



REQUEST FOR PROPOSAL

FOR

SCRAP TIRE PROCESSOR

IN SASKATCHEWAN

Release Date: February 11, 2021
Closing Date: March 31, 2021
Closing Time: 3:00 PM (CST)



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1. PROJECT DESCRIPTION

1.1 RFP OVERVIEW

The Tire Stewardship of Saskatchewan (TSS) has issued this Request for Proposal ("RFP") with the sole purpose and intent of obtaining proposals from interested and qualified companies ("Proponents") to provide scrap tire processing (recycling) services in Saskatchewan. There is currently a single tire processor in the province (located in Saskatoon) and the TSS is interested in having a second processor(s), ideally in the southern part of the province.

One or more Proponents will be selected and invited to enter into negotiations for a contractual relationship with the TSS for the services outlined in this RFP. The TSS desires to have a second processor(s) operational during 2022 if possible. For clarity, the TSS, through this RFP, is looking to increase value-added processing in the province with new products and/or new markets and wants to minimize overlap with the offerings (products and markets) of the existing processor in the Province. The TSS is also looking for program efficiencies and for the best value from available incentive funding. Efficiencies generated will be used to increase overall scrap tire collection and recycling in the province to address "legacy scrap tires" and to minimize potential impact on scrap tire deliveries to the existing processor.

All interested and qualified Proponents are invited to submit a proposal for consideration. Submission of a proposal indicates that the Proponent has read and understands the entire RFP, including all attachments and addendum (as applicable), and that all concerns regarding this RFP have been satisfied by the Proponent.

The Proponent understands and acknowledges that by submitting a proposal that no contractual relationship has been created between the Proponent and the TSS. This is an RFP and not a call to tender. The TSS reserves the right to issue amendments to this RFP, or to not proceed with a contract, or to cancel this RFP at any time.

1.2 BACKGROUND INFORMATION

In 1996, Saskatchewan tire retailers recognized scrap tires were an environmental concern and volunteered to take on the associated waste issues. What began as a voluntary program, soon became valued and due to financial concerns required regulatory support (only 250 of 1320 retailers were participating in the program, and those in it were losing business). Thus in 1998, the Ministry of Environment legislated with *The Scrap Tire Management Regulations (1998)* that all first sellers (retailers) must register and participate in the program.

The current regulated program is operated under the authority of *The Environmental Management and Protection Act, 2010* and *The Scrap Tire Management Regulations, 2017*. Consistent with other Canadian waste stewardship regulations for tires, in Saskatchewan the Extended Producer Responsibility (EPR) model is followed with first sellers responsible for operating a waste management system.

The Tire Stewardship of Saskatchewan Inc. (TSS) is a non-profit organization that is the approved program operator for scrap tire management and recycling activities in Saskatchewan. The TSS has been operating the program since September 1, 2017 and operates under a Product Stewardship Program (PSP). A PSP is a plan that provides the operational details on collection, transportation, and recycling of scrap tires. The PSP is the guiding document that outlines the program's commitments and is approved every three years. Under the regulations, it is mandated that all first sellers must be registered in the program. On December 16, 2020 a new three-year PSP was officially approved by the Saskatchewan Minister of Environment. This RFP is consistent with the goals and objectives as outlined in the new PSP.



The new PSP commits to continued improvement in the management and recycling of used tires in Saskatchewan, including commitments to find program efficiencies, address Green House Gas (GHG) emissions and encourage the development of the scrap tire processing industry. Efforts to develop the scrap tire processing industry will include encouraging the use of new technologies, and the manufacturing of higher value products from scrap tires, as well as research and market development. The TSS over the last few years has focused on significant reductions in "head office" overhead costs and is now focused on working to find efficiencies in processing and transportation costs, and in reducing processing incentives through encouraging newer technologies and the manufacture of higher value products.

The province also has significant quantities of "legacy scrap tires," which have accumulated over the years (those tires each year which do not get returned for recycling). Efficiencies found from the existing program which result in costs savings will enable TSS to address legacy tires in the province. These funds will be used to collect and process legacy tires. Also, incenting higher value products, developing new markets, and adopting new technologies that are intended to ensure incentive fees for processing are providing the best return. The TSS is interested in keeping fees to the consumer (recycling fees per tire sold) as low as possible, while recognizing the responsibility to the environment. We anticipate that having a second processor in the southern portion of the province will reduce greenhouse gas emissions and lower the overall environmental footprint of the program.

1.3 STATEMENT OF PURPOSE

The intent of this RFP document (and documents and reference material cited) is to provide the required background information on:

- The process to provide a submission under this RFP (this document)
- The mandate and goals of TSS and the PSP to make continuous improvements to how scrap tires are managed in the province (see regulations and 2021 - 2023 PSP on the website)
- The general terms and conditions under a processing contract with TSS (Appendix 2)
- The availability of scrap tires and incentives (Appendix 3)
- The acceptable end products for scrap tire recycling in Saskatchewan (Appendix 4)

1.4 SCOPE OF WORK & EXPECTATIONS

The Proponent is responsible for providing a proposal in enough detail for an evaluation by TSS of the potential to enter into a Processor Contract.

The TSS is looking for, at the minimum:

- Experience in recycling and waste management
- An understanding of tire recycling processes
- An experienced management team, clear ownership/governance structures
- The identification of end use markets and an ability to access these markets
- The required financial resources for building and operating a recycling plant, manufacturing of products and marketing and sales
- Solid financial projections and pro formas for the first three years
- Demonstrated commitment to a collaborative and partnership relationship
- A business model and plan that demonstrates longer term viability and business sustainability enabling the TSS to consider a longer-term contractual arrangement
- NOTE: The TSS would consider Proponents with existing operations outside of Saskatchewan if they are prepared to invest in Saskatchewan in a recycling plant and to manufacture and operate a business office within the province.

Additionally, proposals with a focus on higher value manufactured product, new technologies, and reduced incentive fee requirements will be favoured.



2. INSTRUCTION TO PROPONENTS

2.1 TIMETABLE

Important Dates	Date
Issuance of RFP	February 11, 2021
Receipt Confirmation Submitted (Appendix)	February 18, 2021
Closing of Questions	March 8, 2021
Response Submission Deadline	March 31, 2021
Evaluation, Concurrent Negotiations (if required)	April / May 2021
Selection, Contract Signed	By May 31, 2021

2.2 DOCUMENTS & PROPONENT REGISTRATION

- RFP documents may be obtained from the TSS website, or by contacting the TSS directly. RFP documents have been sent directly to industry participants who have previously expressed a specific interest in processing tires in Saskatchewan.
- Interested parties must complete and submit to TSS a Receipt Confirmation form by February 18, 2021 (see form provided in Appendix 1). This form will register Proponents to receive future communications regarding the RFP and answers to specific inquiries.
- RFP documentation has been made available solely for obtaining proposals for the project described herein. Their use does not confer license or grant other rights.

2.3 INQUIRIES / ADDENDA

- Inquiries may be directed to the attention of Stevyn Arnt, Executive Director, Tire Stewardship of Saskatchewan, by e-mail at Stevyn.arnt@tssk.ca or by telephone at 306-550-8634
- Addenda may be issued during the proposal development period. Therefore, Proponents are responsible for reviewing and considering all addenda prior to submission of their response.
- Verbal responses to queries are only binding when confirmed by written addenda.
- Clarifications on the process requested by Proponents must be e-mailed to Stevyn.arnt@tssk.ca prior to the Closing of Questions date referenced in Section 2.1. The reply will be in the form of an addendum e-mailed to all Registered Proponents.

3. PROPOSAL SUBMISSIONS

3.1 PROPOSAL DELIVERY

The Closing Time for this RFP is 3:00pm CST March 31, 2021.

The Proponent must submit an electronic copy of its Proposal in PDF format and by email before the Closing Time to the TSS contact provided below. The Proponent may also choose to provide a paper copy by the deadline to the address below. However, an electronic PDF submission must also be provided. Proposals must be received at the following address by email, mail or courier:

Tire Stewardship of Saskatchewan
3419 Pasqua Street
Regina, Saskatchewan
S4S 7K9
Attention: Executive Director, Tire Stewardship Saskatchewan
Stevyn.arnt@tssk.ca

3.2 INCURRED COSTS

The RFP does not commit the TSS to pay any incurred cost associated with the preparation of the proposal in response to this RFP. Interested proponents are responsible for bearing all costs associated with preparing and presenting the proposal, and if applicable, any negotiation and finalizing of an agreement with the TSS.

3.3 PROPOSAL REQUIREMENTS

Proposals shall be submitted with the following basic sections. Sections and subsections may be added at the discretion of the proponent.

PART A: PROPOSAL

1. Table of Contents
2. Executive Summary
3. Background, Experience and Capabilities (demonstration of ability to successfully operate)
4. Business and Industry Experience
5. Understanding of environmental issues, recycling industry and TSS goals and program
6. Describe existing business or whether a subsidiary or a new venture
7. References

PART B: BUSINESS PLAN

1. Table of Contents
2. Executive Summary
3. Business Purpose
4. Products and Markets including study/analysis on their target market
5. Management, Staffing, and Organization
6. Location and Facilities
7. Production Plan including technology of focus
8. Marketing Plan
9. Risks and Risk Mitigation
10. GHG Impact of operations
11. Investment, Source and Use of Funds
12. Financial Projections based on assumptions for 5 to 10 year period

PART C: Financial requirements, volume of tires and incentives required

- Clarity on annual scrap tire volume commitments/requirements.
- Volume and incentive expectations based on the proponent's business/financial model requirements.
- Initial indication of level of incentive fee requested and basis of payment

3.4 PROPOSAL MODIFICATIONS

Amendments to a submitted proposal will be accepted if received in writing by mail or e-mail to Stevyn.arnt@tssk.ca prior to the RFP closing date and time. All amendments must be endorsed by the party or parties who signed and sealed the original proposal. The onus is on the Proponent to ensure timely receipt of proposal modifications.

3.5 PROPOSAL WITHDRAWAL

A Proponent may withdraw a proposal without prejudice, provided a written request, signed and sent by the same party or parties who submitted the original proposal, is received by mail or e-mail before the closing date.

4. EVALUATION CRITERIA & PROCESS

4.1 EVALUATION CRITERIA

All proposals will be reviewed and evaluated by an Evaluation Committee consisting of the TSS Executive Director, and a representative of the Board, a member of the TSS Advisory Committee and external business advisors. The objective of the evaluation committee is to recommend the proposal that best meets the needs of the TSS, and the program.

The TSS has prepared an evaluation outline used to score the proposals which is based on the following relevant factors pertaining to the specific needs of the TSS. The criteria include:

- Strategic thinking, creativity, innovation and value-add integrated within the Business Plan
- Existing stewardship industry knowledge / relationships
- Quality and capabilities of the Proponent
 - Knowledge of scrap tire stewardship issues and goals
 - Experience in environmental and recycling industry
 - Plan for producing and selling acceptable tire derived products (TDP) and end uses
 - Track record, financial stability, and references
- Completeness and quality of the Business Plan including:
 - Demonstrated viable business based on financial projections, investment requirements, products, market development and revenues, and level of required incentives
 - Demonstrated markets
 - Risks and Risk Mitigation Plan

Also:

- Willingness to meet all program requirements and work with TSS
- Focus on higher value end products to be produced
- The TSS' ability to meet specific request for scrap tire volumes
- Overall impact to the greenhouse gas emissions of the program
- Overall cost efficiencies generated to TSS program
- Incentive payments to be paid at time of sale of completed processed products versus receipt of scrap tires
- Financial viability of the business
- Minimize direct competition with, and financial impact to, the current processor in the province
- Commitment towards transparency and reporting of operations / sales data and financial statements as required by the TSS

4.2 CONCURRENT NEGOTIATIONS

The TSS may enter into concurrent negotiations with top-ranked Proponent(s). During these negotiations, the TSS may provide each of these Proponents with additional information required to come to an agreement and will seek further information as required by each Proponent and may request proposal improvements from each Proponent. If this process is undertaken, each Proponent will be invited to revise its initial proposal based on these negotiations and submit its Best and Final Offer to TSS.



This process is typically used to address the following: confirming assumptions under which their proposal was developed; conducting whatever due diligence is deemed reasonable and necessary under the circumstances; proposing revisions to a proposal based upon the results of any activities discussed previously; and provide more specific and detailed Proposals in areas to be identified by TSS as requiring more substantiation.



APPENDIX 1: RECEIPT CONFIRMATION FORM

Please complete this form and e-mail or fax immediately to:

Executive Director
Tire Stewardship of Saskatchewan
Email: Stevyn.arnt@tssk.ca

Fax Number: 1.306.789.7630

Failure to return this form may result in no further communication regarding this Request for Proposal.

Company Name: _____

Address: _____

Phone Number: _____ Fax Number: _____

Contact Person: _____ Phone Number or Ext: _____

E-mail Address: _____ Company Website: _____

We have received a copy of the above noted Request for Proposal. I authorize the Tire Stewardship of Saskatchewan to send further correspondence that it deems to be of importance related to this Request for Proposal by either fax or e-mail, whichever method they deem appropriate.

I understand that if I do not return this form our company will not receive any further notices with regard to this Request Proposal.

I understand that any clarification questions must be made no later than the date outlined above.

_____ I will be participating in this Request for Proposal process.

Name: _____ Signature: _____

Title: _____ Date: _____

APPENDIX 2: CERTAIN REQUIREMENTS OF A PROCESSOR IN SASKATCHEWAN

GENERAL

1. The TSS will not pay incentive for any use or disposal of Scrap Tires or Scrap Tire material provided to a registered processor without a documented commitment to sound environmental management, and fair labour practices.
2. The culling or grading of Scrap Tires for reuse and / or resale is not allowed by a processor.
3. Incentives paid by the TSS are sourced from fees collected on tires sold in Saskatchewan and therefore will only be paid on tires sourced in Saskatchewan.
4. A Saskatchewan Processor must have a contract with TSS for receiving and processing scrap tires in Saskatchewan.
5. The TSS shall pay incentives to the processor based on the program and as outlined in the processor contract.
6. Incentives will only be paid when claimed on an approved Incentive Claim form.
7. To ensure the goals of the TSS are met, incentive payments are only made when all of the requirements of the program have been met.
8. Incentive funds are payable only for the purpose intended, and any different use could result in termination of the contract.

BEFORE A CONTRACT IS ISSUED

1. A Saskatchewan Processor must provide evidence the Processor will carry out operations in Saskatchewan and evidence of registration as a Saskatchewan corporation or extra provincial registered in Saskatchewan.
2. A Saskatchewan Processor must provide evidence of an account in good standing with Saskatchewan Workers Compensation Board.
3. A Saskatchewan Processor must provide other licenses approvals, certificates or clearances as may be requested by the TSS.
4. A Saskatchewan Processor must provide evidence of adequate insurance coverage.
5. A Saskatchewan Processor must provide a comprehensive initial business plan.

ONGOING OBLIGATIONS

1. A Saskatchewan Processor must provide a comprehensive business plan, on an annual basis.
2. A Saskatchewan Processor must provide permission for TSS to conduct any credit checks or other searches that may be required, at any time.
3. A documented Closure Plan must be submitted annually by the processor describing how the processor will implement and maintain the financial requirements required upon closure of the



applicant's site or business. The plan must also include the financial instrument such as a security or a performance bond the processor will maintain for ensuring the availability of such funds. This will be required to be updated on an annual basis.

4. Evidence of insurance, if requested, including liability, all risk, and appropriate environmental insurance maintained by the processor.
5. Annual Reports of from the processor including audited financial statements.
6. Sales Reports in a standardized format including annual average selling price by product line (to provide the TSS with confirmation of sales and insight into the value-added component).
7. A Saskatchewan Processor must be prepared to be bound by all applicable contract terms, the TSS policies and procedures and legislation in order to continue to receive scrap tires and incentives. A processor is obligated to ensure all federal, provincial, and municipal laws are followed.
8. A Saskatchewan Processor must be prepared to cooperate with regular program compliance audits.
9. A Saskatchewan Processor must keep adequate records and make them available to the TSS, to confirm program compliance and to support any claim for incentive payments. The records to be maintained include the number of scrap tires that are collected, transported and recycled, and the products and volumes processed, manufactured, and sold.
10. A Saskatchewan Processor must provide regular reporting of program activities to TSS and meet all information requests to meet Audit Requirements.
11. In accordance with the contract between the TSS and a processor, the TSS may terminate a processor with proper notification for non-compliance or for other reasons.



APPENDIX 3: TSS ACCEPTABLE & NON-ACCEPTABLE USE FRAMEWORK

The following table provides the current acceptable end uses and end products based on the past industry focus in the province.

Additionally, the TSS is looking for additional opportunities to add to the list of acceptable end uses and end products. Other higher value products to be added to acceptable uses could be based on the proponent’s technology, products, and markets; for example, carbon back and tire derived fuels. Proponents with identified additional markets for end products, or new technologies to create innovative and unique products, are also of interest.

TSS Acceptable & Non-Acceptable Use Framework

Acceptable Uses & End Products	Prohibited Uses
<p><u>End Products:</u></p> <ul style="list-style-type: none"> • Moulded / manufactured products • Examples include mats, vehicle ramps, traffic cone weights, paving stones, parking curbs, landscape mulch, planters, mud flaps, truck box liners, feeders, livestock application, blast mats, sidewall rings, die cut, others <p><u>Acceptable Uses:</u></p> <ul style="list-style-type: none"> • Tire shred for civil engineering projects, leachate collection layer in a new landfill cell or drainage projects • Crumb rubber material or modifiers for tire derived aggregate and paving for roadways, walkways, playground material, sports track, roofing material, etc. • Tire derived fuel 	<ul style="list-style-type: none"> • Improper storage and stockpiling • Illegal dumping • Unlicensed burning • Non-compliant geotechnical projects • Landfilling