;
- iv. those areas where joint efforts will provide benefits to the participating municipalities either in reduced costs or reduced staff areas. Some of these areas would include the manner of dealing with complaints/questions or requests, centralized contract

administration, centralized contract monitoring and the need to maintain municipal boundaries as they relate to waste collection routes.

With respect to centralized administration of the collection contract, it was felt two levels of administration were required. Individual municipalities should be free to administer the collection contract for day-to-day elements that do not directly impact on the other municipalities that are a party to the contract. Examples would be situations such as missed collections or complaints of missing/damaged waste bins. On the other hand, situations which may result in cost implications to any or all of the municipalities participating in the contract cannot be directed, or dictated, by an individual municipality. In this regard, the contract administration must be such that no action can be taken unilaterally that will adversely impact any of the other municipalities. To ensure a spirit of cooperation between the municipalities, language is to be incorporated into a governance agreement that will govern how the municipalities manage the contract and their relationship with each other.

Further to the above, the N6 have centralized the call centre and it will be managed by the Contractor through a 1-800 telephone number that will be advertised on all municipal waste management promotion and education material.

**CRITICAL POINT NO. 3**

***There must be two levels of contract administration that allows for individual municipalities to deal with day-to-day activities yet precludes action from one municipality adversely impacting any of the other participating municipalities.***

As indicated earlier, the maintenance of municipal boundaries as they relate to waste collection routes is an early issue to be dealt with. From the perspective of this project, it was determined

that municipal boundaries should not be a deterrent to efficient routing design. In situations where cross border collections are proposed, a process to ensure each municipality pays their appropriate share of the collection costs must be developed. The process will direct the contractor to inform the municipalities of situations where collection of waste across a municipal border provides efficiencies. If the municipalities agree to the contractor's request, the number of houses on either side of the boundary will be determined, the tonnage divided by household and allocated back to the respective municipality.

**CRITICAL POINT NO. 4**

*Municipal boundaries should not form a barrier to efficient routing.*

**Cost Allocation Mechanisms**

As noted above, efficient routing design should not be deterred by municipal boundaries and each municipality should pay their appropriate amount. With respect to this contract, cost sharing occurs in two major ways – overtly and covertly.

Covert cost sharing is the service-in-kind type of cost sharing that occurs within the workings of the various committees that are necessary to complete a project of this magnitude. It is imperative that all municipalities participate fully in an undertaking of this magnitude, that each municipality has an equal vote in and contribution to the development of the project so that consensus is reached on all matters

**CRITICAL POINT NO. 5**

*It is imperative that all municipalities participate fully in an undertaking of this magnitude and that the individual members of the various committees ensure all members are afforded the opportunity of equal participation.*

There are also instances where the municipalities must financially share the cost (overt cost sharing) of doing business under this contract. With respect to this contract, cost sharing is required for the following matters:

- i. Consultative Assistance;
- ii. Promotion/Education; and
- iii. Contract Supervision.

It was determined that cost allocation for consultative assistance would be based on the proportion of tonnage to be collected in each municipality. The promotion/education costs were proportioned based on a standard amount per household in each of the municipalities. Supervision of the contract was another issue that the six municipalities had to deal with. To date, only 3 of the six municipalities had a staff member dedicated to supervising their waste collection program. To achieve effective and efficient supervision of the contract, the respective municipalities decided to pool the 3 dedicated staff persons to form a waste supervisory team that will monitor the daily activity of the contract. The cost of the supervisory team will be shared among the six municipalities according to tonnages.

### 3. **Conclusion**

There are a number of issues that must be addressed in order to ensure a successful outcome for the development of a joint regional waste collection contract. The issues can be summarized as follows:

- A coordinated commitment from Council and Senior Management of the participating municipalities;

- Establishment of a cooperative technical working team including applicable outside expertise;
- Agreement from the participating municipalities to harmonize service levels wherever possible;
- Development of a clear and concise waste collection RFP that minimizes pricing options and provides a guaranteed level of work;
- Where possible, allow the proponent to find efficiencies to reduce costs e.g. balancing routes across municipal borders;
- Reduce administration costs by appointing one representative to manage contract administration duties and pooling resources such as municipal contract supervisors;
- Establish internal guidelines that identify how the municipalities will work together and resolve issues.

It is well worthwhile dealing with these issues because the Northern Six municipalities of York Region have managed to achieve an overall average cost saving of 14% by jointly issuing an RFP for the collection and haulage of collectible waste. This saving is all the more impressive when it is realized it was achieved despite the introduction of a new weekly collection program for kitchen organics and increased levels of service for the collection of recyclable and yard waste materials (although the level of service for landfill material collection will be reduced) .