



*THE CORPORATION OF THE TOWN OF*  
**SAUGEEN SHORES**

## **STAFF REPORT**

Prepared By: Stuart Doyle, Director of Public Works  
Approved By: Larry Allison, CAO  
Date: July 13, 2015  
Subject: Agreement with BASWR - Waste Collection Services

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### **RECOMMENDATION**

That Council consider a By-law to enter into an Agreement with Bruce Area Solid Waste Recycling to provide Waste Collection Services effective October 1<sup>st</sup> 2015 as defined in the attached Contract; and

That the Public Works fulltime unionized staff complement be reduced from 28 to 26 positions.

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### **BACKGROUND**

At the June 22, 2015 Council meeting, staff was directed to enter into contract negotiations with Bruce Area Solid Waste Recycling (BASWR) for waste collection services. This direction was made based on BASWR being identified as the preferred proponent from the request for proposal (RFP) issued earlier in the year.

Staff has since worked with BASWR to produce a detailed contract that includes the specifications detailed in the RFP and other conditions directly relating to waste collection.

In general, the draft contract document attached provides a framework for the specific responsibilities and conditions that each party must follow. The following is a brief summary of the key components of the contract document.

Contract Term – The Contract term is currently set at five years with a five year renewal option with the agreement of both parties. The attached agreement sets out the contract start date for October 1, 2015.

Health and Safety – BASWR shall train their workers and provide a Health and Safety plan that satisfies the Town's current Health and Safety requirements. In addition, BASWR shall remain, throughout the term of the Contract, an approved contractor for the Town. BASWR will also provide a letter of good standing from WSIB annually.

Customer Service – BASWR shall handle citizen complaints and inquiries with tact and diplomacy. BASWR shall record all complaints and resolutions and submit records to the Town monthly. BASWR shall maintain and staff a telephone line throughout the work week during working hours.

Contract Termination – Several clauses are included with respect to contract termination. Just cause and time periods are laid out in section 2.2.

Arbitration – In the event of a dispute that cannot be resolved by the individual parties the arbitration provisions are laid out in section 2.6.

Annual Review – The Town has the right to request an annual review meeting to discuss the previous year's performance and other improvement options.

Equipment – BASWR shall supply clean presentable equipment with sufficient trucks to supply back up in the event another truck is out of commission. The trucks shall include their logo, a contact number and information indicating they are under contract with the Town of Saugeen Shores.

Insurance Requirements – All insurance requirements have been reviewed by our insurer and are detailed in section 4.4

Operational Changes – There are several locations that detail possible opportunities for operational efficiencies throughout the term of the contract. These changes may include scheduling, modified collection methods, etc. The contract stipulates that no changes can be made that would affect clauses in the contract without prior approval from the Town. In addition, if the change will affect the current schedule or other public aspects, they must be approved by the Town by September 1 of each year and implemented the following January. This will ensure the annual calendar is up to date and sufficient notification is provided.

Waste Collection - Schedule "A" of the agreement defines the current waste collection schedule and requirements as of the date of creating the contract. As discussed above there is opportunity for modification within the contract language. The collection routes are included in Appendix "A". Also included in this section is the opportunity to collect waste on Ontario Public Holidays excluding Christmas and New Year's. BASWR has already expressed interest to modify this section of the schedule.

Waste Collection Regulations – the Regulations included are from the Town's current waste collection By-Law that defines what waste can be collected and types of waste that are to be refused. This section also allows the Town to modify the requirements as needed.

Included in the previous staff report was an indication that two Public Works' positions could be eliminated from the full time unionized complement. This reduction would not include any lay-offs or job loses for any current employees, as both positions will be eliminated through attrition. Some of the current tasks assigned to staff will be modified to reflect the change in operations. This will result in a net increase to core maintenance duties.

The only change in level of service contemplated by the new contract relates to a legacy collection issue in Southampton. There are 23 specific commercial properties in Southampton that receive twice a week collection at the curbside. This higher level of service predates amalgamation and has not been reviewed since. It is proposed that through the conversion of the service to BASWR, the Town discontinue this extra service provided to them to reduce costs and provide equity between all the merchants located in the two downtown cores within Saugeen Shores.

Several changes have taken place over the years that have reduced the need for commercial twice per week collection:

- The Town has implemented additional waste restrictions to limit what can be placed at the curb
- Improved diversion programs have increased opportunities for users to divert waste from the landfill
- BASWR now accepts additional products in the Blue Box
- Bag Tags have reduced curb side collection volumes
- Commercial collection opportunities by private entities have increased

Upon approval of the agreement with BASWR, staff will notify the affected properties immediately to provide them with sufficient time to consider the changes and review their requirements accordingly. This change would take effect January 1, 2016.

## **FINANCIAL IMPACT**

As detailed in the June 8<sup>th</sup> Staff Report, there will be modest cost savings associated with this shift in service delivery methods. Some additional cost savings have been included in the contract to reflect some minor changes in the scope of work.

As discussed above there may be modifications to the waste collection program if beneficial opportunities are negotiated. If in the event a change is made that results in costs savings, the Town and BASWR shall renegotiate the sharing of the benefits and reduce the costs outlined in Schedule "B" of the contract.

From June 8<sup>th</sup> Staff Report:

*Staff reported to Council in March that a review would be completed to determine the cost savings associated with an alternative service delivery method using our current costs as a benchmark. Based on the costs submitted by BASWR, the following represents the direct financial considerations based on 2016 values:*

<b>2016 Costs</b>	
<b>Service Provider</b>	
Municipality	\$304,835
BASWR	\$291,290

*The costs identified above for the Municipality include all current costs. Based on a direct comparison, staff is completely satisfied that BASWR offers modest initial savings and, over the long term, will be the most cost efficient way to deliver the service. Staff wishes to make it clear that some of the overall costs allocated to the waste Collection Budget will need to be redistributed to other cost centers within the corporate structure as they are not able to be entirely removed, such as administration.*

*If the services are transferred to BASWR, staffing levels within the Public Works department will be reduced by two full time positions through attrition. It is proposed that additional part time and student salary costs will also be eliminated. Based on this value there will be some remaining full time hours no longer chargeable to waste collection that will be reallocated throughout the remainder of the Public Works' Budget.*

*The change in service models in this case will allow the Town to:*

- reduce salaries, overhead and risk (WSIB) for two full time staff positions;*
- reduce part time and student wages devoted to waste collection services;*
- reduce the fleet count by eliminating two expensive apparatus;*
- reduce future fleet reserve payments to fund equipment replacement;*
- inject a lump sum payment into the fleet reserve through sale of the surplus assets;*
- reduce mechanics' time, fuel and maintenance costs for equipment requiring more than average level of ongoing service; and*
- free up sufficient resources to re-introduce leaf collection services for spring and fall (average cost through RFP process was \$40,000 per year) if Council wishes to reintroduce that service to the Community.*

*Based on the above cost information and staffing reductions, approximately \$40,000-\$50,000 will be required to be reallocated in areas outside the Waste Management Budget. This reallocation will allow for a net level of service increase for core asset maintenance duties and the allocation of time necessary for leaf collection.*