



**11.1** CONTRACT NO'S 1747, 1748, 1749 KERBSIDE WASTE, RECYCLING, HARDWASTE BOOKED COLLECTION AND DUMPED RUBBISH SERVICES - OPTIONS TO EXERCISE YEAR 7 (FINAL 1 YEAR EXTENSION)

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## 1. PURPOSE

1.1 The purpose of this report is for Council to consider endorsing the One (1) year contract extension provision 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 awarded 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.
- 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 3,864,328 containers per annum. It also collects 17,751 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 In accordance with the contract requirements, the incumbent Four Seasons Waste Pty Ltd, is required to be notified twelve months prior to the end of the seven-year contract period regarding the One (1) year offer of contract extension option.

## 3. RECOMMENDATION

That Council:

- 3.1 Exercises the One (1) year extension to the value of \$2,628,764 excluding GST (\$2,891,640.4 including GST), for the provision of the Residential Kerbside Waste Collection Contract Number 1747, to Four Seasons Waste Pty Ltd.
- 3.2 Exercises the One (1) year extension to the value of \$2,373,509 excluding GST (\$2,610,859.9 including GST), for the provision of the Residential Recycling Collection Contract Number 1748, to Four Seasons Waste Pty Ltd.



- 3.3 Exercises the One (1) year extension to the value of \$1,138,611 excluding GST (\$1,252,472.1 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.
- 3.4 Notes a procurement process using a public open tender model for the residential kerbside waste collection, residential kerbside recycling collection and hard waste booked collection and proactive dumped rubbish collection services will be undertaken in 2019.

#### 4. CONTRACTUAL INFORMATION

- 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 three agencies, The Environment Protection Authority (EPA), Sustainability Victoria and the Metropolitan Waste and Resource Recovery Group (MWRRG). 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. 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 SKM Recycling Pty Ltd for processing as part of the MWRRG regional 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 17,000 collections.

- 4.3 The current contracts are due to expire on the 31<sup>st</sup> December 2020, inclusive of the one (1) year option of the current contract. Prior to the conclusion of the current contracts an open public tendering process will be undertaken to secure external service providers.



- 4.4 Council officers will commence the procurement process incorporating key strategic objectives contained in the Don't Waste it Strategy into the tender specifications. This will be in accordance with Council procurement policy and guidelines in early 2019.
- 4.5 It is envisaged that the new contracts will be awarded late 2019 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. CONTRACT PERFORMANCE**

- 5.1 The waste management service has strong history of high performance. The 2018 community satisfaction result published on the City of Port Phillip website indicates a score of 89%. Other metrics sourced from the "Know Your Council" web site provide further verification of satisfactory performance is contained in the table below:

| Indicator  | Port Phillip City<br>(2017-2018) | Similar<br>Councils<br>(2017-2018) | All Councils<br>(2017-2018) |
|--|----------------------------------|------------------------------------|-----------------------------|
| Kerbside bin collection requests per 1,000 households  | 27.84                            | 117.96                             | 99.66                       |
| Kerbside collection bins missed per 10,000 households  | 3.91                             | 6.09                               | 5.05                        |
| Direct Cost of kerbside bin collection service per bin | \$108.54                         | \$139.57                           | \$144.97                    |

**6. CONSULTATION AND STAKEHOLDERS**

- 6.1 The service has been assessed as meeting the necessary contract requirements. The contractor is consistently meeting the Key Performance indicators within the contract. Regular monthly performance and customer request monitoring, indicate that the service is meeting current community expectations under the current contract service requirements. The performance of the service is comparable with other inner urban councils whilst contending with higher degree of service delivery complexity due to the difficulty of local conditions.
- 6.2 In the city of Port Phillip customer satisfaction surveys, conducted between 2015 to 2018, an average result of 92% customer satisfaction has been achieved.

**7. LEGAL AND RISK IMPLICATIONS**

- 7.1 There are no legal or risk 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.



**8. FINANCIAL IMPACT**

- 8.1 The final year costs of contract Numbers 1747, 1748 and 1749 is \$6,140,881.00 excluding GST (\$6,754,969.1 including GST).
- 8.2 These costs are within operational budget for waste services.

**9. ENVIRONMENTAL IMPACT**

- 9.1 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.
- 9.2 The hard waste and dumped rubbish Contract Number 1749 collects approximately 2,274 tonnes per annum with 70% is reused.
- 9.3 The dumped rubbish data over the past three years is indicating a trend of reduced dumped rubbish as is demonstrated in the table below:

| Years   | Dumped Rubbish Volumes |
|---------|------------------------|
| 2015/16 | 735 tonnes             |
| 2016/17 | 656 tonnes             |
| 2017/18 | 615 tonnes             |

- 9.4 The current contracts are in line with Councils new Waste Management Strategy 2018-28 to divert waste from landfill.

**10. COMMUNITY IMPACT**

- 10.1 The services contained in this report are considered core community services to the City of Port Phillip.
- 10.2 This service strengthens Councils ongoing commitment to a healthy and vibrant city and meeting the objectives of the new Waste Management Strategy 2018-28.

**11. ALIGNMENT TO COUNCIL PLAN AND COUNCIL POLICY**

- 11.1 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.*
- 11.2 Waste is one of four transformation priorities in the Council Plan.

**12. IMPLEMENTATION STRATEGY**

12.1 TIMELINE

|                                     |                            |
|-------------------------------------|----------------------------|
| Award One (1) year extension        | December 2018              |
| Review specifications new contracts | Commenced to February 2019 |

# ORDINARY MEETING OF COUNCIL 5 DECEMBER 2018



|                                     |                            |
|-------------------------------------|----------------------------|
| Council briefing                    | March 2019                 |
| Public Procurement Process          | April to December 2019     |
| Transition period to new contractor | June 2020 to December 2020 |
| End date of current contract        | 31 December 2020           |
| Commence new contract               | 1 January 2021             |

## 12.2 COMMUNICATION

12.2.1 The contractor will be formally notified of the decision.

12.2.2 The new contract will be a subject to a public tender process in a accordance with Council procurement policy

## 13. OFFICER DIRECT OR INDIRECT INTEREST

13.1 Council officers involved in the preparation of this report have declared no conflict of interest during the process undertaken.

**TRIM FILE NO:** 14/01/1747

**ATTACHMENTS** Nil