

## **Residential Black Cart Collection Mixed Service Delivery Pilot**

### **2020 April Project Update**



## Introduction

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This report provides an update on the pilot project to compare public and private service delivery models for residential black cart collection. This project is called the Mixed Service Delivery Pilot (the Service Pilot)

Council directed Administration on 2019 November 18 through a Notice of Motion (*C2019-1467: Residential Waste Collection Mixed Service Delivery Pilot*) to:

1. Report back to the SPC on Utilities and Corporate Services (UCS) no later than April 2020 on the scoping and development of a pilot project to compare service delivery models on residential black cart collection through a Request for Proposal to contract out up to 25 per cent of residential black cart collection services;
2. Report back to the SPC on Utilities and Corporate Services no later than Q4 2020 on the results of the RFP and a timeline for an implementation goal of Q1 2022; and
3. That Administration meet with the Mayor and Councillors around community support for this pilot program when considering the scoping and development of the Request for Proposal.

This report has been created to fulfill the first direction from Council. The second direction will be fulfilled with a report in Q4 2020. Administration offered to meet with the Mayor and Councillors to fulfill the third direction from Council, and meetings were held in 2020 February, March, and April with those who accepted the offer.

## Project Objective, Principles and Timeline

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### Objective

The objective for the Mixed Service Delivery Pilot is **to evaluate the performance of private-sector service delivery in comparison to public-sector service delivery for residential black cart collection.**

As described in *Notice of Motion C2019-1467*, the Service Pilot shall assess of the costs and benefits associated with private-sector service delivery for residential black cart collection services.

### Principles

The Service Pilot will be guided by three principles as shown in Figure 1 and described below.

**Meaningful comparison:** To accomplish the Service Pilot’s objective, it will be designed to allow for a measurable and meaningful comparison between private and public-sector residential collection services.

Selecting a pilot area that is representative of Waste & Recycling Services’ (WRS’) residential collection services will support a meaningful comparison. The Request for Proposal (RFP) will identify performance measures and service requirements allowing meaningful and objective comparison between service delivery models.



FIGURE 1. PRINCIPLES FOR THE PILOT PROJECT

**Customer experience:** The City of Calgary’s (The City’s) commitment to high quality customer service shall govern the Service Pilot. WRS will design the RFP to maintain the same customer service levels afforded non-pilot communities, and work to ensure good communication and a positive customer experience during the transition in service providers and throughout the pilot.

**Fairness:** Fairness for all companies that bid on the RFP and for the private-sector company that is selected for the Service Pilot will be essential for a successful project. The RFP will follow a fair and transparent process and will be open to all qualified bidders. Submissions will be assessed according to Supply’s best practices. Administration will work to establish a productive partnership with the private-sector company that is selected, and to ensure meaningful and fair reporting on performance.

**Timeline**

The project timeline is shown in Figure 2. The area for the pilot project has been selected, and WRS is researching private-sector residential waste collection approaches in other municipalities to develop content for the RFP. The target date to post the Service Pilot RFP is September 2020. Experience from other cities indicates that this timeline is ambitious. More detail on the development of the RFP is provided in section 3 of this report. Administration will provide a report to Council in December 2020 on the results of the RFP, as directed in *Notice of Motion C2019-1467*.

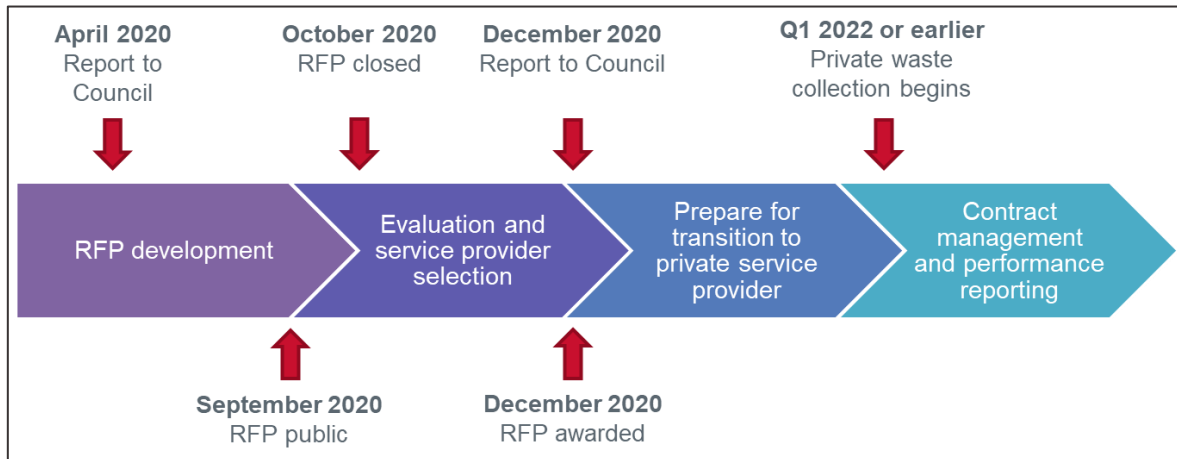


FIGURE 2. PROJECT TIMELINE

The time required to transition to the private-sector service provider will depend on the readiness of the successful service provider. They will have to design routes, hire employees, and source collection vehicles. It can take up to one year to source collection vehicles, so a little over a year has been scheduled for the private service provider to prepare. If the successful proponent does not require as much time, an earlier transition date can be negotiated. During this time, WRS will be preparing to ensure a smooth transition for customers and employees, and undertaking the appropriate changes in The City’s fleet. Private waste collection is expected to begin in the pilot area no later than Q1 2022.

Once the private-sector company is providing service, WRS will actively manage the contract and oversee performance reporting for the private-sector and public-sector collection operations. Updates will be provided to Council.

## RFP Development

The objective of the RFP is to set the conditions for a successful partnership between The City and the private service provider in the interest of affordably providing excellent service. The Service Pilot principles (Meaningful comparison, Customer experience, and Fairness) are being considered for all elements of the RFP.

WRS is working with Supply Management and Law, with the support of an external consultant, to develop the Service Pilot RFP. The RFP is critical for communicating requirements to prospective bidders and creating the framework for the contract to be negotiated with the successful proponent. RFPs that other cities have used to contract waste collection services are being reviewed and these cities are being engaged to understand the lessons they have learned through their experience contracting out this type of service.

Some of the key elements of the Service Pilot RFP being considered are described below.  
ISC: Unrestricted

**Project scope**

The RFP will provide detailed project specifications for companies to prepare bid submissions with a competitive price and innovative approaches for service delivery and service efficiencies. The RFP shall strike a balance between:

- Providing detailed requirements for accurate bids to be prepared and submitted to The City; and
- Allowing enough scope flexibility for companies to develop bids that set them apart.

This will minimize the risk of obtaining inaccurate bids that do not include costs for all elements of the service and that could put the contract in jeopardy during the pilot.

**Contract term**

The City intends to proceed with a contract term that allows the successful private service provider to recover capital costs over a reasonable period. This will also allow The City to gather information on the contract costs over a timeframe that is indicative of industry standards. Options for contract extensions and options to terminate the contract early will be disclosed in the RFP.

**RFP evaluation criteria**

To guarantee The City obtains the best value for money, criteria for how the bid submissions will be evaluated will be clearly communicated within the RFP. A minimum threshold tool may be used for decisive project requirements (e.g. experience and qualifications), and consideration will be given to value-added items such as innovation, technology, social, and environmental benefits.

**Customer care, environment and safety**

As part of WRS' engagement with private waste collection companies reported in UCS2020-0248 (*Residential Collection Services Review: Industry Engagement and Service Efficiency Opportunities*), industry representatives emphasized that it is important for the RFP to specify service level requirements for customer care, environmental and safety performance. The RFP will request service level commitments that match what The City provides in non-pilot communities.

Customer care requirements include collection days and hours of collection, what materials to collect, special collections support for home health needs and customers with special needs, customer education such as tagging carts, and how to respond to adverse weather conditions and other service barriers. The RFP will set out the respective roles and responsibilities of The City and the private service provider for how customer requests are received, managed, and recorded. Environment and safety considerations shall include relevant City policies, which WRS collections employees also follow.

**Collections vehicles and employees**

Specifications for collection vehicles and employees that ensure the safety of our contractors and the community will be included. This may include proper maintenance and/or safety inspections for vehicles, driver qualification requirements, onboarding and

training, and protocol for responding to driving incidents. Potential future technology needs for vehicles related to pay-per-tip billing will also be considered.

#### **Performance measures, reporting and verification**

As the primary objective of the Service Pilot is to evaluate the performance of private-sector service delivery in comparison to public-sector service delivery, performance measures will be selected that provide a meaningful comparison. Measures identified by the consultant in the *2018 Residential Collection Services Review (UCS2019-0113)* are being reviewed. Performance measures and the frequency of reporting will also be considered in relationship to how onerous the reporting requirements may be for the private service provider, how frequently and when performance evaluations will be made, and how the data may be verified.

#### **Inspections, penalties and dispute resolution**

Through the RFP and contract negotiation process The City will aim to reduce the risk of disputes with the private service provider during the contract. However, an approach for resolving disputes will be specified in the RFP and subsequent contract to manage situations as they arise. The City will also reserve the right to perform inspections and apply penalties for situations where the private service provider does not meet specific contractual requirements.