



City of  
**Peterborough**

---

**To: Members of the Committee of the Whole**

**From: Blair Nelson, Acting Director of Utility Services**

**Meeting Date: May 11, 2015**

**Subject: Report USEP15-004  
Award of Tender T-29-15, for Biosolids Management/Merchant  
Capacity Services at the Waste Water Treatment Plant and  
cancellation of Capital Project 5-9.04**

---

## **Purpose**

A report to award Tender T-29-15 for Biosolids Management/Merchant Capacity Services at the Waste Water Treatment Plant and, cancel Capital Project 5-9.04.

## **Recommendations**

That Council approve the recommendations outlined in Report USEP15-004, dated May 11, 2015 of the Acting Director of Utility Services as follows:

- a) That Tender T-29-15 for Biosolids Management/Merchant Capacity Services at the Wastewater Treatment Plant be awarded to Third High Farms Ltd., 5108 Carman Road, Iroquois, Ontario K0E 1K0 for a period of five years from April 1, 2017 to March 31, 2022 at a cost of \$91.75 plus \$11.93 HST per Wet Tonne, for a total cost of \$103.68 per Wet Tonne or a yearly estimated cost of \$730,000 in year one with increases in cost in the unit cost in years 2 to 5 due to the CPI and, at the City's discretion, the option to extend the contract for one additional five-year extension upon mutual agreement between both parties;
- b) That the 2015 Capital Project 5-9.04 entitled "Biosolids Management Strategy" be cancelled; and
- c) That by-law 15-012 authorizing a \$13,000,000 debenture to undertake the 2015 Capital Project 5-9.04 be repealed.

## Budget and Financial Implications

Based on an estimated annual production of 7,000 Wet Tonnes, and the net cost of \$93.36 per Wet Tonne after applicable HST rebates, the estimated value of the award for year one is \$655,000. This cost will increase as the tonnage increases each year and as the unit cost increases by the value of the CPI. Future costs will be included in the appropriate operating budgets.

The \$13,000,000 allocated from the Sanitary Sewer Reserve fund as part of the Biosolids Management Strategy 2015 Capital Budget (Budget Reference 5-9.04) can be returned to the Sanitary Sewer Reserve Fund upon approval of this report and appeal of By-law 5-9.04. Upon the return of these funds, the Sanitary Sewer Reserve Fund will have a balance of \$18,969,607.

## Background

In 2013 the process to consider the City's options to process the three organic streams (Leaf and Yard Waste, Food Waste and Waste Water Biosolids) was begun.

Based on work undertaken by the City's consultant (Stantec), and reported in Report USWM14-003 "Organic Strategy – Next Steps", it was determined that ultimately the most feasible and economically viable arrangement would see each of the organic streams processed in a different manner. The Leaf and Yard Waste is best handled by outdoor windrow composting as is done at Harper Road now.

To process Food Waste, the alternatives of merchant capacity and City processing were discussed but because this is a future issue, no preferred alternative was selected.

It was determined that the processing of Waste Water Biosolids (Biosolids) could be handled through either merchant capacity or by building a processing facility at the Waste Water Treatment Plant.

The subject of this report is the evaluation of the two different methods of managing the City's biosolids;

1. **In-Situ** - Constructing a new processing facility at the Waste Water Treatment Plant; or
2. **Merchant Capacity** – trucking to an existing facility offsite as is presently done.

## **Process to Evaluate the Two Options**

The options were evaluated via a two step process. The first step was the selection of two companies to submit proposals (Request for Proposal P-28-14) for the supply and delivery of a biosolids processing technology that would process biosolids at a new building at the Wastewater Treatment Plant. Based on prior work, the firms Lystek International Inc. and Andritz Separation Inc. were invited to submit proposals.

P-28-14 identified that the City would also be issuing a tender to solicit bids to manage the City's biosolids using merchant capacity as it is currently managed. This was done through the release of Tender T-29-15. This tender was released to the public and sent directly to four companies that were known to have bid on biosolids management contracts in the past.

## **Results of Evaluation**

Both of these options were evaluated to determine the best biosolids management practice for the City. As detailed in Appendix A, Stantec states in their April 17, 2015 memorandum that:

“Based on the analysis it appears that the best short-term option for the City would be the continued use of Third High Farms as their Service provider however given uncertainties in factors like population growth it is recommended that the City reconsider the in-situ options e.g. in 4 to 5 years as there may be a “tipping Point” where the in-situ option becomes the preferred option for the City.”

Stantec stated further that:

“When the in-situ options are compared to the third-party offsite processing option (on a dry tonne basis for comparability) the third party, or merchant capacity option over a ten year period the ten year cost is in the order of \$8,839,000 compared to \$11,149,000 for Lystek and \$12,732,000 for Andritz. Third High Farms presents the lowest cost option and has provided consistent, reliable service to the City and applied the City's biosolids to beneficial end use for the last six years.”

Based on the analysis undertaken, Merchant Capacity (i.e.: the award of Tender T-29-15) is the best alternative for the City in the 4-5 year term.

**Procurement Type, Closing Date, Prepared by, Reviewed by**

Tender T-29-15 was prepared by City staff and was issued on February 26, 2015 with a closing date of March 19, 2015. The tender was sent to potential bidders via email and was also posted to the City's website. Two qualified bids were received and reviewed by the Director of Utility Services, the Manager of Environmental Protection and the Chief Environmental Officer all in accordance with the City's Purchasing By-Law 14-127.

**Tender Summary**

Chart 1 below provides a summary of the Tender results:

**Chart 1 RFT T-29-15 Biosolids Management/Merchant Capacity Services**

<b>Firm Name</b>	<b>Address</b>	<b>Bid (Excluding HST)</b>
Third High Farms	5108 Carman Rd. Iroquois, ON K0E 1K0	\$91.75
Lystek International Inc.	1425 Bishop St. N., Unit 16 Cambridge, ON N1R 6J9	\$109.00

**Recommended Bidder**

The successful bidder of this evaluation process is Third High Farms Limited, 5108 Carman Road, Iroquois, ON K0E 1K0. Third High Farms Ltd. was the lowest bidder and the City has had a successful relationship with this vendor in the past and anticipates continued success.

**Timelines**

If the recommendation is approved, the purchase will be confirmed via a purchase order before the work commences.

**Summary**

A comprehensive evaluation of the available options to process the Waste Water Biosolids has been undertaken. Both in-situ and merchant capacity alternatives were considered and based on a 10-year cost analysis, it was determined that the merchant capacity option provides the best benefit to the City.

It was also suggested that this matter should be re-evaluated in four to five years because the evaluation parameters may change. The recommendation to award Tender T-29-15 acknowledges this time frame by limiting the initial award period to five years with City approval needed to extend the award.

Submitted by,

Blair Nelson, P. Eng.  
Acting Director Utility Services

Contact Name:

Pat Devlin

Manager, Environmental Protection

Phone: 705-742-7777 ext 2624

Toll Free: 1-855-738-3755

Fax 705-743-0091

E-mail: [pdevlin@peterborough.ca](mailto:pdevlin@peterborough.ca)

Attachment:

Appendix A – Stantec Evaluation Report dated April 17, 2015