

MEETING DATE: March 22, 2006

SUBJECT: Procurement Authorization – Pick-Up And Disposal Of Waste Oil For Recycling

RECOMMENDATION

It is recommended that the Commission authorize the award of a contract to Clarkway Construction Company Ltd. (Clarkway) for pick-up and disposal of waste oil for recycling with estimated revenues of \$621,000 over a three-year period from April 10, 2006 to April 11, 2009.

FUNDING

The unanticipated cost recovery generated under the recommended contract with Clarkway for waste oil pick-up and disposal will be applied towards the 2006 TTC Operating Budget shortfall and will be included in the 2007 to 2009 TTC Operating Budgets as required.

BACKGROUND

The Commission generates approximately 600,000 litres of waste oil per year from 13 vehicle maintenance locations. Waste oil is classified as a hazardous liquid waste by the Ministry of Environment (MOE). Each Commission facility that generates waste oil is registered as a Generator with the MOE. The waste oil is presently pumped out by a Commission vacuum truck and workforce. The Commission is registered as a Carrier with the MOE. The waste oil is disposed under a contract with a firm registered with MOE as a Receiver.

The existing three-year contract with the Receiver ends in 2006. Communication with the marketplace found that firms were interested in receiving the waste oil for recycling purposes. They were registered with the MOE as both Carrier and Receiver and were prepared to pay the Commission to pick-up and receive the waste oil for recycling purposes.

DISCUSSION

Specifications were prepared for pick-up and disposal of the Commission's waste oil. Seven companies were invited to submit proposals in addition to the public advertisement on the Commission's web site on December 6, 2005, out of which four companies submitted proposals as per Appendix 'A'.

Bidders were asked to provide unit pricing per litre to be paid to the Commission for pick-up and disposal of approximately 600,000 litres of waste oil (class 252L) for recycling purposes in each of the three years of the contract from 13 Commission locations.

Clarkway submitted the highest bid in the total amount of \$621,000. In order to confirm that Clarkway is capable of fulfilling the Commission's requirement, Commission staff conducted a site visit on February 2, 2006. Clarkway delivers the waste oil to Direct Line Environment Services Inc., which is the transfer processing operation for recycling oil. The entire operation appears to be satisfactory and within the MOE regulations.

Commission staff contacted the Investigations and Enforcement Branch of the MOE to request any information available on Clarkway. The MOE reported that Clarkway has no prior convictions and/or current charges. Clarkway submitted all of the requested submission information and their proposal did not take any exceptions or qualifications and is therefore recommended for award.

This is the first time that the Commission has been paid a fee for the disposal of waste oil as currently the Commission transports the waste oil to a company that disposes of the waste oil and the Commission pays a fee for the disposal. In 2005, the Commission paid approximately \$60,000 for the disposal of waste oil. Under the new contract, the recommended company will pick-up and transport the oil to its recycling station and will pay the Commission approximately \$620,000 for the waste oil over a three-year period.

JUSTIFICATION

Waste oil generated by Commission vehicle maintenance activities must be removed from Commission facilities and disposed in a manner that meets MOE regulations. Recycling the waste oil is a good environmental practice and is a source of revenue for the Commission.

February 22, 2006

6-75-91

Attachment: Appendix 'A'

APPENDIX 'A'

**PROCUREMENT AUTHORIZATION – PICK-UP AND DISPOSAL OF WASTE OIL
FOR RECYCLING**

SUMMARY OF PROPOSAL PRICING

| COMPANY NAME | TOTAL PROPOSAL REVENUE (3 YEARS) |
|---|---|
| *Clarkway Construction Ltd. | \$621,000 |
| Safety-Kleen Canada | \$310,500 |
| Direct Line Environmental Services Inc. | \$165,600 |
| Quantex Technologies | \$103,500 |

* Recommended for award