



COUNCIL REPORT

Report Date: July 12, 2023
Contact: Alexander Ralph
Contact No.: 604.829.2092
RTS No.: 15803
VanRIMS No.: 08-2000-20
Meeting Date: July 26, 2023
[Submit comments to Council](#)

TO: Standing Committee on Policy and Strategic Priorities
FROM: General Manager of Engineering and Chief Procurement Officer
SUBJECT: Contract Award for Green Bin Organics Processing

Recommendations

- A. THAT, having been advised of the Notice of Intent to Contract that the City issued on June 16, 2023 (the “**NOITC**”) to inform the market about the City’s intent to enter into a contract with GFL Environmental Inc. (“**GFL**”) for the receipt and processing of organics for a term of five years and with an estimated value of \$30,800,000 plus applicable taxes (“**Contract**”) and the complaints that the City received from vendors in response to the NOITC, Council authorizes staff to proceed with the permitted sole source process for the Contract pursuant to the City’s Procurement Policy (ADMIN-008).
- B. THAT the City’s Director of Legal Services, Chief Procurement Officer and General Manager of Engineering Services be authorized to negotiate the Contract to their satisfaction and in accordance with this Report, and be delegated authority to execute the Contract on behalf of the City.
- C. THAT, subject to approval of Recommendations A and B, Council directs City staff to:
 - i. engage with industry through a market sounding or similar procurement process for the purpose of informing the City’s long term planning for organics processing; and
 - ii. report back to Council in 2025 with the results of the market engagement process described above and recommendations for the City’s future organics processing strategy.

No legal rights or obligations will be created by Council’s adoption of Recommendations A and B above unless and until the City and GFL execute the Contract.

Purpose and Executive Summary

The City has an immediate need to contract with a single provider that is capable of processing a minimum of 50,000 metric tonnes of organic material per year in order to ensure operational efficiency and optimize costs for City's organics processing requirements.

GFL is the incumbent vendor for this service. GFL's facility is capable and permitted by Metro Vancouver to process 150,000 metric tonnes of organic material per year. City staff confirmed that no other vendor in the region is currently capable of processing all of the City's organic material volume. Accordingly, staff determined to proceed with a permitted sole source with GFL pursuant to the City's Procurement Policy for a Contract to receive, sort and process organic materials for a term of five years.

Because the proposed Contract is a permitted sole source, under the City's Procurement Policy the City was required to publicly post the NOITC to notify the market of the proposed Contract. The NOITC was posted on the City's e-Sourcing website for 14 days in accordance with the Procurement Policy. The City received five complaints from the market in response to the NOITC.

City staff responded to each complainant explaining the rationale for the City's sourcing decision and providing each complainant with reasonable opportunity to submit a written response expressing their concerns with the Contract in order to inform Council's decision. Two out of the five complainants submitted a response. All correspondence between the City and each complainant is provided with this Report for Council's review.

City staff has reviewed all complainant submissions and confirms that GFL remains the only vendor in the market that is currently capable of processing all of the City's organics volume. Therefore, City staff and Bid Committee recommend that the City enter into the Contract with GFL.

City staff also recommend that the City engage with the market during the term of the Contract to inform the City's long term organics processing strategy.

Council Authority/Previous Decisions

Under the Procurement Policy's sole source provisions, Council can authorize the sole source Contract with GFL to proceed after reviewing the complaints submitted in response to the NOITC.

The City's Procurement Policy ADMIN-008 requires that contracts with values over \$2 million be approved by Council following review and recommendations by the Bid Committee. The Bid Committee has considered the rationale provided in this Report and recommends entering into the Contract.

City Manager's Comments

The City Manager concurs with the foregoing recommendations.

Context and Background

The City's Department of Engineering Services requires the services of an external service provider to receive, sort and process organic materials. The City requires the service provider to

supply all labour, facilities, equipment and materials for receiving and processing all the volume the City collects of commingled organics (primarily food scraps, food soiled paper and yard trimmings) from the City's Green Bin program.

The City signed a five-year contract in 2013 with Enviro-Smart Organics Ltd. to receive, sort and process organic materials as the outcome of a public procurement process.

From 2013 to 2016, the City split delivered tonnages between Enviro-Smart Organics in Delta and Harvest Power in Richmond. Metro Vancouver issued Harvest Power a more stringent air quality permit in 2016 requiring operational changes to reduce odours. Harvest Power was asked to temporarily cease operations to make changes to improve odour management. As a result of these changes, Harvest Power substantially increased its prices. Therefore, since November 2016 the City has sent all of its organic material tonnage to the Enviro-Smart facilities in Delta. Harvest Power closed its Richmond facility permanently in December 2018.

GFL is a publicly traded organization that acquired Enviro-Smart Organics on October 1, 2016. In 2018 the City renewed the organics processing contract with GFL for an additional five years through a sole-source award approval and the issuance of a public Notice of Intent to Contract, on the basis of obtaining best value through securing the most economical processing fee among available service providers in the region.

Discussion

A. *NOITC Process*

The NOITC was posted publicly on June 16, 2023 on the City's e-sourcing portal for 14 days in accordance with the sole source requirements of the City's Procurement Policy. The NOITC notifies the market of the City's intent to enter into the Contract with GFL for a five-year term. The NOITC closed June 30, 2023.

The City received complaints from the five vendors listed below in response to the NOITC:

1. Anaconda Systems Inc. ("**Anaconda**")
2. Andion Global ("**Andion**")
3. Emterra Group
4. Evergen Infrastructure Corp.
5. Recycling Alternative

Copies of these complaints are provided at [Appendix A](#).

City staff responded to each complainant indicating that their complaint would be reviewed by Council in accordance with the Procurement Policy and a further update would be provided. Staff included in the response the information referenced in this Report regarding the City's current organic material volumes, and the City's immediate need to contract with a single vendor with sufficient capacity to process all City organic materials. Staff also noted that the City intends to continue engaging with the market over the next five years to develop its future approach to organics processing.

The City received a further request from Anaconda for more detailed information regarding the City's sole sourcing decision and an opportunity to submit information to Council in response to the decision. In order to ensure that all complainants fully understood the basis of the City's sole source decision and were provided a reasonable opportunity to express their concerns, staff

issued the additional response to each complainant that is attached at [Appendix B](#). This response provided information on the rationale for the sole source recommendation included in this Report and invited each complainant to submit a written response that would be provided to Council.

Anaconda and Andion submitted additional written responses to the City, copies of which are attached at [Appendix C](#).

B. City’s Organics Processing Requirements and Rationale for Sourcing Approach

The City has an immediate need to contract with a single provider that is capable of processing a minimum of 50,000 metric tonnes of organic material per year in order to ensure operational efficiency and optimize costs for City’s organics processing requirements.

The City’s complete rationale for its single provider delivery strategy for organics processing is described in detail in the City’s letter to NOITC complainants that is attached at [Appendix B](#).

The City has confirmed that GFL is the only vendor in the region that is currently capable of processing all of the City’s organic material volume which amounts to approximately 50,000 tonnes/year. GFL’s facility is capable and permitted by Metro Vancouver to process 150,000 metric tonnes of organic material per year. Further detail on the operational considerations behind the City’s sourcing approach with GFL and reasoning for sole sourcing the Contract are also provided in [Appendix B](#).

City staff has reviewed all complainant submissions. Based on this review and the overall rationale outlined in this Report, City staff confirms that GFL remains the only vendor in the market that is currently capable of processing all of the City’s organics volume. Therefore, City staff and the Bid Committee recommends that the City enter into the Contract with GFL.

C. Future Strategy for Organic Materials Processing

During the term of the proposed Contract, staff intends to evaluate the City’s longer-term organics processing strategy. Staff is recommending to engage with industry through a market sounding or similar procurement process starting in 2024 for the purpose of informing the City’s long term planning for organics processing. If Council approves this direction, staff will report back to Council in 2025 with the results of the engagement process and further recommendations for the City’s future organics processing strategy.

Financial Implications

Finance has reviewed and confirmed that funding for the Contract is available from the approved 2023 operating budget for the Solid Waste Utility. For 2023 through 2028, the estimated Contract cost will form part of the annual operating budget process. The Contract will allow the City to achieve cost certainty for organics processing services during the proposed five-year term.

* * * * *

**APPENDIX A
NOITC COMPLAINTS**

COMPLAINT #1: ANACONDA

June 23, 2023
File No.: 306397.00001/23607

Nathan Wells
Direct +1 604 631 4710
Facsimile 1 604 631 3232
nwells@fasken.com

By Email Procurement Office
City of Vancouver
453 West 12th Avenue
Vancouver, British Columbia V5Y 1V4

Attention: Mr. Alexander Ralph
Chief Procurement Officer
alexander.ralph@vancouver.ca

Ms. Nicole Ma
Nicole.ma@vancouver.ca

Dear Sirs/Mesdames:
Re: Green Bin Organics Processing – Bid # PS20230434-ENG-NOITC

We are counsel for Anaconda Systems Inc. (“Anaconda”) and write concerning the above noted bid for green bin organics processing (the “Bid”).

Anaconda Systems is a successful and growing local Vancouver company designing and implementing safe and reliable organic waste management systems. Anaconda has its office and main facility located at 8601 Main Street, Vancouver. Since the facility opened in 2017,

Anaconda’s development of low-impact, in-vessel systems has quickly achieved success in offering municipalities and private waste services affordable, rapid and local assistance with their waste handling infrastructure. Further details are described at www.anacondasystems.ca

Enviro-Smart Organics Ltd. (a division of GFL Environmental Inc.), (“GFL”) offers organics processing with its facilities operating in Delta, B.C. The City of Vancouver (the “City”) entered a five year contract with GFL for processing organics in June 2013, which expired on May 31, 2018. The City subsequently entered into another contract with GFL for another five year term, which has recently expired in 2023.

After 10 years of consecutive contracts, the City website posted a Notice of Intent to Contract with GFL to receive and process organics for another 5 years, valued at over \$30 Million dollars CDN (the “Notice”). The Notice period is between June 16 and June 30, 2023.

The City’s bidding process is governed by the Procurement Policy, Administrative Policy number ADMIN-008 (the “Policy”). Provision 4.1 of the Policy directs the City to procure all Contracts through an open, public, competitive Call. However, Anaconda is unaware of any Calls for the Bid, including any requests for proposals, requests for expressions of interest, invitations to

tender, invitations to quote, or invitations to offer. Anaconda wishes to make such submissions given its current and active role in organics processing operating within the City.

Exceptions to the Competitive process are only permitted if criteria within provision 9.1 of the Policy are satisfied. If GFL has been permitted a Sole Source Contract on this basis, we seek the information in support of that decision. Further, and pursuant to provisions 9.1(b)(iii), Anaconda also expresses concern or a complaint in relation to the Bid.

Anaconda's services can benefit the City by reducing the environmental impact and minimize costs with a facility conveniently located within the City, yet they have not, in any way, been consulted or invited to make submissions on the Bid, through a Call or otherwise. This is contrary to the Policy.

Anaconda respectfully requests that the closing period of the Bid be extended to allow Anaconda a reasonable timeline to prepare and present submissions to the City in support of an alternative proposal for green bin organics processing, in line with the City's goals and commitments enshrined in the Policy.

Please direct your response to Mr. Russell Zishiri, Founder & CEO Anaconda Systems Inc at Russell@anacondasystems.ca and myself at nwells@fasken.com.

Yours truly,
FASKEN MARTINEAU DuMOULIN LLP

Nathan Wells

COMPLAINT #2: ANDION

June 30, 2023

By email

Ashley Brookes <abrookes@andionglobal.com>

Re: Comments on the NOITC for DFL

Hi Nicole,

Sorry this is a few minutes late, I hope it can still be considered.

Andion Global is an organics-to-renewable energy company headquartered in Vancouver, BC, and with a pipeline of projects in the lower mainland, including the recently funded project with Semiahmoo First Nation. [andionglobal.com]

As a company that relies on organics to produce Renewable Natural Gas (RNG), a carbon-negative energy source that reduces greenhouse gas emissions and displaces fossil fuels, we would like to object to the exclusivity of the contract with GFL; it impedes on our ability to access the organic waste from a large population that is essential to our operations.

The process used to create RNG is called Anaerobic Digestion. There are many benefits to both composting and Anaerobic Digestion, some of which are not mutually exclusive. However, it is fair to say that when we look at the bigger picture of our environment and the immediacy of change that is required today, RNG from Anaerobic Digestion plays a vital role with some unique benefits that composting alone cannot achieve:

RNG produces a gaseous fuel that can displace fossil fuels in our existing gas grid right away

This gaseous fuel can be liquified to power trucks or heavy industry vehicles that contribute a significant volume of emissions

RNG can be used to create clean electricity to support the increased demand on our electricity grid with the increase in electric vehicles and need for charging

The byproduct of RNG is a nutrient dense digestate used as a sustainable alternative to synthetic fertilizers. And while compost also provides this, the speed at which RNG produces the digestate is significantly faster; instead of 6 or more months, it takes 30 days.

We ask you to consider allowing for greater flexibility in the contract, either by shortening the duration so that it is renegotiated next year, or by allowing additional contractors to have access to the organics.

With thanks,

Andion Global

COMPLAINT #3: EMTERRA GROUP

June 30, 2023

By Email

Emma Seeley <emma.seeley@emterra.ca>

Re: City of Vancouver - Green Bin Organics Processing - PS20230434-ENG-NOITC

Emterra Group
567 Michigan Drive Unit 100
Oakville, ON
L6L 0G4

Good afternoon,

My name is Emma, and I work with Emterra Environmental. Our team would like to file an objection regarding City of Vancouver – Green Bin Organics Processing – PS20230434-ENG-NOITC.

Our team attempted to upload a response to the City's Supplier Portal using the Question & Answer Board prior to 3:00pm, but there was no button provided to include a response and the objection could not be uploaded.

Can you please advise how Emterra can file this objection through another method?

Thank you,

Emma Seeley (she/her) | Proposal Writer, Pursuit Team

COMPLAINT #4: EVERGEN INFRASTRUCTURE CORP.

June 29, 2023

By email

Mischa Zajtmann <mischa@evergeninfra.com>

Re: Green Bin Organics Notice of Intent to Contract (Number: PS20230434-ENG-NOITC)

June 26, 2022

City of Vancouver

435 West 12th Avenue

Vancouver, BC

RE: Green Bin Organics Processing, Notice of Intent to Contract (Number PS20230434-ENG-NOITC)

Dear Ms. Nicole Ma,

It has been brought to our attention that a Notice of Intent to Contract the Green Bin Organics Processing services for the City of Vancouver (the “Contract”) has been announced. We would strongly encourage the City of Vancouver to re-consider the sole source award of the Contract and allow for other parties to submit more cost effective proposals providing for a lower carbon footprint to the City.

We are a Vancouver-based company focused on sustainable resource recovery projects that have the capability to divert refuse from landfill and generate Renewable Natural Gas (RNG) and soil amendment products in a safe and environmentally responsible manner. EverGen Infrastructure Corp. (“EverGen”) operates three facilities in the Vancouver region: Sea to Sky Soils (Pemberton), Pacific Coast Renewables (Abbotsford), and Fraser Valley Biogas (Abbotsford), which have a current total processing capacity of over 100,000 tonnes. EverGen has invested and committed significant capital (totaling over \$60 million by the end of 2023) to the region providing short and long-term economic benefits to the local economy.

EverGen, along with our partners at the Lil'wat Nation, believe that we can deliver a cost-effective alternative while delivering on council initiatives from the Mayor's Budget Taskforce to the Climate Emergency Action Plan to the City of Reconciliation. We would request that the City of Vancouver reconsider the award of this contract and pursue a fair bidding process, which provides the City of Vancouver with the opportunity to evaluate lower cost and greener alternatives already operating within the region.

EverGen would welcome the opportunity to meet with the City of Vancouver to provide further information or details regarding its operations and potential opportunities to collaborate on the contribution to a circular economy.

Sincerely,
Mischa Zajtmann
President

COMPLAINT #5: RECYCLING ALTERNATIVE

June 30, 2023

By email

Louise Schwarz <louise@recyclingalternative.com>

Fwd: Letter of Opposition to PS20230434-ENG-NOITC

RE: NOTICE of INTENT to CONTRACT (NOITC)

NUMBER: PS20230434-ENG-NOITC

COMMODITY CODE: 40141421

DESCRIPTION: OPSVCS - Organic Receive, Sort & Process

Attention: Nicole Ma

Title: Supply Chain Management/Warehouse & Inventory Ops

We are writing with regard to the City of Vancouver's Green Bin Processing Contract, and in particular, related to the City's Notice of Intent to Contract (PS20230434-ENG-NOITC) these services for a five (5) year period, valued at approximately \$30,800,000 without releasing the opportunity to bid, through an open, public tender bidding process, as is duly required for a contract award of this duration and value.

Recycling Alternative (www.recyclingalternative.com) is amongst Vancouver's first recycling companies, and today remains 100% locally owned and operated by Vancouver based and residing ownership. Over our 30+ years in business RA has gained a reputation for best practices recycling collection and processing, transparent materials recovery and not least innovation in the field.

The fact that the City of Vancouver intends to award this contract without following the required due process according to COV Procurement Practices, to open the bid process to a transparent, public RFP bid process, raises 3 significant concerns:

- 1) Awarding a contract valued at approximately \$30,800,000 without public process, contravenes the City of Vancouver's public procurement process and requirements, and furthermore lacks transparency
- 2) Awarding this contract solely to the existing incumbent, without due procurement process, creates an unlevel playing field and removes any opportunity for other local, Vancouver based/owned businesses to access local economic procurement opportunities with the City of Vancouver
- 3) Awarding this contract without due procurement process prohibits the opportunity for alternative approaches and proposals that bring forward more innovative and sustainable solutions, and that more closely align with COV Climate Emergency Action Plan, local economic resilience, green jobs and Zero Waste 2040 goals in relation to the management and processing of Vancouver's local organic waste.

We appreciate the opportunity to express our concerns and urge the City of Vancouver and the COV Procurement Department to follow its own due process, by withdrawing this Notice of Intent to Contract (PS20230434-ENG-NOITC) and by following due process and opening the procurement process up for a public and transparent RFP bidding process for interested proponents.

Robert Weatherbe
Owner

Louise Schwarz
Owner

APPENDIX B CITY LETTER OF JULY 7, 2023 TO NOITC COMPLAINANTS

[Note: Identical letter was delivered to all complainants. Only one copy is provided for convenience]

July 7, 2023

Re: Green Bin Organics Processing – Bid # PS20230434-ENG-NOITC (the “NOITC”)

We write to follow up on our previous response dated [July 5] to your correspondence regarding the NOITC.

Further to a request from Anaconda Systems Inc. (“**Anaconda**”), the City is providing all parties who submitted a complaint in response to the NOITC (the “**Complainants**”) with further information regarding the City’s service delivery and procurement strategy for organics processing services and its decision to pursue a sole source contract award to GFL Environmental Inc. (“**GFL**”). Please see below the City’s responses to Anaconda’s requests for information:

Additional Information regarding City’s Delivery and Procurement Strategy

- 1. Describe the basis for the City’s procurement strategy to limit the green bin organics processing contract to a single vendor without engaging any Calls for a Bid including any requests for proposals, requests for expressions of interest, invitations to tender, invitations to quote, or invitations to offer.**

The City’s current delivery strategy for organics processing services is to engage with a single vendor that can process all of the City’s volumes of organic material. The City decided not to fragment the City’s organics processing requirements across multiple vendors based on a variety of factors that are described in more detail below.

Based on the City’s own due diligence, engagement with the local market and various operational considerations, the City determined that GFL is the only supplier that is currently capable and permitted to process all of the City’s organic material. Accordingly, the City decided to proceed with a permitted sole source under Section 9.1(b) of its Procurement Policy. Under the permitted sole source process competitive bidding is not required.

- 2. Describe how a single vendor approach represents the lowest cost of ownership and best value for the City.**

The City has determined that a single vendor approach represents the lowest total cost of ownership, minimizes the City’s transportation carbon footprint and provides best value for the City. This approach provides security of supply to the supplier, which results in more favourable pricing for the City. It also ensures that the City’s ongoing processing needs can be met. The City has a robust collection and transfer system that has been designed to optimize the movement of organics from the point of collection to the VSTS and subsequently to the processor.

The City considered splitting its organic material processing requirements amongst multiple vendors both in and out-of-region. However, the City determined that the mixing of vendors with different locations and different delivery needs would result in significant challenges for City operations. The City collects organics from residents curbside and delivers the organic materials to the Vancouver South Transfer Station (VSTS). The material is then placed into larger transfer trucks and delivered to the processing facility. Both of these processes utilize the City’s own in-house staff and vehicles. The City does not currently have the required equipment and staff to support out-of-region transfer (transfer trucks) or the ability to direct haul to multiple vendors from the point of collection (curbside collection trucks).

In order to review the logistics of separate vendors, the City tested delivery of portions of material to Surrey's composting facility, Metro Vancouver's North Shore Transfer Station, and directly to Anaconda. The City found the following:

- The extra time needed to travel to Surrey's composting facility rather than GFL's facility would mean that only two loads per day per truck would be achievable versus the current three to four loads per day to GFL, resulting in a need for additional staff and trucks.
- The City investigated having collection vehicles direct haul material to the Metro North Shore transfer station rather than to VSTS. Direct Haul to the North Shore only works effectively for a small selection of City collection routes, essentially those located in the northeast portion of the City where there is direct access to the North Shore. The North Shore facility is not able to manage delivery of material from the City's transfer trailers. Further, delivery of City organics to the North Shore was suspended from June to October due to the Japanese beetle restrictions in the northeast area of the City.
- The City piloted delivery of selected loads to Anaconda by diverting a few trucks per week to their facility to allow an assessment of the ability to process the type of material the City collects and the logistics around delivery and facility capacity. The operational and planning logistics of sending a small number of loads to the site added a challenging layer of complexity to the overall operation. There is limited current processing and storage capacity available at Anaconda's facility on East Kent Ave. and, to the best of the City's knowledge, Anaconda is already close to its permitted processing capacity.

In addition to the above, the City assessed that delivery to vendors out-of-region would increase drive time, require additional vehicles and staff, and result in higher costs and vehicle emissions. An out-of-region vendor may provide a lower processing price, which could help offset the additional resource requirement. However, the current labour shortage and supply chain delays hamper the City's ability to add resources in a timely manner. The City's curbside collection routes are set up to deliver to a central point, the VSTS, which provides more flexibility with resource planning and logistics as delivery is at the same location as the City's Works Yard, where drivers start and end their day, and where the City's maintenance shop is located. Splitting drop off locations for collection trucks would require re-routing of maps, training, and potentially additional resources.

Implementing a multi-vendor strategy would require a significant amount of additional planning and investment at a time when staff resources and budgets are already constrained. In addition, our collection vehicle fleet is at end-of-life, replacement is taking much longer than expected, and we have a shortage in trained drivers. Overcoming these challenges will take several months, if not years, to resolve. The City is not in a position to put any additional strain on the operation that would result from a change in the City's current operational delivery strategy. At this time, a single vendor in-region option is the preferred option to meet the City's current needs and allow the City to maintain uninterrupted service to residents.

3. Describe the due diligence conducted by the City in advance of the NOITC being issued which determined that GFL is the only vendor in the region that can currently process all of the City's volume.

Further to the above determinations, the City has an immediate need to contract with a single provider that is capable of processing 50,000 metric tonnes of organic material per year. GFL's facility is capable and permitted by Metro Vancouver to process 150,000 metric tonnes of organic material per year. The City has confirmed that GFL is the only vendor in the region that is currently capable of processing all of the City's organic material volume.

Metro Vancouver retains an updated list of Licensed Facilities within the region and the authorized material accepted at those locations. The list, updated June 15, 2023, can be found on Metro Vancouver's website.

There are two Metro Vancouver licenced facilities authorized to accept organics (yard trimmings and food waste) for processing in the Metro Vancouver region: GFL (formerly Enviro-Smart) and Anaconda. Staff

confirmed with Metro Vancouver that the permitted capacity of Anaconda is currently 12,000 tonnes/year. We are also aware that Anaconda submitted an application for an amendment in 2018 to increase its capacity to a maximum of 29,930 tonnes/year, but we understand that amendment is still under review.

4. Please advise if the City is relying on the exceptions to the competitive process for a permitted sole source contemplated under provision 9 of the Procurement Policy.

The City confirms it is proceeding in accordance with the permitted sole source process described in Section 9.1(b) of the City's Procurement Policy.

Opportunity to Respond

The City is providing all Complainants the opportunity to prepare and submit a response to the City's procurement approach and decision as described above. Any Complainant responses received will be submitted to City Council for review at a public meeting where City Council will decide whether to authorize City staff to proceed with the sole source contract award to GFL.

The City requests that you submit any response you have **no later than 5:00pm on July 17, 2023**.

Yours truly,
Alexander Ralph

Chief Procurement Officer
and Director of Supply Chain Management
City of Vancouver

APPENDIX C
WRITTEN RESPONSES FROM NOITC COMPLAINANTS

RESPONSE #1: ANACONDA

July 17, 2023
File No.: 306397.00001/23607

Nathan Wells
Direct +1 604 631 4710
Facsimile 1 604 631 3232
nwells@fasken.com

Attention: Vancouver City Council

Dear Sirs/Mesdames:

Re: Green Bin Organics Processing – Bid # PS20230434-ENG-NOITC

We write in response to the City of Vancouver’s (“**City’s**”) invitation to Anaconda Systems Inc. (“**Anaconda**”) to prepare submissions to City Council in relation to the City’s proposed procurement approach to Green Bin Organics Processing (the “**Contract**”).

Summary

The proposed procurement approach is incompatible with the City’s Procurement Policy.¹ As a preferable alternative, Anaconda’s participation in green bin organics processing provides Best Value² and lowers Total Cost of Ownership³ to the City because:

- Anaconda’s process converts organic waste into fertilizer in under 10 days and represents the state of the art in sustainable urban waste management. Anaconda’s waste infrastructure technology aligns with the City’s Climate Emergency Action Plan, Green Vancouver initiatives and other commitments to the environment, including reduced transportation emissions, positive local economic development, enhanced sustainability, reduced carbon dependency and zero waste.
- Anaconda’s organics processing facility is located in Vancouver, only 1 kilometer from the Vancouver South Transfer Station (“**VSTS**”) where all organics are currently being delivered.
- Direct delivery to Anaconda for processing eliminates the need to re-package organics into larger trucks for shipment to Delta. Delivering organics directly to Anaconda for processing will reduce trucking costs, transportation emissions and labour.
- Anaconda’s capabilities and track record with the City. Anaconda anticipates its license from Metro Vancouver will increase capacity to nearly 30,000 tonnes annually, which is sufficient to process a significant portion of the City’s organic waste.

¹ Procurement Policy, Administrative Policy number ADMIN-008 (the “**Policy**”).

² Policy: G(b) – Definitions: Best Value, page 3.

³ Policy: G(b) – Definitions: Total Cost of Ownership, page 7.

Anaconda Systems – 8601 Main Street, Vancouver

Anaconda is a home-grown success story that has been incubated right here in Vancouver. Located at 8601 Main Street, Vancouver, Anaconda's commercial facility is 1 kilometer away from the VSTS.

This proximity makes Anaconda uniquely positioned as a "home base" option that can integrate with the existing VSTS organic waste operations to minimize trucking costs, transportation emissions, and labour. Currently, the City dumps their loads at the VSTS, which then City employees have to re-loaded into larger trucks for transport. Approximately 50,000 tonnes of organics per year are then transported by truck to the current vendor's facilities in Delta.

As a preferable alternative, processing organic waste at Anaconda's facility aligns with the City's Climate Emergency Action Plan and other Green Vancouver initiatives. The compact nature and high throughput capacity of Anaconda's waste infrastructure technology allows facilities to be situated right here, inside the City, where the organic waste is produced. Its patented process converts organic waste into fertilizer in under 10 days and represents the state of the art in sustainable urban waste management.⁴

Anaconda has completed successful pilots with the City. With its anticipated capacity expansion to 30,000 tonnes per annum, Anaconda will be capable of processing up to 60% of the City's organic waste within city limits.

Single Vendor Approach is incompatible with the Procurement Policy

The City is committed to ensuring an open, transparent, competitive procurement process.⁵ That starting point applies to Contracts for green bin organics processing. The only exceptions which permit a sole vendor contract are: (a) for an urgent life and safety matter or (b) a single-supplier or other exigent circumstances precluding an effective competitive procurement.⁶

The City's justification for proposing that an exception under this section applies is unclear. Since a complaint has been triggered under the Policy,⁷ the reasonable implication is that the City should now engage in an open, transparent and competitive procurement process.

In June 2013, the City entered a five year contract with Enviro-Smart Organics Ltd. (a division of GFL Environmental Inc.), ("GFL") for processing organics. In 2018, the City entered into another contract with GFL for another five year term, which has recently expired in 2023.

After contracting with only GFL for the last 10 years, the City website posted a Notice of Intent to Contract with GFL to receive and process organics for another 5 years, the Contract valued at over \$30 Million dollars CDN.

⁴ Please visit: www.anacondasystems.ca

⁵ Policy Provision 4.1, page 9.

⁶ Policy Provision 9.1, pages 12-14.

⁷ Policy Provision 9.1(b)(iii), pages 13-14.

The City's general policy is to limit contract terms to maximize competitiveness.⁸ The Policy provides that avoiding sole source contracts wherever possible maximizes Best Value and minimizes Total Cost of Ownership.⁹ In accordance with the Policy, the City values local economic development and, in particular, to support the development of an environmentally sustainable local economy.¹⁰

An intent to continue contracting with the same sole source for 15 consecutive years runs contrary to these goals and fails to consider Anaconda's potential value for local economic development, Best Value and Total Cost of Ownership to the City.

Sole sourcing the proposed Contract may hinder the City's future ability to secure competitive pricing, particularly in this evolving area. The City should strive to ensure viable options for future vendors will remain, and as such, support and invest in more than one private infrastructure provider with a multi-year contract.

Anaconda – Total Cost of Ownership, Best Value and Environmental Sustainability

Total Cost of Ownership considers the direct social, environmental and financial costs and benefits to the City for green bin organics processing services, including factors such as transportation emissions, economic development impacts, energy consumption, disposal and other related costs after taking into account sustainability, reduced carbon dependency and zero waste.¹¹

The City is committed to protecting and enhancing the climate, ecology and natural resources for future generations through approaches that reduce carbon dependency, enhance energy resilience, conserve energy and resources and reduce waste and toxins.¹²

Our understanding of the proposed sole vendor Contract, is that the City would send all organic waste to the VSTS, and transfer the organics to larger trucks for transport, at the City's expense, to the GFL location in Delta where the organic waste would then be processed.

However, the City does not have to be compelled to ship all of its organic waste by truck to Delta. While the City expressed that their transfer system was designed to optimize the movement of organics in this way, Anaconda offers the City a unique alternative, enhancing the City's environmental commitments while also lowering costs.

Unloading organic waste directly at Anaconda's organic processing facility would significantly decrease the transportation carbon footprint of transporting the organics by truck to Delta. Since Anaconda's facility is located literally down the street from the VSTS, a distance of approximately 1 kilometer, there is no need to transport the organic waste anywhere, including from the VSTS to Delta as proposed currently contemplated. There is also no need for City employees to re-package the waste from one truck to another, alleviating strains on human resources.

⁸ Policy Provision 4.2, page 9.

⁹ Policy Provision 1.3(a), page 8.

¹⁰ Policy Provision 11.9, page 15.

¹¹ Policy: G(b) – Definitions: Total Cost of Ownership, page 7.

¹² Policy: G(b) – Definitions: Environmental Sustainability, page 5.

Direct Delivery to Anaconda's Facility is not overly constraining

Delivering the organics directly from collection to Anaconda's facility will not overly constrain the movement of organics. Instead of unloading at VSTS, the City's trucks could deliver one block away. It is difficult to assess how this slight deviation in destination would prevent contracting with Anaconda. In fact, delivering directly to Anaconda would eliminate the need to re-package the waste into larger trucks and the subsequent transportation of it from the VSTS to the processor.

The City expressed hesitation or concern with splitting drop off locations for collection trucks due to re-routing of maps, training, and potentially additional resources, and add significant amount of additional planning and investment. The justification for this position is unclear.

Delivering to Anaconda's organic waste processing facility directly should in fact ease those strains. It is unlikely that significant training, re-routing of maps or additional resources would be required for the City's curbside pick-up organic waste trucks to drop off their content 1 km away from the current drop-off location. By dropping their organic waste at Anaconda's facility rather than the VSTS, there is no longer need to repackage the waste into larger trucks at the VSTS or to transport the repackaged waste from the VSTS to Delta. This should alleviate strain on the City's resources, including labour, equipment and costs of fuel.

Anaconda - Total Cost of Ownership (Pricing)

Anaconda disagrees that a single vendor approach provides security of supply to GFL, which results in more favourable pricing for the City. Security of supply typically involves uninterrupted supply rather than amount of supply. Providing all of the organic waste, or part of it, to one processing service supplier does not equate to security of supply. Certainly there is no forecasted reduction in the volume of green bin organics collected by the City.

Security of supply does not translate to favourable pricing. There has been no competitive process or bidding for this Contract. Concluding that pricing is more favourable to the City without a bidding process is premature and arbitrary. The advantages of a competitive bidding process is ubiquitous in today's business environment. Competitive bids tend to provide the most favorable pricing to a buyer.

In our view, GFL can determine, set and control their pricing as the only in-region processing provider capable of handling the whole organic waste contemplated in the Contract. While Anaconda agrees that an in-region approach is needed to provide the lowest Cost of Ownership, and submits that it is an additional viable in-region facility. A sole source approach fails to ensure the survival of in-region viable vendors, such as Anaconda, so that future processing price is determined by competition and not by the "last company standing".

Anaconda's Capabilities and Track Record

Anaconda anticipates that its license from Metro Vancouver will increase its capacity to nearly 30,000 tonnes annually. The Anaconda facility has been expanded and is waiting for the permitting process to be completed, which could be likely expedited with the support of a Contract from the City. While the facility's current permit is for 12,000 tonnes of organic waste processing, with the new permit in place, the facility capacity will be expanded to 29,930 tonnes per year, easily handling a significant portion of the City's organic waste.

Furthermore, Anaconda plans to expand and add other regional facilities which may support all of the City's processing needs in the future.

The organic waste processing needs of the City can only be met if processing capacity is available in the region. Without in-region back-ups, this processing needs would completely rely on the business viability of a single processing facility (GFL Delta facility) currently plagued with odour and air quality complains. There is no doubt the City would be better served by supporting the growth of processing alternatives.

Anaconda's processing facility has been in operation since 2018 and has not received a single odour or air quality complaint. The same cannot be stated by GFL. Since March 1, 2020 the GFL Delta facility has received 1178 odor/air quality complaints, including 66 for 2023.

Conclusion

Anaconda's participation in green bin organics processing provides Best Value and lowers Total Cost of Ownership for the City.

We welcome any opportunities to provide City Council with any other information. Please provide us details of the public meeting where this matter will be discussed by City Council.

Yours truly,

FASKEN MARTINEAU DuMOULIN LLP

Nathan Wells

RESPONSE #2: ANDION

July 18, 2023

By email

Ashley Brookes <abrookes@andionglobal.com>

Re: City of Vancouver - PS20230434-ENG-NOITC - Green Bin Organics Processing - Additional Response to Andion Global

Hi Nicole,

Thank you for the opportunity to further our perspective on the City's NOITC organic waste exclusively to GFL for a period of five years.

As previously shared, Andion, a Vancouver headquartered company, creates carbon-negative Renewable Natural Gas from organic waste. Our first local facility is in partnership with Semiahmoo First Nation and will be located on their land. The project is estimated to be operational in 2026.

The duration and exclusivity of the contract with GFL not only limits Andion's potential to enter the bid for organic waste but also limits The City of Vancouver's economic interests. When our facility is nearing completion, Andion will be in a position to provide competitive pricing fixed for a longer duration that would ensure the best economics for the City and the best outcomes for the environment.

Based on the document provided by the City, we understand there are a few concerns with transportation and cost. We would like to address them here:

1. Delivery to vendors out-of-region would increase drive time, require additional vehicles and staff, and result in higher costs and vehicle emissions.
 1. Andion would be prepared to submit a pricing model that offset vehicle and staff cost
 2. The full lifecycle emissions reduced by diverting organics to the production of Renewable Natural Gas greatly outweighs the impact of the 2 additional trucks transporting the materials to Semiahmoo First Nation. In addition, there are models that already exist in the lower mainland, namely Surrey, where the Renewable Natural Gas produced also powers the trucks that deliver the organics. We could explore this option.
2. Splitting drop off locations for collection trucks would require re-routing of maps, training, and potentially additional resources.
 1. Andion has a sophisticated project management and logistical support team that could assist in the rerouting and planning.
3. GFL's facility is capable and permitted by Metro Vancouver to process 150,000 metric tonnes of organic material per year. The City has confirmed that GFL is the only vendor in the region that is currently capable of processing all of the City's organic material volume.
 1. Andion would be able to easily support this volume as well.

Our ask is that the City of Vancouver consider reducing the duration of the contract with GFL so that we have the opportunity to enter the bid when our facility is set to come online in order to divert Vancouver's waste to the creation of clean energy, thereby alleviating our reliance on fossil fuels, and contributing to a local economy.

Thank you,

Ashley Brookes