



REQUEST FOR DECISION

To: Evangeline Hanuse, Acting CAO

CC: CCRD Board of Directors

From: Ken McIlwain, Operations Manager

Meeting Date: December 9, 2021

Subject: Award of TCWRC Operations Contract 2022

Recommendation:

THAT subject to continued satisfactory performance, the Board of Directors of the Central Coast Regional District approve administration to negotiate and execute multiple 1-year extensions to the contract with Don Nygaard & Son Ltd. for operation of Thorsen Creek Waste and Recycling Centre for the calendar years 2022, 2023 and 2024; and

THAT that staff be permitted annually, or as needed due to operational requirements, to negotiate an adjusted contract rate from the original rate of \$9378.60 per month to reflect an inflationary increase or additional works required of the contractor.

Issue/Background Summary:

The existing Thorsen Creek Waste and Recycling Centre (TCWRC) operating contract between the regional district and Don Nygaard & Son expires on December 31, 2021. The contract is for a 1-year term, with the option to extend for up to 3 additional 1-year terms, subject to agreement by both parties. The provision for additional 1-year terms is in place to help ensure continuity of service, efficiency around procurement and to provide an incentive for contractor performance. It also allows flexibility to negotiate scope of work modifications that may arise out of updates to the Operating Certificate or other service delivery related change.

The contractor has provided a reliable and superior level of service in 2021. There have been no lost days of operation in 2021. It is the opinion of the Operations Manager that the regional district received good value for money. It is recommended that the regional district present an offer to Don Nygaard & Son Ltd. to extend the contract for the calendar year 2022.

Policy, Bylaw or Legislation:

- *CCRD Policy – A26 Purchasing and Procurement*
- *Ministry of Environment - Operational Certificate 4223*
- *The Landfill Criteria for Municipal Solid Waste, 2nd Edition, British Columbia, BC Ministry of Environment; June 2016*
- *CCRD Bylaw 348 – Solid Waste*

The CCRD procurement process is contained in CCRD Policy – A26 Purchasing and Procurement. The provisions of Policy A-26 were followed in the Request for Proposal process, the subsequent opening and evaluation of proposals and ultimately in the recommendation by staff that the CCRD enter into a contract with Don Nygaard & Son Ltd. for the TCWRC Operations contract.

Policy A-26 requires board approval for purchases/procurement in excess of \$50,000. Because the expenditure limit for the TCWRC Operating Contract is set at \$150,000, this Request for Decision is being presented to the CCRD Board of Directors.

Strategic Plan:

The following excerpt is from the **CCRD 2019-2022 Strategic Plan Amendments:**

Priority Projects by Priority Service Area:

The following tables highlight service area priorities in order to guide staff in developing their Operations Plan for 2021:

Service Area	Priority Project	Related Strategic Goal	Timeline	Required Staff Capacity/Actions
Solid Waste Management	Conformance review and compliance	<i>Good Governance and Administration; Improving Our Infrastructure</i>	2020	This is a non-negotiable top priority for this service area; the Board-endorsed Solid Waste Management Plan always guides top priorities for this service.
	Bylaw updates	<i>Good Governance and Administration</i>	2021	SWM bylaw updates to be prioritized, occurring before completion of Official Community Planning and subsequent bylaw update processes
	Composting facility design and construction	<i>Improving Our Infrastructure</i>	2021	Matching funds are needed for approved composting grant.

Financial/Budgetary Implications:

The base monthly contract rate for operation of TCWRC is currently \$9378.60. The Statistics Canada Consumer Price Index for BC rose 3.8% for a 1-year period ending October 31, 2021. Using this as a guide to apply an inflationary increase to the landfill/transfer station contract, we could expect to see an increase in the monthly charge to \$9734.99/month, or \$116,819.84 per year. An increase in the tax requisition for this service will be required to fund increases to the solid waste service operational costs. It is anticipated that the maximum allowable tax requisition of approximately \$148,525 will have to be imposed to maintain existing service levels and make progress towards reaching the target annual contribution to the landfill closure fund. This is an increase of approximately 13% over last years requisition amount of \$130,996. Currently the Nuxalk Nation contributes \$105,000 annually to the cost of running the service. Traditionally, the Nuxalk contribution to the solid waste service through a Municipal Services Agreement is supposed to be on par with the tax requisition. Over the past several years this contribution amount has not increased and is now much lower than the tax requisition for the service.

Time Requirements – Staff and Elected Officials:

If the CCRD Board proceeds with the recommendation, the process for extension of the contract will require approximately ½ a day of time for the Operations Manager to complete this report, issue a letter to the contractor offering an extension, negotiate and prepare a contract modification for execution by both parties. Staff and board time and effort would be further reduced by not having to prepare Request for Proposals (RFPs) or board reports each year.

Risk Management – Refer to Policy A-36:

The categories that account for potential risks that may be realized by the district during its regular operations are: financial, asset management, information technology and business continuity. The risk or potential risks associated with the recommended option have been evaluated and assessed as low. (See Option 1)


Option 2 has been evaluated and is determined to have a medium/high level of risk. Public dissatisfaction with reducing service levels is a highly likely outcome, and there is the potential for an increase in illegal dumping. Depending on the level of service reduction the impact could be moderate to high.

Option 3 has been evaluated and is determined to have a medium level of risk. Initiating a new procurement process carries financial risk. The likelihood of seeing proposal(s) submitted with a contract rate significantly higher than the current monthly rate is assessed as moderate and the impact would change based on the level of rate increase.

Additional plans, controls or mitigation steps include collaborative discussions with Chief and Council and Management staff at the Nuxalk Nation in order to maintain service levels at the TCWRC and to provide sustainable levels of funding in order to ensure compliance with the Operating Certificate.

Options to Consider:

1. **Recommended:** Approve administration to execute 1-year contract extensions as required for 2022, 2023, and 2024. Increases to the current rate of \$9378.60 per month would be negotiated based on inflationary (CPI) increases and any changes in scope of work that are required. This will essentially mean maintaining current service levels.
2. Direct staff to attempt to negotiate different terms with the contractor: for example, seek to reduce monthly costs by dropping opening days to one day per week; or seek to increase service levels and negotiate any associated cost increase and source revenue to cover the cost increase.
3. Direct staff to prepare and issue a new RFP for landfill/transfer station operation. Staff would have to negotiate some interim monthly contract coverage for landfill operation, while the procurement process was undertaken.

Submitted by: 
Ken McIlwain, Operations Manager

Reviewed by: 
Evangeline Hanuse, Acting CAO