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YORK REGION TRANSIT
WASTE-RECYCLING RECEPTACLE PROGRAM
PROPOSED CONTRACT AWARD

The Transportation Services Committee recommends the adoption of the recommendations contained in the following report, dated October 24, 2011, from the Commissioner of Transportation Services.

1. RECOMMENDATIONS

It is recommended that:

1. Council authorize the execution of a contract with Creative Outdoor Advertising for the supply, installation and maintenance of waste-recycling receptacles with advertising at transit facilities for a period of fifteen years in accordance with Request for Proposal No. P-10-67B with revenue of \$325,000.
2. The General Manager, Transit, be authorized to purchase additional waste-recycling receptacles, maintenance and removal/relocation services in accordance with contract provisions on behalf of the Region to meet future requirements, subject to funding availability.
3. The Regional Chair and Regional Clerk be authorized to sign the necessary agreements, subject to terms and conditions acceptable to the Commissioner of Transportation Services, and the approval of Legal Services as to form and content.

2. PURPOSE

This report seeks authorization to execute a contract with Creative Outdoor Advertising for the supply, installation and maintenance of waste-recycling receptacles with advertising at transit facilities for a period of fifteen years, to February 4, 2027, on the terms and conditions outlined in this report.

3. BACKGROUND

The objective of the program is for the Region to secure waste-recycling receptacles and possible maintenance services at no cost, as well as revenue opportunities from private sector contractors. The Region would permit the same private sector contractor to advertise on designated waste-recycling units at transit stops to recover their costs.

Since 2007, seven reports have been submitted to Council regarding the procurement process and content and the design approval for the street furniture and waste recycling receptacle programs

Seven reports have been submitted to Council regarding the Co-ordinated Street Furniture Program. The following highlights some of the key items of the reports:

- June 2007 – Staff authorized to issue a Request For Proposals (RFP) for the supply, installation, maintenance and associated revenue opportunities for co-ordinated street furniture with advertising at transit facilities for a 15-year term.
- October 2007 – Report submitted to Council in response to a letter received from Creative Outdoor Advertising who were and are currently under contract to the Region to provide waste recycling receptacles with advertising. Council requested that the RFP be adjusted to allow separate and combined bids for the waste-recycling receptacles and the other street furniture elements. The RFP was amended, released and subsequently closed. Following bid review, the RFP was cancelled in March 2008, as the submissions did not meet the Region's design and operational requirements.
- September 2008 – Council referred private report back to Transit Committee and requested that staff prepare a further report concerning visioning and design principles and the matter of a future RFP for street furniture to a future Committee meeting.
- March 2009 – Report was referred back to Committee.
- April 2009 – Report dated April 2009 was referred back to staff to report back on options and methodologies for structuring the RFP for the Co-ordinated Transit Street Furniture program to allow for both a consolidated and split-bid submission.
- June 2009 - Council endorsed the Co-ordinated Street Furniture Urban Design Guidelines. Also, staff was authorized to issue a revised RFP for co-ordinated transit street furniture for a 15-year term that allows for both consolidated and split-bid submissions.
- May 2010 - Council approved the design for the Co-ordinated Street Furniture Program and Waste-Recycling Receptacle Program.

Council has endorsed the design for the Waste-Recycling Receptacles as part of the Co-ordinated Street Furniture Program and directed staff to allow for consolidated and split-bid submissions

York Region Transit/Viva completed a design for the Co-ordinated Street Furniture Program and Waste-Recycling Receptacle Program which was endorsed by Council in May 2010. The program includes the supply, installation, and maintenance of waste-recycling receptacles, some of which include advertising panels at transit facilities.

The waste recycling container approved by Council is shown in Figure 1



Figure 1

In keeping with Council's direction to allow for consolidated and split-bid submissions, York Region Transit/Viva issued two Requests for Proposals (RFP) in September 2010:

- P-10-67A: Supply, Installation and Maintenance of Co-ordinated Street Furniture and Advertising at York Region Transit Facilities.
- P-10-67B: Supply, Installation and Maintenance of Waste/Recycling Receptacles and Advertising at York Region Transit Facilities.

The Co-ordinated Street Furniture RFP was unsuccessful and is the subject of another report on this agenda.

4. ANALYSIS AND OPTIONS

A competitive procurement process was used and a Fairness Monitor was retained for the procurement process

A Fairness Monitor was retained to confirm that the Region's procurement process was followed and to ensure it was conducted in a fair, open and transparent manner.

The RFP was issued by the Region in September 2010 and advertised on Biddingo (www.biddingo.com). The RFP was open to proponents to prepare their bid submissions for several months and closed in February 2011.

The scope of the RFP included the supply, installation and maintenance of waste-recycling receptacles with advertising at YRT facilities. The terms and conditions include:

- Contract term of fifteen years.
- Supply, installation and maintenance of the receptacles.
- Replacement of all existing units with the new receptacles.
- Provision to have 5% of the total number of advertising spaces available for Regional use for public service announcements.
- Regular cleaning and servicing will be undertaken using electric vehicles (gas vehicles will be used for heavier work).
- Technological systems:
 - GPS scanner data collection for online reference of work.
 - Integration with any future Computerized Maintenance Management System the Region may implement.
- No waste-recycle collection and disposal. This service will be obtained by York Region Transit/Viva through a separate contract.
- Removal and relocation of containers where necessary.
- Staff resources and licences to undertake the work.

The bidders were asked to demonstrate full understanding of the contract and how services are to be provided. In addition, they were to identify their management teams, provide details of their company's qualifications and experience, and to offer innovative solutions and value-added services.

A Proponents meeting was held on October 5, 2010, to address questions regarding the RFP. A total of seven addendums were issued to address the proponents' questions.

The submission process included a two-envelope system, Envelope A – Technical and Management Proposal and Envelope B – Financial Proposal

Ten firms received the RFP documents and the Region received one bid submission for the waste-recycling receptacle program. The submission process included a two-envelope system, Envelope A – Technical and Management Proposal and Envelope B - Financial Proposal. The evaluation was based on a total score of 100 points: 60 points allocated to technical and management merit and 40 points allocated to the financial structure. To be considered for award, proponents had to achieve a minimum technical score of 60% (36 points) of the potential 60 points allocated to technical and management merit.

The proposal was evaluated by a panel comprised of staff from Transportation Services including YRT/Viva Capital Assets, Roads and Asset Management. The proposal was evaluated against predetermined criteria, as follows:

- Qualifications and experience – familiarity and experience with municipal program delivery.
- Project deliverables – methodology, approach, ability to provide all services as per the specifications and the scheduling requirement.
- Other – local and national advertising, value-added services.
- Interview – presentation of their proposal and interview with the Evaluation Team.

The proponents were required to provide pricing for minimum guaranteed annual revenue to the Region as well as cost estimates for additional waste-recycling receptacles, annual maintenance cost estimates, and removal/relocation services available.

One bid submission was received from Creative Outdoor Advertising. The submission was comprehensive and demonstrated a good understanding of the program and passed the technical evaluation

The Creative Outdoor Advertising (COA) proposal was evaluated and achieved a technical score of 74.7%. This exceeded the minimum technical score of 60% and allowed the opening of their financial proposal. The financial proposal had received a score of 100%, as this was the only bid submission.

COA's only business over the past 25 years has been the successful implementation of public amenities advertising programs. They operate in more than 100 towns and cities throughout North America, with over 7,000 units in place. COA is currently YRT/Viva's provider for waste-recycling receptacles with advertising which will ease the transition to the new program.

A detailed project plan is included in COA's proposal which includes activities to be completed for a transition from the existing program and a successful launch of the new program. In summary, the plan identifies seven key areas of activity to be implemented in various project phases, including:

- Engineering and production of prototype
- Prototype approval
- Manufacturing of units
- Local and national sales
- Removal of existing units
- Installation of new units
- Maintenance

A third-party independent review concluded that the overall Co-ordinated Street Furniture Program can be achieved through two separate contracts

The Region retained IBI Group in May 2011 to perform an independent review of the overall Co-ordinated Street Furniture Program and to identify why the Co-ordinated Street Furniture RFP failed. One of the conclusions was that combining the Street Furniture and Waste Recycling Receptacle programs into a single RFP may not increase the number of competitive bids. Also, the advertising incorporated on waste-recycling receptacles is typically local and small-business advertising, while the advertising on transit shelters is predominantly national advertising. Therefore, it is challenging to find an advertising firm that serves both markets.

Link to Key Council-approved Plans

From Vision to Results: 2011 to 2015 Strategic Plan

Priority Area – Focus Growth along Regional Centres and Corridors

Optimize the transportation capacity and services in Regional Centres and Corridors.

5. FINANCIAL IMPLICATIONS

The projected total value of the waste-recycling receptacle program supplied to the Region at no cost is approximately \$4.7 million over the 15-year term of the contract. This will partially offset the waste collection and processing cost of \$8.2 million

The waste-recycling receptacle program provides approximately \$4.4 million in capital and maintenance cost avoidance, as well as revenues of \$325,000.

The 1,000 waste-recycling receptacles, to be supplied at no cost to the Region, have an estimated capital value of \$2.8 million. The associated on-going maintenance of these 1,000 units will be completed by COA, which will be a cost avoidance of approximately \$1.6 million over the term of the contract (see Table 1 below).

Table 1
Total Value to the Region

Consideration	Value
Capital Cost Avoidance	
1,000 Waste-Recycling Receptacles	\$2.8 million
Maintenance Cost Avoidance	
1,000 Waste-Recycling Receptacles	\$1.6 million
Revenue	
Guaranteed Advertising Revenue	\$0.25 million
Design Cost Recovery	\$0.08 million
Approximate Value to Region	\$4.73 million
Maintenance Costs	
Waste Collection and Processing*	(\$8.2 million)
Total Approximate Net Cost to Region	(\$3.5 million)

- * The staff reports to Council in March 2009, April 2009 and June 2009 identified that the Region would assume the collection and processing of waste and recyclables. This cost is estimated to be approximately \$8.2 million over 15 years. This equates to an average cost of approximately \$546,000 per year based on 1,000 receptacles being supplied over six years at no cost to the Region. Currently, there are approximately 500 receptacles at YRT Viva transit stops that will be replaced with the new units over several years.

The Region will receive \$245,000 in revenue over the fifteen-year term of the contract and \$80,000 to recover the cost of the design

In addition to the capital and operating cost savings, the Region will receive revenue in each year of the contract from the advertising revenue earned from the sale of the advertising spaces on the waste-recycling receptacles (See Table 2). COA will also reimburse the Region in the amount of \$80,000 to cover the cost of the design of the waste-recycling receptacles for total revenue to the Region of \$325,000.

Table 2
Guaranteed Annual Revenue

Contract Year	Annual Advertising Revenue
Year 1 – 2011	\$5,000
Year 2 - 2012	\$5,000
Year 3 - 2013	\$5,000
Year 4 - 2014	\$5,000
Year 5 - 2015	\$5,000
Year 6 - 2016	\$5,000
Year 7 - 2017	\$5,000
Year 8 - 2018	\$5,000
Year 9 - 2019	\$5,000
Year 10 - 2020	\$20,000
Year 11 - 2021	\$20,000
Year 12 - 2022	\$20,000
Year 13 – 2023	\$20,000
Year 14 – 2024	\$20,000
Year 15 – 2025	\$100,000
Total	\$245,000

The contract includes provisions to meet future requirements for growth, subject to funding availability

In anticipation of growth over the 15-year term of the contract, the Region has the option to purchase an additional 610 waste-recycling receptacles and the associated maintenance from COA at values of \$1,992,834 and \$879,285, respectively. These units can also be installed as part of the VivaNext project. The Region will also require removal and relocation of the waste-recycling receptacles for various reasons including construction projects and COA will provide this at a cost of \$70,098.

Collection and processing of waste and recyclables is anticipated to cost approximately \$8.2 million over the term of the contract and will be obtained through a separate contract

The assumption of collection and processing of waste and recyclables by the Region would begin as part of this new program. Preliminary projections on service levels and

contracted collection costs indicate that this service would cost the Region approximately \$8.2 million over the 15-year term of the contract. This includes weekly pick-ups at most locations with additional pick-ups at high-demand locations as well as provisions for emergency clean-up. This service will be obtained by York Region Transit/Viva through a separate contract. The draft 2012 Business Plan and Budget includes \$90,000 for the anticipated cost for collection for next year.

Existing contract provides service needs as well as net annual revenue of approximately \$40,000 to the Region

The current waste-recycling agreement provides operating and maintenance services, including waste and recycling collection and disposal, at no cost to the Region as well as approximately \$40,000 in revenue per year. This includes approximately 480 units that are the property of the contractor.

6. LOCAL MUNICIPAL IMPACT

The local municipalities will benefit from the increased number of waste-recycling receptacles on the boulevards. Increasing the number of waste-recycling receptacles along municipal boulevards will reduce the amount of waste requiring pick-up by staff or contractors.

Municipal staff has participated in the design and development and will continue to be involved to ensure that the waste-recycling program is compatible with local interests.

7. CONCLUSION

It is recommended that a contract be executed with Creative Outdoor Advertising for a fifteen-year period for the supply, installation and maintenance of waste-recycling receptacles with advertising with revenue of \$325,000 to the Region. It is also recommended that the General Manager, Transit, be authorized to purchase additional waste-recycling receptacles, maintenance and removal/relocation services in the future as needed, subject to funding availability.

For more information on this report, please contact Rick Takagi, Manager, Capital Assets at Ext. 5624.

The Senior Management Group has reviewed this report.