

# Waste Contract 706 Extension 21-22

**Meeting:** Kaipara District Council  
**Date of meeting:** 24 February 2021  
**Reporting officer:** Donna Powell, Waste Minimisation Lead

## Purpose/Ngā whāinga

To seek approval for an additional extension to Waste Contract 706.

## Executive summary/Whakarāpopototanga

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

The Council were advised that they would receive a Procurement and Business Plan for the Waste contract renewal. Following discussion with the industry, Council officers have reconsidered this approach. There is significant risk associated with initiating changes prior to confirmation of pending Central government changes and the unknown consultation outcomes in relation to proposed LTP 2021/31 changes to the Waste Minimisation service provision.

The proposed approach is to extend the current contract due to end on 30 June 2021 for a further one-year period from that date.

Any contract beyond the expiration of the extended contract will be drafted to better incorporate the final LTP and any other Government directions. This matter will be raised with the Council closer to the expiration date of the extended contract.

## Recommendation/Ngā tūtohunga

That the Kaipara District Council:

- a) Approves the extension of Contract 706 which provides “The Eastern and Western and Recyclables Collection, Disposal and Dargaville Transfer station operation” for a further 12-month period from 1 July 2021 to expiry on the 30 June 2022.
- b) Authorises the Chief Executive to finalise and sign the contract.

## Context/Horopaki

On the 7<sup>th</sup> of Oct 20 the Council were briefed on the upcoming contract renewal and the proposed direction of procurement for replacement contract/s. A procurement/business plan has been developed which has highlighted risks and other issues where it is difficult to make informed and timely decisions due to so many unknowns, such as the introduction of Central Government proposed initiatives and the results of consultation re proposed changes through the 2021/31 LTP.

Based on this Council would like to roll the current Contract for a further 12 months to allow for LTP approval and adoption of the proposed recycling changes and proposed targeted rate and increased costs. This will also allow more time for the Central Government initiatives to be rolled out or at the very least for Council to understand the economic and regional impacts of these and gain some definitive answers and direction.

## Discussion/Ngā kōrerorero

Contract 706 is due to expire on 30 June 2021, if the requested extension is approved this contract will continue to provide recycling and refuse services as they do now throughout the first year of the 2021/31 LTP period with a new expiry date of 30 June 2022.

This extension if approved will align the expiry Contract 706 with the expiry of Contract 484 “Hakaru Transfer Station operation”.

Following the 2021/31 LTP consultation process and final LTP adoption, the proposed approved changes (i.e. changes to kerbside collections and separating general waste and recycling contracts) will be implemented in the second year of the 2021/31 LTP period. It is proposed a contract for new services including the bins if this is the result of the LTP consultation would start from 1 July 2022.

Contract 706 is based on a user pays system with the contractors making the majority of their income from the sale of the Blue and Yellow refuse and recycling bags, there is a rate funded portion that covers the cost of litter bin servicing and some illegal refuse retrieval. Additional to the current contract Council pays the contractor a recycling subsidy to cover the costs of processing and transporting low cost products to market, this allows the contractor to continue to recycle these products rather than landfilling. This has largely been funded from the Waste Minimisation Levy. As there are still no real solutions to recycling issues throughout NZ this subsidy will need to continue during this one-year period, see table below for recycling subsidy costs over the past 2.5 years.

### Subsidy paid to Kaipara Refuse

Year	Total Cost
2018/19	\$8,118.00
2019/20	\$17,933.00
2020/21(first 6 months only)	\$8,203.00

### Options:

**Option 1:** Extend Contract 706 for a further 12-month period then tender new contract

**Option 2:** Tender contract from 1 July 2021 and awarded contractors automatically continue new service. Contract would be for 5 years.

The recommended option is **option 1**.

### Policy and planning implications

This are no Policy and planning implications.

The implementation of the Contract/s will be influenced by the 2021/31 LTP process.

### Financial implications

All funding is requested in Year 1 budgets for the 2021/31 LTP and is subject to approval via the LTP process.

During formal negotiation with the current contractor there may be identified options for minor improvements to the current service, any financial requirements for these will be executed within the existing budget or further papers brought to Council.

## **Risks and mitigations**

### **Option 1**

The main risk associated with this is that the current contractor may want to reduce the recycling activity further as markets continue to be an issue, Council will need to continue to pay a sustainable subsidy for recycling services.

It is acknowledged that the current contract has been extended twice (the first extension in 2016 for a further 3 years as allowed for in contract 706, the second for a 18 month period approved by Council in 2019) and that the intent of the original contract has become less clear over time. However, the contractor's past and current performance has met and gone above the contract expectations. There will be an opportunity to clarify contractual matters in the extension negotiations which will be undertaken formally if extension approved.

### **Option 2**

Due to the time frames Council will only have a five-month period to tender and appoint new contractors by 1 July 2022. This will be very difficult to achieve and due to the uncertainty around the direction of Central Government it will be difficult to produce a robust contract and attract tenderers. Also Council would not have completed the required Sec 17a Delivery of services review relating to efficiency on implementation of a new service.

## **Significance and engagement/Hirahira me ngā whakapāpā**

Neither option triggers the Significance and engagement Policy as it will have been properly procured and will have been budgeted for in the Long Term Plan..

## **Next steps/E whaiake nei**

If **option 1** is approved a formal variation to the contract for the extension will need to be prepared and approved by the Engineer to Contract and then signed by the contractor and Council, discussion will take place re any changes or improvements to service that Council or the Contractor may want, anything that is identified will need to be included in the LTP operational budgets for approval.

If **option 2** is approved, pending LTP approval the business/procurement plan will need to be presented to and approved by Council, Council would then seek expressions of interest from eligible contractors, prepare document/s for invited tender to those contractors that meet pre-set criteria.