

Contract 706 Renewal

Meeting: Council Briefing
Date of meeting: 07 October 2020
Reporting officer: Donna Powell, Waste Minimisation Leader

Purpose/Ngā whāinga

The Eastern and Western Waste and Recyclables Collection, Disposal and Dargaville Transfer Station Operation Contract (CON706) expires on 30th June 2021.

Feedback is sought on the proposed procurement approach ahead of Business Case approval at the October Council Meeting.

Context/Horopaki

There are four main activities to be considered in solid waste

- The servicing of all Kaipara Litterbins,
- Kerbside collection throughout of Recycling and General Refuse
- Processing and sale of recycled materials
- The management of the Dargaville and Hakaru Transfer Stations.

Contract 706 is held by Kaipara Refuse Ltd and includes Litter bin servicing, Recycling and General waste kerbside collection and management of the Dargaville Transfer station.

The current contract is based on a user pays model with majority of costs of collection and disposal being covered by the sale of official council general refuse and recycling bags and gate charges, there is some costs subsidised by council such as litter bin servicing and recycling subsidies. For the previous year this cost & subsidy equated to approx. \$327,000.

Throughout the 8 year term Kaipara Refuse Ltd has continued to show enthusiasm and initiative towards its contract duties and others that have been asked of them since taking on the contract, in particular waste minimisation via recycling, and has been supportive of Council processes and initiatives.

Contract 484 for the management of the Hakaru Transfer station is held by Northland Waste. This is due for renewal in July 2022

Why are we procuring a new contract?

We are procuring a new contract because

- The current solid waste contract expires on 30th June 2021 and cannot be rolled over again. Kaipara Refuse Ltd was awarded CON706 at a Council meeting on 22 October 2013 for a period of three years commencing 01 November 2013, with further 3 & 2 year rollovers approved by Council.
- There is an opportunity to realign solid waste activities with other contracts to get a better outcome
- The Draft 2021 LTP signals a significant change in how users pay for recycling and an increased focus on diverting waste from landfill

Discussion/Ngā kōrerorero

What are the opportunities from a new contract?

The new contract effective from 1 July 21 will subject to the upcoming LTP process likely see some major changes, in particular around recycling, this is due to both council and central government initiatives that are expected to be implemented over the next 1 – 3 years, these include the following:

- Implementation of Container deposit Schemes
- Standardisation of Kerbside Collection
- Expansion of the Waste Levi collected from Landfills
- Producted Stewardship (key products include tyres, e-waste, agrichemicals and plastics)

There are a number of initiatives identified under the current that are still to be explored. These include improvements to the recycling process to enable an expansion of products currently collected and better sale opportunities and include upcoming central government and council changes to service/activities.

Procurement Objectives

The proposed procurement objectives of Contract Renewal are

- To have a new contract in place by July 2021 which will enable implementation of the new Long Term Plan
- Increased promotion and achievement of Waste Diversion
- To have a Contract which reflects the outcomes sought by Council
- To maintain the current high-quality recycling product including the provision of an in District Processing plant to enable maximum high quality diversion.
- To meet social procurement objectives by supporting local employment and workforce initiatives
- To create a partnership environment with Kaipara District Council and Sustainable Kaipara
- To provide general waste disposal that is economical and prevents pollution to the environment.

Litter bins

it is proposed that the litterbin servicing be dropped from these contracts and incorporated in Contract 860 – “Maintenance of Parks, Reserves, Cemeteries, Public Toilets, Buildings and Dargaville Gardens” contract, as this team is out and about on a daily basis in some remote areas and carry out street cleaning in urban areas it makes economic sense to include this activity by way of a variation into their current contract.

Contract XXX - Kerbside collection of recycling, processing and sale of recycled material

This contract will be funded by rates, the Contractor will be expected to roll out the new kerbside collection system (subject to LTP confirmation) including the procurement and distribution of recycling bins.

The rationale of including kerbside collection with processing and sale of recycled material is to ensure that specialist and experienced recycling processors manage Kaipara Districts recycling needs within the Kaipara District, maximising diversion rates and reducing risk to Council. It is expected that this contractor will collaborate with the General waste contractor and Council to assist in developing further streams of Diversion as markets become available.

Processing and sale of Recycled Material. It is expected that Council using available waste minimisation funds will support the new contractor by way of additional funding for plant that will enable a higher quality product to be sold to the market, it is also expected that there will be a profit share between council and the contractor.

Contract XXX – Kerbside collection of general waste and Kaipara Transfer Stations Management

From July 1 2021 Kerbside collection of general waste and management of the Dargaville Transfer Station and from July 1 2022 management of the Hakaru Transfer Station.

This contract will be largely funded via user pays, i.e. through the sale of collection bags and gate charges at transfer stations.

With the management of the transfer stations comes the responsibility of diverting as much refuse as possible from landfill, the new contractor would be expected to collaborate with Council and the recycling contractor to ensure maximum diversion opportunities from landfill.

Timeline

The timeline for the contract procurement process is as follows;

Oct 20	Present Business Case and Procurement Plan to Council for approval
Nov 20	Registration of interest.
Jan 21	Tender out to invited tenderers that have been identified from above
Mar/April 21	Winning Tender/s advised for both contracts
July 21	New contracts commence
Oct 21	New kerbside collection system is implemented and commences.

Procurement Plan

The engineers estimate of the value of the proposed contracts are being finalised. These will be presented at the Council meeting

Under the financial delegations and Procurement manual this requires three prices for one and open tender for the other.

Two options are being considered

- Price Quality Method is proposed with a 60% Price: 40% Quality.
- Set a Target Price and assess the tenders on quality (any tenders over the target price will be non-conforming)

In addition to the Procurement objectives, the key requirements for New contractors to be assessed under quality are:

- Demonstrate ability to collaborate and develop partnerships with Council and Council Waste Minimisation Contract for service providers;
- Both contractors need to demonstrate that they can work together in a professional manner and a way that achieves economical waste disposal and maximum waste diversion;
- The new contractor for recycling collection and processing must have a processing facility to enable economical and maximum waste diversion for the Kaipara District;
- Have local knowledge and experience in the field they are tendering for;
- Council would give consideration to business in both Kaipara and Northland who support local individuals and local community involvement.

Next steps/E whaiake nei

Report back to Council at the Oct Council Meeting with the recommended option with Business case and procurement plan for approval.

Attachments/Ngā tapiritanga

A	NIL
B	