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DURHAM-YORK RESIDUAL WASTE ENVIRONMENTAL ASSESSMENT STUDY PRINCIPLES FOR EVALUATION OF PROPOSALS FROM PRE-QUALIFIED VENDORS OF ENERGY FROM WASTE TECHNOLOGIES

The Solid Waste Management Committee recommends the adoption of the recommendation contained in the following report, September 25, 2008, from the Commissioner of Environmental Services:

1. RECOMMENDATION

It is recommended that:

1. Regional Council endorse the principles for evaluation of proposals for the design, construction and operation of the proposed Durham-York energy from waste facility, included as *Attachment 1* to this report.

2. PURPOSE

This report outlines principles for evaluation of proposals from pre-qualified vendors for the design, construction and operation of the proposed joint Durham-York energy from waste facility.

3. BACKGROUND

Clarington 01 Site selected as preferred site for energy from waste facility

Commencing in 2005, York and Durham jointly undertook to complete an Environmental Assessment project focused on consideration and evaluation of long-term solutions for disposal of waste remaining after diversion. The Durham-York Residual Waste Environmental Assessment Study (EA) has been conducted in accordance with Terms of Reference for the project approved by the Ontario Ministry of the Environment.

Extensive consultation with the public and various stakeholders continues to be a core element of the project. Consultations are undertaken at major steps and decision points in the EA study and have proven to be an important tool shaping the processes carried out under study to reflect the values and priorities of the public.

The EA evaluated a wide range of technology options for management of residual waste with energy from waste (i.e. incineration coupled with energy recovery) selected as the preferred approach. The siting component of the EA included evaluation and weighting of a wide variety of local considerations for candidate properties within the two Regions.

The Clarington 01 Site, located near Osbourne Road and Highway 401 in Durham was selected as the preferred location for an energy from waste facility based on a relative balance of advantages over disadvantages in comparison with other candidate sites.

Identification of vendor needed to complete approvals process

Given that the core technology elements of energy from waste facilities are proprietary systems, the EA project is now at a point where it is necessary to identify and retain a vendor to commence design work required to complete approvals applications for the proposed facility. Subject to obtaining the necessary approvals and proceeding with the project, the selected vendor would then be in a position to progress with construction and operation of the facility.

The Ontario Provincial Government's commitment to cease transport and disposal of municipal solid waste at landfills in Michigan by the end of 2010 has heightened the importance of timely completion of the EA study.

York Region is an equal partner in completion of the EA study and plans to contribute 21.4% to the capital costs of the energy from waste facility. Further, Durham and York have agreed that York Region will have the right to increase its ownership share by expansion of the facility in the future, if necessary to meet York's long-term residual waste management needs.

Council endorses project approach

On January 24, 2008, Council adopted the following:

- Clause 1 of Report No. 1 of the Solid Waste Management Committee, approving the recommendation of Clarington 01 in Durham Region as the preferred site location for the Durham-York energy from waste facility for submission to the Ministry of the Environment as part of the Individual Environmental Assessment (IEA).
- Clause 2 of Report No. 1 of the Solid Waste Management Committee, endorsing the short list of pre-qualified vendors of thermal waste treatment technologies and the subsequent issuance of a Request for Proposals by Durham Region for the design, construction and operation of a thermal waste treatment facility subject to Durham Council approval.

On March 27, 2008, Council adopted Clause 1 of Report No. 2 of the Commissioner of Environmental Services outlining principles for the joint venture with Durham Region and authorizing staff to develop a Memorandum of Understanding for managing the completion of the EA studies; development of the Request for Proposals and the administration of the construction, operation and expansion of the future facility.

4. ANALYSIS AND OPTIONS

Since inception of the project in 2005 Durham and York staff have retained a team of consultants engaged in project management and oversight; legal and financial analyses; technical evaluation, specification development and conducting studies related to the Environmental Assessment process. They have also led the process for engaging a contractor to design, build and operate the energy from waste facility.

Vendor Pre-qualification and Request for Proposals

Durham's Procurement Department acts as the lead in the vendor selection process with input from Technical, Legal and Financial teams that include staff from both York and Durham. The two step process included a Request for Qualifications (RFQ) that resulted in a short list of pre-qualified vendors in January 2008 and the release of a Request for Proposals (RFP) to the pre-qualified vendors in August 2008. Staff developed evaluation criteria to assure fair and equitable consideration of proposals during the proposal review process that will take place in early 2009.

KPMG Consultants, retained as a fairness monitor, reviewed the recommended principles and will participate in the development of appropriate procedures and forms, as well as monitor evaluation of the proposals.

Evaluation of RFP Submissions

The Durham Region Clerk will receive proposals and record names of RFP respondents at the public proposal opening following the date and deadline for submissions. No other information will be revealed at the meeting.

Durham Purchasing will conduct an initial review of the RFP submissions to confirm compliance with bidding requirements and mandatory criteria. Following this evaluation, compliant submissions will then be forwarded to the expert Technical and Financial teams for evaluation against pre-established rating criteria. Mandatory criteria include:

- receipt of submissions from five pre-qualified vendors only;
- on time submission of proposals; and
- correct use of required forms.

Evaluation criteria include a weighted balance of:

- technical strength of the proposal;
- commercial, capital and operating cost considerations; and
- project delivery capabilities of the vendor.

Attachment 1 presents the principals for evaluation of proposals, which will provide the basis for development of more comprehensive review procedures and guidance for development of forms for reviewers involved in evaluation of RFP submissions.

The Durham-York EA project team makes use of in-house staff and external expert consultants to ensure appropriately qualified resources are efficiently applied to the project tasks to meet required timelines. As a sub-group of the overall project team, a procurement group has been formed with in-house personnel representing both Regions. These in-house staff are supplemented by external expert resources. Staff from York and Durham Region will continue to work closely to coordinate resources necessary to suit the work load of the upcoming procurement activities and in particular, the intensive task of evaluating of proposals.

Anti-Lobbying Provisions

To ensure complete fairness to all vendors, suppliers, consultants, staff and elected officials, the anti-lobbying clause from the RFQ, presented in *Attachment 2*, remains binding on the short listed vendors, as respondents to the RFQ, for the duration of the RFP process. Anti-lobbying provisions require all vendors or proponents to only direct questions or concerns to the designated contact person, identified as Durham's Director of Purchasing.

Timeline Going Forward

The following briefly summarizes several of the key schedule milestones anticipated for the remaining phases of the project:

Activity	Timing
Site-specific EA/EPA studies and investigations	Currently in progress
Issuance of RFP	August 22, 2008
Close of RFP	January 15, 2009
RFP Evaluation Period	January 15, 2009 to April 15, 2009
Recommendation of Preferred Vendor to Regional Councils and decision to proceed	April/May 2009
Negotiation of Final Project Agreement and recommendation to Regional Councils	Within 180 days after RFP close
Execution of Design, Build, Operate Contract	Within 60 days after Regional Councils approval

Completion of EA/EPA studies and submission of applications for approval (subject to approval of Regional Councils)	Early Summer 2009
Ministry of the Environment (MOE) Review	mid-2009 to early 2010
Commencement of Construction	Following regulatory approvals

5. FINANCIAL IMPLICATIONS

There are no direct financial implications associated with the recommendations contained in this report. Costs associated with preparation of the RFP, retention of consultants and the fairness monitor were allocated within the approved project budget. York and Durham staff will report on the outcome of the Requests for Proposals and present a preliminary budget to their respective Councils in Spring 2009. Following the finalization of the approvals submissions and other elements of the “Early Works” phase of the project, staff anticipate presenting the final capital and operating budgets to Councils along with the recommendation on the final project agreement.

6. LOCAL MUNICIPAL IMPACT

York Region is responsible for disposal of municipal solid wastes generated in its nine member municipalities. York Region can illustrate through development of principles for fair evaluation of energy from waste proposals that it will deliver the best technology at the best value for this project on behalf of its local municipalities. York’s involvement in the energy from waste program will ensure that York Region retains multiple sustainable waste management options as future technology evolves.

7. CONCLUSION

Durham and York must maintain a clear and transparent process in the evaluation of proposals received from potential vendors. The evaluation principles outlined in *Attachment 1* provide a framework for developing procedures and forms for evaluation of specific aspects of the proposals in a manner that allows fair assessment and provides the Regions with the best value in state-of-the-art thermal processing technologies.

For more information on this report contact Neil MacDonald, Engineer of the Solid Waste and Administration Branch at 905 830 4444 x 5713 in the Environmental Services Department.

The Senior Management Group has reviewed this report.

(The attachments referred to in this clause are included in this report.)