

8. **EXTENSION OF WASTE MINIMISATION AND REFUSE COLLECTION CONTRACTS FOR AKAROA/WAIREWA CN BP-9906**

General Manager responsible:	General Manager City Environment, DDI 941-8656
Officer responsible:	City Water & Waste Manager
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PURPOSE OF REPORT

1. The purpose of this report is for the Council to extend the existing Waste Minimisation and Refuse Collection Contract for the Akaroa/Wairewa area until 31 August 2008 at an annual cost of \$385,445.22 + GST.

EXECUTIVE SUMMARY

2. Wasteline Refuse and Recycling Services of Akaroa have held this contract since 1999. They are a very efficient local contractor, providing an excellent service over a large area. Complaints are rare and consequently supervision costs to the Council are low. When the contract was competitively tendered in 1999 their tender was 22% lower than the next tenderer.
3. Banks Peninsula and City Water & Waste staff have worked closely with the current contractor to negotiate a lump sum price for a new contract. The contract price (which excludes the 2005/06 Consumer Price Index adjustment) is for \$385,445.22 + GST per annum.

FINANCIAL AND LEGAL CONSIDERATIONS

4. The new contract price of \$385,445.22 + GST is an increase of \$3,201.25 over the previous year or 1%. This increased cost covers the actual cost recovery for emptying new recycling stations, and emptying a wastewater sump. Balanced against this, all kerbside refuse and recycling materials now become the property of the Council, rather than the contractor. In addition the contract is now for an agreed tonnage, set until the contract expiry date.
5. The contract will be rewritten to reflect the new conditions negotiated. Standard contract conditions based on the original contract will be used.

STAFF RECOMMENDATIONS

It is recommended that:

- (a) The Council agree to extend the existing Waste Minimisation and Refuse Collection Contract for the Akaroa/Wairewa area until 31 August 2008 for a total lump sum cost of \$385,445.22 plus GST per annum.
- (b) Officers complete a contract variation to the existing contract conditions to incorporate the agreed scope, changes and new termination date.

BACKGROUND ON EXTENSION OF WASTE MINIMISATION AND REFUSE COLLECTION CONTRACTS FOR AKAROA/WAIREWA CN BP-9906

6. Wasteline Refuse and Recycling Services from Akaroa won the Waste Minimisation and Refuse Collection Contract for Akaroa and Wairewa in 1999. They also held the previous contract. The contract was for a period of 3 + 1 + 1 years and expired in 2004. The contractors are based in Akaroa. They are the only commercial refuse company in the Akaroa ward and they also service commercial businesses in Akaroa. They have proved to be reliable contractors, who run an efficient operation that has generated minimal public complaint.
7. The contract was rolled over by the Banks Peninsula District Council in 2004 for a further two years to 2006. The reason for the rollover was due to the contractor's track record, their competitive price in 1999 (22% below the next lowest tender) and the possible future integration with the City Council.
8. The other Council contract for waste management and refuse collection on Banks Peninsula is for the Lyttelton Harbour Basin and is held by G Preston and Sons of Temuka and expires 30 June 2007.
9. The Christchurch City Council collection contract does not come up for renewal until April 2008. It is likely that this will be extended to August 2008 in order for it to expire at the same time as the Terranova Recyclable Materials Processing contract.
10. The current contract can be summarised as:
 - Delivery of refuse bags
 - Collection of refuse and recyclables from 1066 properties in Akaroa and Little River townships
 - Monthly recycling collection in Wairewa Ward
 - Emptying skip transfer stations and miniskips in various Akaroa Ward locations
 - Operation of Barrys Bay Transfer Station and Recycling Depot, as well as Birdlings Flat Transfer Station
 - Operating recycling depots at Little River and Akaroa
 - Greenwaste and composting operations at Barrys Bay
 - Cartage and disposal of refuse and recyclables to Christchurch EcoDepots
11. The contract, owing to its many separate components, is complex in comparison to its value. There are advantages in negotiating a lump sum contract based on a specific targeted tonnage of disposed refuse. This would also encourage further recycling initiatives. Council staff have achieved this under the proposed new terms of contract.
12. The contract is most efficiently handled by a local contractor. There are many waste and recycling depots in remote locations and the network of contacts required to monitor these is large.
13. The current contractor is very proactive in waste minimisation, through their own advertising initiatives. They previously did not charge the Council for collection and sorting at the four recycling stations in the area and they are well resourced with new purpose built vehicles and plant for this contract. Supervision required with this contractor has been minimal to date.
14. There are few synergies in trying to include this contract with either the city or Lyttelton contracts at this point in time.
15. Current waste transportation from Barrys Bay to Christchurch City Transfer Stations is more economical than using a fixed on site compactor, as the cost of capital exceeds the current method of compaction into a trailer unit. This is based on the relatively small quantities of waste disposed.

16. There are current difficulties in charging for rubbish by the tonne as no weighbridge exists. This concerns the current contractor who finds it difficult to relate tonnage to volume. Again the capital cost, and also the space requirements do not justify a \$50,000 expenditure for the 1,000 tonnes of refuse transported to the Christchurch City Council EcoDepots every year.
17. The present greenwaste composting system appears to be working well, due in part to this being done on site at Barrys Bay. There is a captive client for this product at this time.
18. There may be future issues with burning of non reused building products which are currently transported to a remote location for burning to ensure no complaints. Future practices will comply with the city's obligations under the Regional Air Plan.

OPTIONS

Option 1:

19. Negotiate the current contract for a period of one year. This will bring it in line with the Lyttelton Harbour Basin Refuse collection. The contracts were originally tendered separately but on the same date. There was no economy of scale to be achieved due to the distance of Akaroa from Christchurch. This has not changed.

Option 2:

20. Negotiate the current contract for a further period of two years and two months. This will bring it into line with Christchurch City refuse and recycling contracts with the possibility of aligning level of service over the new city in the future. This has been staff's preferred option.

Option 3:

21. Advertise the contract for tender. This was originally considered by City Water & Waste staff. It was felt that costs may increase over Option 2. Alternatively it was felt that supervision costs would increase noticeably in the first year as the contract bedded in.

PREFERRED OPTION

Option 2:

22. Negotiate the current contract for a further period of two years and two months. This will bring it into line with city refuse and recycling contracts with the possibility of aligning level of service over the greater city in the future. This has been achieved at a cost of \$385,445.22 + GST per annum.

ASSESSMENT OF OPTIONS

The Preferred Option

23. Option 2 – Negotiation two years and two months

	Benefits (current and future)	Costs (current and future)
Social	Existing contractor. Part of Akaroa community	
Cultural	N/A	
Environmental	Proven reliable contractor	Proven contractor delivering for contracted rate.
Economic	Less risk of increased price by negotiation	Saving \$0-\$30,000
<p>Extent to which community outcomes are achieved: Primary alignment with community outcome a healthy city Also contributes to a city of people who value and protect the natural environment</p> <p>Impact on Council's capacity and responsibilities: Nil</p> <p>Effects on Maori: Nil. Continuation of service</p> <p>Consistency with existing Council policies: Supports Council draft</p> <p>Views and preferences of persons affected or likely to have an interest: NA</p> <p>Other relevant matters: Nil</p>		

Other Options:

25. Option 1 – Negotiate for one year

	Benefits (current and future)	Costs (current and future)
Social	Existing contractor. Part of Akaroa community	
Cultural	N/A	
Environmental	Nil	
Economic	Increased risk of increased price by negotiation	Increase \$10,000 Saving \$0-\$20,000
<p>Extent to which community outcomes are achieved: Primary alignment with community outcome a healthy city Also contributes to a city of people who value and protect the natural environment</p> <p>Impact on Council's capacity and responsibilities: Nil</p> <p>Effects on Maori: Nil. Continuation of service</p> <p>Consistency with existing Council policies: Supports Council draft</p> <p>Views and preferences of persons affected or likely to have an interest: NA</p> <p>Other relevant matters: Nil</p>		

24. Option 3 - Tender

	Benefits (current and future)	Costs (current and future)
Social	Possible change in contractor	
Cultural	N/A	
Environmental	Possible issues with new contractor with short handover period.	
Economic	Cost increase	\$0-\$30,000
<p>Extent to which community outcomes are achieved: Primary alignment with community outcome a healthy city Also contributes to a city of people who value and protect the natural environment</p> <p>Impact on Council's capacity and responsibilities: Nil</p> <p>Effects on Maori: Nil. Continuation of service</p> <p>Consistency with existing Council policies: Supports Council draft</p> <p>Views and preferences of persons affected or likely to have an interest: NA</p> <p>Other relevant matters: Nil</p>		