



11.1 **CONTRACT 1747,1748 & 1749 KERBSIDE WASTE, RECYCLING, HARD WASTE AND DUMPED RUBBISH - CONTRACT EXTENSIONS.**

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1. PURPOSE

1.1 For Council to consider endorsing an eighteen (18) month contract extension (1 January 2021 to 30 June 2022) for the Residential kerbside waste collection (Contract Number 1747), Residential recycling collection (Contract Number 1748) and Hard waste booked collection and proactive dumped rubbish collection services (Contract Number 1749).

2. EXECUTIVE SUMMARY

2.1 Council entered into Contract(s) Numbers 1747, 1748 and 1749 to Four Seasons Waste Pty Ltd on 1 January 2013 for a period of seven years with provision for a one (1) year extension for the following services:

- Residential Kerbside Waste collection
- Residential Kerbside Recycle collection
- Hard Waste and Dumped Rubbish collection.

2.2 The City of Port Phillip provides weekly residential kerbside waste collection services to 62,588 tenements within the municipality. The services use a variety of mobile container configurations and collects 3,906,032 containers per annum. It also collects 20,220 hard waste bookings per year and collects 600 tonnes per year of dumped rubbish. High levels of recycling are achieved for hard waste and dumped rubbish collected with 70% materials collected processed for reuse.

2.3 Four Seasons Waste Pty Ltd has consistently achieved the contract performance requirements for all three contracts over the contract period.

2.4 Council officers applied under section 186 (5) of the Local Government Act (1989) for a Ministerial Exemption for an eighteen (18) month period (1 January 2021 to 30 June 2022) and was granted on the 16 September 2020, (refer Attachment 1).

2.5 The extension was sought to allow for effective alignment of new contracted collection specifications to the services and systems required in the 'Recycling Victoria: A new Economy' strategy and associated transition plan.

2.6 Due to the COVID-19 pandemic and delays in State Government infrastructure planning and procurement, the waste and recycling industry is not able to effectively respond to large scale tenders to meet the requirements of 'Recycling Victoria'.



- 2.7 Having reviewed the current state of waste and recycling markets, Council officers recommend Council extend the current kerbside collection contracts until June 2022 as per the ministerial exemption.
- 2.8 At the end of this extension period Council officers propose that a further 12 month extension may need to be considered from July 2022 to June 2023, to allow further time for the commercial waste markets and processing infrastructure to develop. This will assist in meeting state government waste strategy requirements, provide value for money to our community and council and provide a stable service which meets the expectations of our residents. This period will also allow time for council to continue to develop a service that best meets the requirements of an inner-city council and its challenges with high density living.

3. RECOMMENDATION

That Council:

- 3.1 Exercises the eighteen (18) month extension to the value of \$4,563,971 excluding GST (\$5,020,368 including GST), for the provision of the Residential Kerbside Waste Collection Contract Number 1747, to Four Seasons Waste Pty Ltd.
- 3.2 Exercises the eighteen (18) month extension to the value of \$3,547,403 excluding GST (\$3,902,143 including GST), for the provision of the Residential Recycling Collection Contract Number 1748, to Four Seasons Waste Pty Ltd.
- 3.3 Exercises the eighteen (18) month extension to the value of \$1,929,591 excluding GST (\$2,122,550 including GST), for the provision of the Hard Waste Booked Collection and Proactive Dumped Rubbish Collection Services Contract Number 1749, to Four Seasons Waste Pty Ltd.

4. KEY POINTS/ISSUES

- 4.1 The residential kerbside waste collection, recycling collection, hard waste booked collection and proactive dumped rubbish collections services contracts commenced 1 January 2013. These services are highly valued by the community as they are critical for maintaining public health and amenity outcomes. The State Government exercises influence over the waste management strategic direction through four agencies, Department of Environment, Land, Water and Planning (DELWP), Sustainability Victoria and the Metropolitan Waste and Resource Recovery Group (MWRRG). DELWP is responsible in setting strategy directions for the state regarding waste. The EPA takes regulatory role in setting and enforcing environmental standards for waste collection and disposal services. Sustainability Victoria is concerned with the development of waste and recycling re-use options for materials. The Metropolitan Waste Resource Recovery Group (MWRRG), which Port Phillip Council is a party to, is a Victorian State Government statutory body that provides regional procurement assistance and support to councils.
- 4.2 There are three distinct contracts that are used to deliver the required waste collection services and will continue in their current form until a public open tender is undertaken. They are as follows:
 1. **Kerbside garbage collection:**
Collected weekly and all waste delivered to Wyndham landfill under the MWRRG regional contract.



2. **Kerbside recycling collection:**

Collected weekly and all materials delivered to Cleanaway Pty Ltd for processing as part of Councils recycling contract.

3. **Hard waste booking collection and dumped rubbish:**

Collected on bookings, 4 to 6 collections per calendar year for rateable property. Dumped rubbish collected on customer request and proactive collection service.

Note: All waste collected as part of the hard waste booking and dumped rubbish contract is processed and 70% is reused. The current hard waste booked collection service is well used by residents and has increased from 12,000 collections at the start of the contract in 2013 to currently approximately 20,000 collections.

- 4.3 Council officers will commence the procurement process incorporating key strategic objectives contained in the *Don't Waste It Strategy* into the tender specifications and take into account the direction of a four-stream collection service (including food and garden organics and separated glass) as stated in the Recycling Victoria Strategy. This will be in accordance with Council procurement policy and guidelines in early 2021.
- 4.4 It is envisaged that the new contracts will be awarded mid-2022 to allow the incumbent/s a 12-month period to mobilise for the contract. This will enable the preferred contractor/s the necessary time to acquire the fleet and equipment needed to meet Councils environmental requirements.

5. **CONSULTATION AND STAKEHOLDERS**

- 5.1 The service has been assessed as meeting the necessary contract requirements with the contractor consistently meeting the Key Performance indicators within the contract. Regular monthly performance and customer request monitoring indicates that the service is meeting current community expectations under the current contract service requirements. The performance of the service is comparable with other inner city councils whilst contending with higher degree of service delivery complexity due to the difficulty of local conditions.
- 5.2 In the City of Port Phillip customer satisfaction surveys, conducted between 2013 to 2019, an average result of 89% customer satisfaction has been achieved.

6. **LEGAL AND RISK IMPLICATIONS**

- 6.1 There are no legal implications associated with the recommendation contained within this report. The ongoing review process of Contract Number 1747, 1748 and 1749 is in line with the requirements of the City of Port Phillip contracts and procurement policy.
- 6.2 The only pending risk of going out to procurement for a short term contracts up to two (2) years would be the high costs associated with a short term contract due to the capital outlay of equipment to service waste collection contracts.

7. **FINANCIAL IMPACT**

- 7.1 The eighteen (18) month extension costs of contract Numbers 1747, 1748 and 1749 is \$10,040,965 excluding GST (\$11,045,061 including GST).
- 7.2 Operational budget costs for waste services 2020/21 \$6,584,243. Allowed an annual increase of 2.5% for both options listed above.



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Current budget 2020/21	Budget 2021/22	Variance increase 2021/22	Budget 2022/23	Variance increase 2022/23
\$6,584,243	\$6,748,849	\$164,606	\$6,917,570	\$168,721

8. ENVIRONMENTAL IMPACT

- 8.1 Under the Residential recycling collection Contract Number 1748 all recycling collected from residential and commercial properties is processed for reuse, approximately 11,000 tonnes per annum is collected.
- 8.2 The hard waste and dumped rubbish Contract Number 1749 collects approximately 2,274 tonnes per annum with 70% is reused.
- 8.3 The dumped rubbish data over the past five years indicates a consistent trend of dumped rubbish volumes as outlined below. Hard booked waste volumes have increased over the years from 2013 (1397 tonnes to 1976 tonnes) for 2020, which indicates a greater awareness of the correct way to dispose of unwanted materials

Years	Dumped Rubbish Volumes
2015/16	735 tonnes
2016/17	656 tonnes
2017/18	615 tonnes
2018/19	637 tonnes
2019/20	687 tonnes

- 8.4 The current contracts are in line with Councils *Don't Waste It* strategy to divert waste from landfill.

9. COMMUNITY IMPACT

- 9.1 The services contained in this report are considered core community services to the City of Port Phillip.
- 9.2 This service strengthens Councils ongoing commitment to a healthy and vibrant city and meeting the objectives of the *Don't Waste It* Strategy.
- 9.3 The waste management service has strong history of high performance. The 2019 community satisfaction result published on the City of Port Phillip website indicates a score of 83%, in comparison to the Metropolitan average of 73%.

10. ALIGNMENT TO COUNCIL PLAN AND COUNCIL POLICY

- 10.1 The recommendation contained in this report support Council plan directions:



Direction 3: we have smart solutions for a sustainable future.

3.5 A sustained reduction in waste. Reducing waste and recycling and diversion from landfill through service innovation and facilitating community action.

10.2 Waste is one of four transformation priorities in the Council Plan.

11. IMPLEMENTATION STRATEGY

11.1 TIMELINE

11.1.1 TIMELINE

Current contract and extensions	
Award eighteen (18) month extension	Valid through January 2021 – June 2020

11.2 COMMUNICATION

11.2.1 The contractor will be formally notified of the decision.

11.2.2 The new contract will be subject to a public tender process.

12. OFFICER DIRECT OR INDIRECT INTEREST

12.1 No officers involved in the preparation of this report have any direct or indirect interest in the matter.

TRIM FILE NO: F20/1

ATTACHMENTS 1. Kerbside contracts to June 2022