

13. **REQUEST FOR INFORMATION (RFI) NO 03/04-58**
OPTIONS TO MEET A RANGE OF CCC SOLID WASTE STREAM SERVICES AND OBJECTIVES

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The purpose of this report is to inform the Council of the results of the recent Request for Information for options to meet a range of Council solid waste stream services and objectives and to recommend actions to move this issue forward.

1. BACKGROUND

Early in 2002 Waste Management Ltd (WML) wrote to the Council seeking to negotiate some form of partnership arrangement for the management of one or more of the Council's refuse stations. Around that time Onyx NZ Ltd too had expressed interest in such an arrangement. These companies were responding to the Council's increasing waste tipping fees which had risen to the extent that it was becoming viable for the commercial waste collection sector to consider setting up their own waste sorting facilities. Both the waste companies and Council staff, felt that a partnership approach would be worthwhile exploring, as, from the Council's point of view, such a partnership had the potential to avoid new refuse stations being set up unnecessarily. Note that any new refuse stations developed by commercial waste operators would only service commercial operators, which would tend to result in the Council's stations handling the uneconomic domestic waste stream. (Typically this portion of the waste stream is relatively expensive to handle). These issues were presented through the Sustainable Transport and Utilities Committee to Council which resolved on 24 April 2002 that:

"Expressions of Interest be sought from commercial waste operators for a joint venture with the Council to run one or more of the refuse stations and focussing on recycling and waste minimisation."

Subsequently this resolution was overtaken and put on hold by the review of the solid waste activities that was being carried out at the same time by the Budget Scrutiny and Audit Special Committee. Part of that review focussed on the existing solid waste contracts (Onyx, RMF etc) including the refuse station management contract with City Care. On this issue the Budget Scrutiny Committee, and subsequently Council resolved:

"That the review of current contracting practices be supported with a goal of reducing costs (a target of \$500,000 saving) and improving waste minimisation outcomes."

The premise behind this was that there are a number of different service providers operating in each of the Solid Waste operational processes (collection/refuse stations/recyclables management) and that the 'hand over' points can be potential areas of reduced efficiency and achievement of waste minimisation goals.

Subsequently a series of meetings with Christchurch's principal waste management suppliers:

- Waste Management Ltd (WML),
- Envirowaste Services Ltd (ESL),
- Onyx Group (NZ) Ltd,
- City Care Ltd (CCL),
- Recovered Materials Foundation (RMF),

took place looking for ways to find a collaborative waste management model that would:

- lower operating costs,
- increase waste minimisation.

One specific aim of the process was to seek a model that included WML and ESL involvement in waste operations in a significant way, as these two companies collect 36% of the waste stream.

These meetings did not reach a satisfactory conclusion and a decision was taken (confirmed by the Council in August 2003) to go to the market place with a request for information (RFI) to meet a range of Christchurch City Council solid waste stream services and objectives.

The key drivers then for seeking requests for information were:

- improved efficiencies in management of the “waste supply chain” (collection, recycling processing, refuse station management, compost plant management) and therefore lowered costs.
- improved waste minimisation outcomes particularly from greater opportunities for waste sorting at the refuse stations through involvement of commercial partners interested in carrying out this activity.
- involvement of the commercial waste operators in a partnership approach to management of waste services, thereby reducing the risk to the Council of the easily sorted commercial waste stream being diverted from its refuse stations. This would be likely to result in a considerable loss of efficiency of the Council's own stations.

2. RFI DOCUMENT

The RFI document gives considerable scope to submitters to be innovative in their suggestions for ways to “meet a range of CCC Solid Waste Stream Services and objectives”. The objectives/services were derived from the Councils Solid and Hazardous Waste Management Plan which was summarised in the RFI, including the zero waste goal and the current intermediate waste minimisation targets.

The following clauses explained the essence of the background and purpose of the RFI:

- A recent management review of the solid waste services contracted for by the Council, identified the potential for improving the efficiency and effectiveness of those services by reducing the number of individual contracts managed by the Council. The review also concluded that a single large contract may also increase the opportunities for waste diversion from the landfill through such initiatives as a waste sorting facility.
- The primary purpose of this RFI is to seek responses that demonstrate how the resulting benefits noted above, may be best realised, as well as achieving improved waste minimisation whilst reducing costs, greater alignment between contracts and appropriately shared contract risk.

The document noted that collaborative responses between contractors would be viewed favourably.

The scope of the RFI included the following existing facilities and services:

- Three refuse stations - (Parkhouse Road, Metro Place and Styx Mill) operation and management including drop off points for refuse, greenwaste, soil, rubble and tyres;
- Compost plant - receipt and processing of greenwaste on a eight ha site situated at Metro Place Refuse Station;
- Recycling centres - situated at each of the refuse stations;
- Kerbside recyclables collection and delivery;
- Kerbside waste collection and delivery;
- Hazardous waste services - drop off points at each recycling centre and disposal through appropriate treatment agencies; and
- Recovered and recyclable materials management and processing - this includes processing, sorting, marketing and sale of recyclable materials, operation and management of the recycling centres, waste exchange (links generators of waste to potential users), providing education programs, kerbside promotion management, fund management and research and technology projects.

Not included in the scope were:

- Burwood landfill, as it is expected to shut within approximately 18 months
- Kate Valley landfill operations
- Transfer of waste to Kate Valley
- Target Zero, because it was considered that this is best aligned with Councils Sustainable Christchurch Initiatives
- The Supershed, because it is branded to the RMF

Submitters were encouraged to consider offering additional services that would meet Council objectives such as kerbside organics collection and waste sorting facilities and a particular emphasis was given to development of a putrescibles composting plant, as this is seen as the key to meeting the Councils organic waste reduction target.

3. SUBMISSIONS RECEIVED

Seven submissions were received, all but one from organisations currently involved in the Christchurch waste industry. This latter one was from Global Renewables with whom Council has been in dialogue regarding their waste processing technology. All submitters have been afforded an opportunity to present their proposals to staff. A summary of the key elements of each proposal is given below. The first three can be categorised as offers of processing technology, while the subsequent four proposals look more closely at the local situation and its stakeholders and offer solutions that attempt to meet the Councils objectives, while at the same time meeting their own.

3.(a) R5 Solutions

This is the company that now manufactures and markets the Hot Rot invessel composting system. It also has links to the UK "Wastec" waste separation technology. R5 noted that theirs was not a complete response to the RFI, and focussed largely on the organics waste stream. R5 offered:

- Invessel composting technology, developed in Christchurch. Note here that R5 Solutions has very limited experience.
- Mixed municipal solid waste sorting technology (ie a dirty material facility recycling (MRF) approach). There was no evidence of R5 Solutions mixed waste processing capability, management structure or experience, but in any case R5 itself does not really favour a mixed waste treatment approach.

3.(b) Living Earth

Again not a comprehensive proposal and with a focus on organic waste. Living Earth also noted that they expected to be nominated as a subcontractor in other parties response, as they in fact were, in the CWS response. Living Earth is interested solely in organics management including an integrated organics recovery facility that encompasses processing and marketing of this material. It is not linked to any specific processing technology, taking the view that the differing circumstances of communities require specific solutions. The company offers a design, build and operate service for such a facility.

3.(c) Global Renewables Ltd (GRL)

Following an approach from GRL some time ago Christchurch City Council staff have worked with GRL on a feasibility study for their solid waste treatment technology in the Christchurch context. A pre feasibility report had been completed, and this forms the basis of the proposal from GRL.

The proposal is a reasonably comprehensive one and is based on the premise that robust technology capable of effectively sorting and processing mixed municipal waste is the way to go. The argument is put that in general, additional costs from investing in this relatively high tech approach is more than outweighed by the savings available from reducing the collection system costs i.e. the kerbside collection could be reduced to a single collection of household waste.

"Global Renewables has selected a suite of the worlds best commercially proven resource recovery technologies and integrated them to produce the UR-3R process". While each of the component technologies is working commercially in various places in the world, the combination of these particular technologies together has not yet been proven. However, a full scale facility is under construction at Eastern Creek in Sydney.

Details of the process are given in Attachment A together with more information of the specific proposals summarised below.

- **Option A** is for a facility processing 50,000 tonnes per annum of municipal solid waste. Organics and metals are diverted from the waste stream in a receival hall. Organics are processed in a "percolator" and subsequent digester to produce biogas. Percolator product is composted with 15,000 tonnes of additional greenwaste. Residual waste is rendered inert and assumed suitable for disposal at a cleanfill.

- **Option B** is for a facility processing 111,000 tonnes per annum facility of municipal solid waste. Organics, metals, plastics, paper and glass fractions are diverted in receipt hall. Organics are processed as for option A but in addition electricity is generated from biogas. Percolator product is composted with no additional greenwaste. Residual is waste rendered inert and assumed suitable for disposal at a cleanfill.

3.(d) **City Care (CCL)**

The City Care proposal states it does not provide “a definitive technological and contractual path for the achievement of the City’s waste minimisation goals, but focuses on the framework required for any delivery process to remain in the best interests of the Christchurch community, and not be wrested away entirely to benefit the commercial interests of big waste companies.”

The main argument supporting the proposed framework is that the community of ratepayers best interests are served by maintaining the waste collection and management function as a “controlled natural monopoly” delivered by a single provider acting in the best interests of the community. (They propose that City Care is that provider.) It is suggested for example that it is far more economic for the community to have a single collection of kerbside waste rather than a plethora of different competing collectors. The proposal also notes the risk of a private refuse station being set up to accept commercial waste only, and the additional risk of a commercial waste operator with an interest in Kate Valley controlling its own private refuse station. City Care expresses concern that this scenario could provide a disincentive to waste sorting as profit margins on Kate Valley might be higher than the profit margin on the waste sorting operation.

The proposal picks up on the concept first put forward to the Budget Scrutiny and Audit Special Committee, that having a number of different solid waste service providers contracted to the Council with handover points of the waste materials could work against efficiency and improved waste minimisation. They make the case that their proposal aligns with the solution presented to the Committee to that potential problem ie having the whole of the waste stream managed by a single entity and the efficiencies that might arise from that.

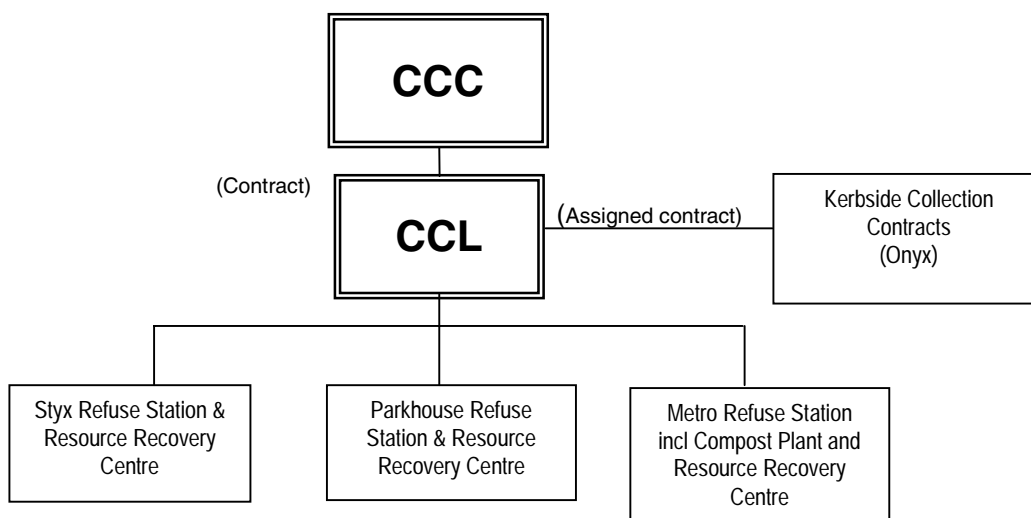
In its conclusion City Care proposes that the Council:

- Maintains rates funding (of the domestic kerbside waste collection) to keep control of the waste stream.
- Legislates to ensure the majority of the City’s waste goes through the refuse stations, so that opportunities for effective recycling are maximised and, thereby, residual waste to landfill is minimised.
- Provides a complete and “free” recycling service to households, and implements a Council controlled but user pays service for residual waste.
- Contracts to a single commercial entity (City Care) to achieve the benefits of efficiency of scale and total coordination of waste under commercial drivers.
- Aligns contract incentives to waste minimisation, and,
- Provides a separation of service suppliers to counter the waste maximisation profit drivers for Transwaste Canterbury.

City Care further proposes that its role in this framework includes:

- An open book contract between Christchurch City Council and City Care Limited with a profit/risk share arrangement for a minimum of ten years.
- Assignment of the Onyx kerbside collection contract to CCL.
- A “sale” of the recyclables processing section of the RMF business, so that CCL takes over management of the operational side of the RMF's current role ie recyclables processing, baling, promotion etc.
- A guarantee that the total cost of the services it would provide, would be less than or equal to Christchurch City Council’s current cost for those services.

The operational management model CCL proposes is shown below:



Value Added Services

With the proviso that achievement of the Councils waste minimisation targets relies on a willingness for the community to pay, CCL offers to work cooperatively with Christchurch City Council within their proposed framework, and suggest that the appropriate way forward in terms of services on the ground is:

- Continuation of the kerbside recyclables collection service by Onyx with their Contract assigned to City Care.
- Implementation of a wheelie bin kerbside collection service for green and kitchen waste.
- Continuation of residual refuse collection in bags.
- Investment in an invessel composting plant at Metro Refuse Station.
- Commencing sorting for construction waste and timber at Parkhouse Refuse Station.
- Application of a differential cost structure between stations so as to encourage different waste streams to go direct to the most appropriate refuse station and development of a Refuse Station charging regime to incentivise waste sorting.

3.(e) Recovered Materials Foundation (RMF)

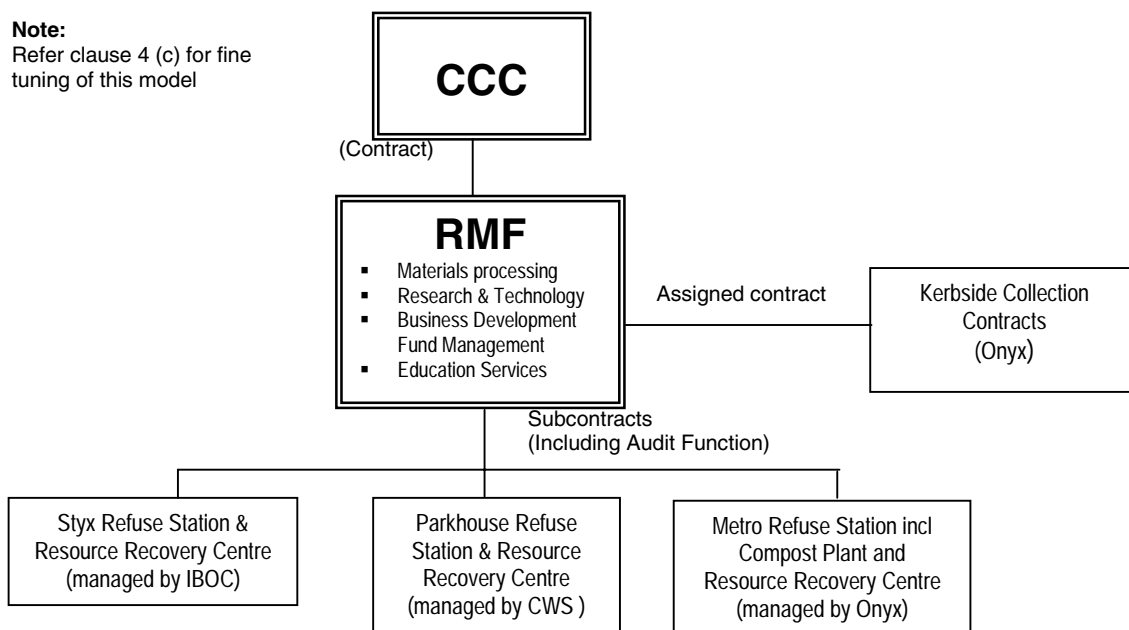
The RMF proposal is the most wide reaching in both its scope, and suggestions for change. It is inclusive in that an attempt has been made to find a role for all the waste operators currently working within the city, with the notable exception of City Care Ltd (although they were approached).

The essential premise underlying this proposal and advocated by the RMF is that as a not for profit organisation with a total commitment to waste minimisation, the RMF is the most appropriate organisation to manage the City's waste infrastructure and services. They make the case that because they are not commercially driven there is sufficient trust in them from other commercial operators for them to undertake this key role of contract manager/broker on behalf of the Christchurch City Council. They argue that this model fits what Christchurch City Council is seeking in having a single entity manage the whole of the waste stream, which thereby allows the greatest opportunity to maximise waste reduction.

The proposed contract model from the RMF is as follows:

Note:

Refer clause 4 (c) for fine tuning of this model



Competition between refuse stations to set 'own' dumping fees but still collect BDF and WM Levy.

As may be seen from the diagram the RMF proposes to take on a significant new role in contract management and would:

- Continue to manage and operate the recyclables processing facility at Parkhouse Rd, plus the other functions they currently perform under contract to Christchurch City Council.
- Develop and implement an independent audit function at all three refuse stations with the objective of ensuring that the maximum practical diversion of waste through the Resource Recovery Parks does take place (this is a condition of the Kate Valley MOU between the parties). This would involve RMF directly managing the refuse station kiosks, and therefore controlling, on behalf of Christchurch City Council, the revenue stream and the waste data flow.
- Under contract to Christchurch City Council, negotiate, implement and manage performance based subcontracts with Onyx, CWS (Canterbury Waste Services) and IBOC (Independent Bin Operators Collective) for management of the refuse stations. The RMF proposes these companies would be in competition with each other, which would drive the creation of efficiencies. The subcontracts would require that each station set up a Resource Recovery Park for sorting of the waste stream. Stations would be leased to the respective companies who would be responsible for station maintenance and development costs.
- Directly manage the refuse station kiosks, including waste data capture and revenue management, including collection of the Waste Minimisation levy.
- Have the kerbside collection contracts assigned to it.
- Directly manage any new kerbside collection contracted services that may be introduced such as kerbside putrescibles.
- Aim waste minimisation initiatives Canterbury-wide, not just Christchurch

Value added Services

Included in the RMF proposal are suggestions that the following services over and above the current levels of service will be investigated and/or provided:

- Development of a putrescibles composting plant.
- Reconfigured collection system to allow for future development (eg additional grades of plastics and other examples provided).
- Kerbside putrescibles collection.
- More resources channelled into education.
- Community based facilities for recyclables drop off and / or composting.
- Development of a Refuse Station charging regime to incentivise waste sorting.
- More resources channelled into providing recycling facilities at events.

3.(f) **Onyx New Zealand Ltd**

The Onyx proposal aligns with the RMF proposal in many ways but there are points of significant difference. Common elements are:

- RMF as central manager/broker with single contract to Christchurch City Council.
- Subcontracts with CWS, Onyx and IBOC to manage Parkhouse, Metro and Styx respectively.
- Conversion of all stations to Resource Recovery Parks.
- Primary focus of commercial sorting at Parkhouse.
- Organics processing to remain at Metro.
- Collection contracts assigned to RMF.
- Audit function as per Transwaste MOU by RMF.

Essential differences are:

- Onyx takes over operation of the RMF recyclables processing site.
- Integrate the kerbside collections contract with the street cleaning contract.

This latter suggestion of integration of the street cleaning and refuse collection contracts should be explored. There seems to be an increasing issue relating to street litter, and as the kerbside recycling crates reach capacity they become a source of litter. Synergies from the integration are worth investigating.

3.(g) **Canterbury Waste Services**

CWS has put forward a number of options, all focussed on refuse station management.

Option 1

- CWS leases Parkhouse Road and Metro Place on a 10-year + 10 basis.
- CWS converts the refuse stations into resource recovery facilities.
- CWS funds the capital for the conversions including any modifications required to accommodate new transport arrangements to Kate Valley.

Option 1a

- The concept is as for Option 1 with the significant difference that instead of converting existing facilities into resource recovery facilities, new purpose built facilities for handling and sorting the commercial waste stream would be built. At Parkhouse Road the location would be the Council owned old Wilders yard immediately adjacent to the refuse station and at Metro Place the location would be on the open space to the north of the existing facility. Domestic waste would continue to be processed through the existing facilities. All incoming waste would continue to be weighed and charged for at the existing weighbridges, with the Council setting gate charges. Note that this proposal aligns with the Councils original objective in purchasing the Wilders yard land ie for a waste minimisation activity.

It is not CWS's preferred option to manage the facilities that would continue to process the domestic waste, but it is open to negotiation on this.

Option 2 and 2a

- As per option 1 and 1a except that CWS would manage and build new facilities at Parkhouse Road site only.

4. OPTIONS

4.(a) **General**

As noted previously the proposals from Living Earth and R5 are essentially from companies selling composting technology, and can be seen as lower level proposals that could be fitted into any of the other proposals that advocate the development of an invessel composting plant. The decision about which composting technology to choose is not necessary as part of the consideration of the RFI's in general, and indeed, if any of the higher level proposals are pursued, the decision about composting technology could well end up being made by one of the contractor stakeholders. These proposals have therefore not been considered further.

The GRL proposal is also a technology sales proposal albeit a considerably more comprehensive one. Fundamentally it is the “dirty MRF” (materials recovery facility) approach, which requires no waste minimisation behavioural change from the public, and indeed would require less involvement from them as the current kerbside recyclables collection would be terminated. It nevertheless needs to be considered in the overall assessment.

The remaining four proposals effectively fall into two models. On the one hand the RMF model, which with some modification could accommodate both the Onyx and the Canterbury Waste Services Proposal and on the other hand the City Care model. It should be noted that integrating the RMF, CWS and Onyx models would require some compromise by each of the parties. All parties have indicated a willingness to cooperate in such an approach, but there would be considerable detail to be negotiated. For the remainder of this report reference will be made to the “Integrated RMF model” to distinguish it from the RMF model per se, and it is this integrated model to which the following discussion refers

As a guide to selecting the most appropriate model an initial tabulated assessment of the three models (City Care, GRL and Integrated RMF) has been carried out based on the following criteria:

- Potential to drive efficiencies and lower costs
- Potential to meet waste minimisation targets
- Environmental sustainability of proposal
- Equity /inclusiveness/waste stream control
- Reduction in material handover points between operators
- Ability to implement proposal
- Refuse station modifications implications (compared to current)
- Cost of change arising from contract renegotiation

This process showed the Integrated RMF proposal as a slightly more favourable option than the City Care proposal giving a five point score and four point score respectively, (refer Attachment A for the evaluation). The Global Renewables proposal, however, rated significantly lower mainly for two reasons. Firstly it scored low on the equity/inclusiveness category, as no mention was made of working with other stakeholders, and secondly because it is not a proven technology package. Also it did not score highly on the potential to meet waste minimisation targets or the environment sustainability criteria. It may be successful in both those areas, but this is expensive technology, and the risk to the Council if the process does not work is high. Two other unproven and expensive waste processing facilities have recently failed in New South Wales. It is recommended that Christchurch should only seriously consider well proven technologies, to avoid such a failure here. Although not included in the criteria, the other factor to be considered is the underlying philosophy to the GRL solution. That philosophy is that waste should be collected in bulk, in a mixed state, and technology can be used to sort and process the material. This does not align with the path that the Council is currently on with the kerbside recyclables collection and RMF processing plant.

For these reasons only the City Care and Integrated RMF models are considered in further detail in this report.

4.(b) **City Care Model**

As a generic model this proposal could be described as a least change model, especially if City Care was selected as the single entity to manage the solid waste infrastructure and services.

Essential features of this model are:

- Council contracts to a single entity for provision of solid waste management.
- Contract includes all refuse station management, compost plant, recyclables drop off centres, control of collection contracts and recyclables processing.
- Rates funded recyclables service, and user pays refuse collection service.
- Legislation to block development of private refuse stations.
- Excludes Waste Management and Envirowaste from bidding to be the “single entity”.
- Refuse station management contract to be set up to provide better returns from recycling than from refuse disposal.
- Complete control of the waste stream maintained by the Council (but only if the legislation to block private refuse stations is workable).

The following strengths/weaknesses chart has been drawn up assuming that City Care is the selected single entity for managing the solid waste systems.

Strengths	Weaknesses
<ul style="list-style-type: none"> ▪ Control and actual operation by single entity reduces potential material multiple contract interface handover conflict ▪ Realistic approach to new waste management initiatives ▪ Financial risk relatively low as least change model ▪ City Care is a Council controlled organisation, and hence Council may retain a greater ability to influence actions and outcomes ▪ Strong record in management of subcontractors <p>Note: if other refuse stations are set up by commercial operators as is considered likely with this model, refuse station modification costs would be lower with the lower tonnages through the existing facilities</p>	<ul style="list-style-type: none"> ▪ Recyclables material handover point to the RMF after processing tends to be counter productive to maintaining high quality recyclables (see bullet points in section 6 for a fuller explanation) ▪ Exclusion of commercial partners significantly increases the likelihood of other refuse station development ▪ No track record in recyclables processing management ▪ Recent track record in reducing refuse station costs not strong ▪ Recent track record in initiatives to minimise waste not strong ▪ Existing service standards mediocre and not especially proactive in seeking improvements ▪ Legislation to prevent other refuse station development likely to be problematic ▪ Benefits of handing control of collection contracts to City Care not at all clear ▪ Proposed differential pricing structures between stations may be perceived negatively ▪ Monopolistic model provides no inherent incentives for improved service levels or efficiencies

4.(c) Integrated RMF Model

This model is at the other end of the change spectrum in terms of proposing significant change and innovation. The scale of change is such that a very long term view is needed. The proposal would set the scene for a different way of managing Christchurch City's solid waste for the foreseeable future. While the vision painted in the proposal is exciting and expansive, there is a degree of over optimism in some aspects of the proposals, and the potential costs of some of the initiatives may be high. However, accepting the model would not commit the Council to many of these initiatives, which would in any case need to be approved through the LTCCP before they were proceeded with.

Being inclusive, it is more difficult to view this model generically as the strengths that the individual partners bring to the proposal are an essential part of it.

Essential features of the model are:

- Council contracts with a single entity (the RMF) for provision of solid waste management.
- Contract includes all refuse station management, compost plant, recyclables drop off centres, control of collection contracts and recyclables processing.
- Competition between individual refuse stations.
- Auditing of refuse station waste minimisation performance.
- Includes all major waste operators currently operating in Christchurch including the collective of operators who provide the 40 gallon drum collection services.
- Opportunity for waste sorting of commercial waste streams.
- Substantial control of the waste stream retained by Council.
- Buy out of City Care from their current operational contract for the three refuse stations.

Strengths	Weaknesses
<ul style="list-style-type: none"> ▪ Considerably lowers risk of other refuse stations being set up in Christchurch due to collaborative approach. ▪ High potential for more waste minimisation - commercial and domestic ▪ Retains Council control of waste stream (commercial and domestic) and refuse charges ▪ Lowers capital expenditure required on existing refuse station modifications for Kate Valley transport system, as lower tonnages through existing pits changes the most cost effective transport system, reducing need for station modifications ▪ Passion expressed for, and commitment to waste minimisation ▪ Utilises experience and knowledge from the commercial waste management field. ▪ Potential for improved levels of service, particularly for commercial customers. ▪ Potential for smoother transition to Kate Valley transport system, as proposal envisages new sorting and handling facility at Parkhouse being built prior to Kate Valley opening ▪ Potential for improved refuse station efficiency through competitive nature of Refuse Station subcontracts 	<ul style="list-style-type: none"> ▪ Relatively complicated structure, and the full details/implications have not yet been explored ▪ RMF has limited experience, and resources in contract management ▪ Concept of IBOC managing Styx, possibly problematic and high risk ▪ Benefits of handing control of kerbside collection contracts to RMF not at all clear, ▪ Some possible perceptions over large waste companies having too much control of waste stream from collection to disposal. This can be countered by the fact that control is retained through direct RMF management of the weighbridges and kiosks. ▪ Conflict of interest concerns with RMF having both audit of waste minimisation function (as per MOU with Transwaste), and control of the refuse station management contracts. ▪ Cost of buying out City Care Ltd from their current operational contract for the three refuse stations ▪ Proposed differential pricing structures between stations may be perceived negatively

5. OTHER ISSUES

5.(a) Limited Life of Canterbury Waste Services (CWS) Proposal

Envirowaste is already operating a resource recovery facility, and Waste Management Ltd claims to have options on land which lapse in December 2003, also for the purpose of a refuse station and resource recovery park. An opportunity exists now to form a partnership with these companies that will prevent a proliferation of refuse stations, and consequent loss of control of the waste stream. It is believed this very significant opportunity is unlikely to re-present itself.

Canterbury Waste Services (CWS) accepts that the Council will have difficulty making any final decisions on future agreements by the end of November, but it does seek a determination from the Council about its wish to negotiate with CWS. This would allow CWS to make decisions on its property options in light of the potential to reach final agreement with the Council

5.(b) Collection Contracts

Both the above models propose that the control of the kerbside collection contracts move from the direct control of the City Water and Waste Unit to either CCL or the RMF. It is considered that the decision about the desirability of this move should be taken separately to the selection (if any) of the preferred model. There are issues of perceived loss of accountability to the Council, customer interface/call centre issues which would need to be thought through, and issues of ownership of the recyclables, as part of that decision.

6. DISCUSSION AND CONCLUSION

Both of the models under consideration have a common theme that much greater control of the solid waste management infrastructure, and services would be devolved to a single organisation. Beyond that the approach of the two models is quite different. The City Care model seeks to control the waste stream through regulation and prohibiting the major commercial players from an opportunity to bid for management of the stations. The RMF model (including Onyx and CWS) in contrast seeks to control the waste stream and provide opportunities for waste minimisation through contracting the current players in the market to manage portions of the infrastructure with a competitive element operating between the three refuse stations.

It is considered that the latter model by the nature of its inclusiveness, is intrinsically more likely to achieve a stable long term structure for the City's waste management, provided the detail can be satisfactorily worked through to set up the structure initially.

Both Onyx and City Care Ltd have proposed managing the recyclable processing operations. On balance it is considered this should not be pursued because:

- RMF has no profit margin in its financial structures. Handing over to a profit oriented organisation would probably raise the cost.
- Moving the handover point of the materials is likely to be counter productive to maintaining highest quality recyclables. Quality auditing of the collectors performance is easier at the drop-off point rather than post baling, or other processing.
- RMF is quality driven to maintain the highest possible return for the materials (of which a percentage is returned to Council).

Both proposals suggest various options for increase in kerbside collection services, but ultimately changes such as these will be costly, and as noted in the City Care proposal, need community buy-in. Therefore consideration of these suggestions do not need to be made at this time. They are included in the Solid and Hazardous Waste Management Plan Part 2, which is itself to be included in the LTCCP process. In any case nothing revolutionary in this regard has been forthcoming from any of the proposals received from this RFI.

If it is accepted that the Integrated RMF model is the preferred choice, a consequent issue arises with respect to the CWS proposal. While the detail of the many parts of the Integrated RMF proposal can be worked through over the coming months, a decision on whether the Council wishes to seriously consider the CWS proposal for Parkhouse Road Refuse Station needs to be made more promptly. It is recommended that a positive response be provided, as forming a partnership with these two companies is a principal key to reducing the risk of other refuse stations. If for example the detail of the Integrated RMF proposal proves too difficult to resolve, nothing would have been lost in agreeing to leasing the Wilders yard to CWS.

A further consequence of accepting the Integrated RMF model is the need to buy City Care Ltd out of the current contract for operating the Refuse Stations. A key component of the Integrated RMF proposal is to provide a level of competition between the Refuse Stations by leasing these facilities to CWS (Parkhouse Rd) to Onyx (Metro Place) and to IBOC (Styx Mill Rd). There will be a cost to the Council in effectively breaking the contract, the terms of which, will need to be negotiated with City Care. This possibility was foreseen in the recent negotiations with City Care Ltd which resulted in Council acceptance of an offer by City Care to reduce its costs by \$1.5m if certain contracts were extended by three years. The resolution in this regard was:

"That the transfer station contract be included in the overall schedule of contracts in this proposal but the Council and City Care Ltd recognise that contract review processes currently underway may result in changes, including the possibility that the City Care contract could be terminated, to the contract and to contract roles and any such changes will be negotiated in good faith between the parties."

Taking all of the factors discussed in this report into account (and especially the innovative approach and inclusiveness of the Integrated RMF proposal) it is considered that the Integrated RMF proposal has significant advantages over the CCL model and best meets the objectives of the Council.

7. THE WAY FORWARD

It is proposed that negotiations be commenced with all the parties involved in the Integrated RMF proposal with a view to reporting back to this Committee with a firm proposal in the new year. These discussions would be held with the objective of gaining a full understanding of the implications of the proposal, and exploring further the initial costs submitted with the information. Negotiations would also include an immediate letter to CWS indicating an intention to partner with them (at least) over the development of a waste sorting operation on the Wilders site.

Actions

- Notify Global Renewables, Living Earth, and R5 Solutions that they are not preferred suppliers.
- Commence negotiations with CWS with a view to signing an MOU December 2003 over the Wilders site.

- Work through detail and implications of the proposed structure with the RMF, (including costs and exploring integration of the street cleaning contract with the refuse collection contract) RMF would in turn be working with Onyx, IBOC and CWS.
- RMF to provide full details of how they would resource and implement the proposal.
- Report back to Sustainable Transport and Utilities Committee with recommendation of a final structure for approval in March/April 2004.
- Go back to the RMF to comprehensively value the price for the new contract.
- Report back to Sustainable Transport and Utilities Committee for final discussion.

8. SUMMARY

Proposals were received from:

- (a) Global Renewables Ltd,
- (b) Living Earth,
- (c) R5 Solutions,
- (d) Onyx Ltd,
- (e) CWS,
- (f) RMF,
- (g) City Care Ltd.

Proposal (a) is not considered viable.

Proposals (b) and (c) are of a minor nature.

Proposals (d), (e) and (f) can be meshed together. They are collaborative, inclusive and innovative and as such offer significant advantages over proposal (g).

- Recommendation:**
1. That in view of the urgent need to take advantage of current opportunities the Council explore the implications of the integrated RMF proposal. This work is to include the legal effects of any arrangement the Council is considering entering into.
 2. That the outcome of these investigations be reported back to the Sustainable Transport and Utilities Committee in March/April 2004.
 3. That the actions outlined in the report be modified, as appropriate, in view of the above recommendations.
 4. That a Sustainable Transport and Utilities Committee Seminar to discuss this topic, to which all Councillors are to be invited, be held prior to the Council meeting of 11 December 2003.

Note: Councillors Sally Buck, Denis O'Rourke and Ron Wright declared an interest in this item and withdrew from the voting and discussion thereon. Councillor Chrissie Williams assumed the Chair for the duration of the discussion and voting on this item.