

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

### **EXECUTIVE SUMMARY**

The purpose of this report is for Waste & Recycling Services (WRS) to provide an update on the pilot project to compare service delivery models (public and private) for residential black cart collection, as directed by Council through Notice of Motion C2019-1467 on 2019 November 18. This project is called the Mixed Service Delivery Pilot.

The objective of 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. The principles guiding the pilot are: meaningful comparison; customer experience; and fairness. These principles will be considered through the project.

WRS is working with Supply Management and Law to develop the Request for Proposal (RFP) to contract out up to 25 per cent of residential black cart collection services in Calgary. A consultant is supporting with the review of RFPs from other municipalities, so the RFP can be developed more rapidly. Key elements of the RFP are under development and the target date to post the RFP is September 2020. Administration will provide another project report to Council in December 2020 on the result of the RFP.

### **ADMINISTRATION RECOMMENDATION:**

That the Standing Policy Committee on Utilities and Corporate Services recommend that Council:

1. Direct Administration to finalize and issue the Request for Proposals (RFP) to move forward with the Mixed Service Delivery Pilot for residential black cart collection; and
2. Direct that Attachment 3 be held confidential pursuant to Section 24 (Advice from officials) of the *Freedom of Information and Protection of Privacy Act*, and remain confidential until the RFP to contract out up to 25 per cent of residential black cart collection services is released publicly or to be reviewed by 2025 April 09.

### **PREVIOUS COUNCIL DIRECTION / POLICY**

On 2019 November 18, Council passed Notice of Motion C2019-1467: Residential Waste Collection Mixed Service Delivery Pilot (Attachment 1). Administration was directed to:

1. Report back to the SPC on Utilities and Corporate Services 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. Meet with the Mayor and Councillors around community support for this pilot program when considering the scoping and development of the Request for Proposal.

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### **BACKGROUND**

The City of Calgary (The City) provides Black, Blue, and Green Cart Programs for residential dwellings, and collections for these programs are delivered through a public-sector service delivery model with WRS providing collections.

WRS engaged a consultant to conduct a Collection Services Review (the Review) in 2018 (*UCS2019-0113: Waste & Recycling Services 2018 Residential Collection Services Review*). The Review identified that savings may be achieved through contracting out one-third of residential collections. It recognized a risk that initial savings might not be realized over the term of the contract and that contracting out could impact customer experience and safety. The Review recommended continuing to provide residential collections through a public-sector delivery model.

Council passed a Notice of Motion (C2019-1467) in 2019 November directing Administration to develop a pilot project to compare service delivery models for residential black cart collection. The intention for the pilot is to allow The City to evaluate the performance of private-sector service delivery in comparison to public-sector delivery in Calgary.

### **INVESTIGATION: ALTERNATIVES AND ANALYSIS**

A more detailed update on project progress is provided as Attachment 2.

#### **Project objective, principles and timeline**

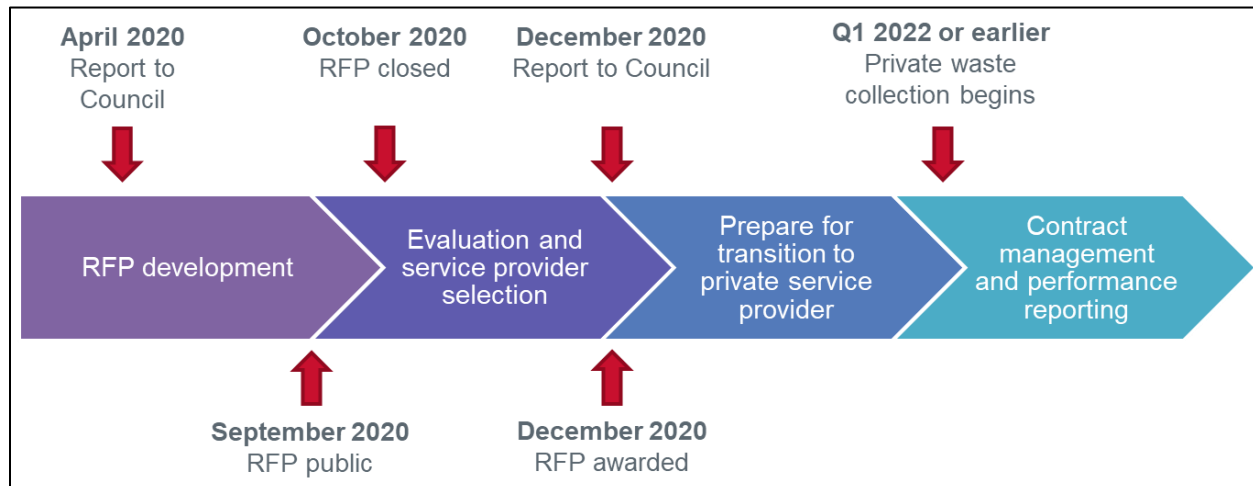
The objective of the Mixed Service Delivery Pilot is to evaluate the performance of private-sector service delivery in comparison to public-sector service delivery for residential black cart collection.

The principles guiding the pilot are:

- **Meaningful comparison** – the pilot will be designed and managed to allow for objective, measurable, and meaningful comparison between private-sector and public-sector residential collection services.
- **Customer experience** – WRS will design the RFP to maintain the same customer service levels in pilot and non-pilot communities and will maintain good communication and a positive customer experience during the transition in service providers and throughout the pilot.
- **Fairness** – a fair and transparent process will be used to evaluate submissions and select a private service provider. WRS will work to establish a productive partnership with the private service provider, and to ensure meaningful and fair reporting on performance.

The project timeline is shown in the figure below. WRS is working with Supply Management and Law to develop The City's RFP for private service delivery, with the support of an external consultant to research RFPs from other municipalities. The target date to post the RFP is September 2020. Given the complexities, current efforts in responding to the COVID-19 pandemic, and drawing upon the experiences of other municipalities, it is possible that timelines may need to be adjusted. Administration will provide a report to Council in December 2020 on the results of the RFP, as directed in *Notice of Motion C2019-1467*, and the report will address any adjustments to the timeline, if required.

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The time required to prepare for the transition to private-sector service delivery will depend on the readiness of the selected service provider. A little over a year has been scheduled for the proponent to prepare, but an earlier date may be negotiated if the service provider expects to be ready earlier. 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.

### **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. Some of the key elements of the RFP being developed are:

- Project scope.
- RFP evaluation criteria.
- Contract term.
- Customer care, environment and safety.
- Collections vehicles and employees.
- Performance measures, reporting and verification.
- Inspections, penalties and dispute resolution.

The area for the pilot project has been selected (Confidential Attachment 3) and will be released publicly as part of the RFP.

### **Stakeholder Engagement, Research and Communication**

Administration offered to meet with the Mayor and Councillors to receive input on community support for this pilot program, as directed by Notice of Motion C2019-1467. Meetings were held in 2020 February, March, and April with those who accepted the offer. A communication plan for customers in the pilot area will be created as part of this project, and customer satisfaction for collection services will continue to be monitored.

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### **Strategic Alignment**

This report aligns with the 2019-2022 Citizen Priorities of A Healthy & Green City and A Well-Run City.

### **Social, Environmental, Economic (External)**

The mixed service delivery pilot will aim to provide the same or better levels of customer service, environmental and safety performance for residential black cart collection services. Performance in these areas will be monitored and reported as part of the pilot. The pilot will also provide an opportunity for a private company to acquire a contract to deliver some of the residential black cart collection services.

### **Financial Capacity**

#### ***Current and Future Operating Budget:***

Operational costs associated with residential black cart collection in the pilot area will be replaced with contract costs for the private service provider to deliver service in the area. Costs will be monitored throughout the pilot to determine the amount of any operational savings or additional costs.

The pilot program will be funded as part of the Black Cart Program. No increase in the Black Cart Fee charged to customers is anticipated.

### **Risk Assessment**

A risk anticipated with approving the recommendation to move forward with the RFP at this time is organizations that are impacted by the COVID-19 pandemic may not be able to respond to the RFP as effectively as they would at a later date.

The anticipated risk associated with not approving the recommendation to move forward with the RFP is that the Mixed Service Delivery Pilot will be delayed, and it will be longer before The City is able to evaluate the performance of private sector service delivery in comparison to public sector service delivery.

**REASONS FOR RECOMMENDATION:** The scoping and development of the pilot project to compare service delivery models (public and private) for residential black cart collection is underway. Objectives, principles and a timeline have been identified to meet Council direction for this project, and a pilot area has been selected. Administration is seeking approval to move forward with the Request for Proposal (RFP) for the pilot project.

### **ATTACHMENTS**

1. Attachment 1 – Notice of Motion C2019-1467
2. Attachment 2 – 2020 April Project Update
3. Attachment 3 – Pilot Area – CONFIDENTIAL
4. Attachment 4 – Presentation