



Hawkesbury City Council

supplementary
extraordinary
meeting
business
paper

date of meeting: 22 June 2010
location: council chambers
time: 6:30 p.m.

EXTRAORDINARY MEETING SUPPLEMENTARY

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SECTION 4 - Reports for Determination

CITY PLANNING

Item: 127 CP - Request for additional increase in contract charges to perform Kerbside Household Cleanup Service - (84465, 96330, 95498)

Previous Item: 258, Ordinary (24 November 2010)

REPORT:

Executive Summary

This report concerns a request from Transpacific Cleanaway, who currently provides the Kerbside Household Cleanup Service, to increase the contract charges, adjusted under a resolution of Council last November, due to higher than expected waste disposal costs which have caused a forecasted loss to their company of \$26,000 for the year.

Council is asked to consider options on dealing with this request.

Consultation

The issues raised in this report concern matters which do not require community consultation under Council's Community Engagement Policy.

Background

On 24 November 2009 Council considered a report on the extension of the contract for the kerbside collection service and made the following resolution, in part:

That:

1. Council approve the requested increase in payments to Transpacific Cleanaway Pty Ltd by \$32,000 annually plus CPI over the next two year period.
2. A letter of acceptance of the increased costs be forwarded to Transpacific Cleanaway Pty Ltd.

A letter of acceptance was forwarded to Transpacific Cleanaway on 26 November 2009 agreeing to the two year extension of the contract under Clause 3.2 of the contract document, at the agreed amount of \$12,400 per month or \$148,000 per year plus CPI to Section 88 Waste Levy charge. The service then continued on under this documented agreement.

No other correspondence was received after this letter was forwarded to Transpacific Cleanaway, until a letter from the Regional Manager, Sydney Municipal of Transpacific Cleanaway P/L was received by Council on 30 April 2010, stating that his company won't be able to continue the service at the current payment rates. They have claimed that due to a much higher than expected tipping cost to the company it is forecast that the service will result in a loss to them of at least \$26,000 for the next year

Upon receipt of this advice, a meeting was arranged between the Transpacific Cleanaway representative (the Regional Manager) and executive management of Council, to discuss any possible solutions to the situation. This meeting was ultimately held on 16 June 2010. It appears from the discussions that took place that the representative for Transpacific Cleanaway believed that the new payment agreement resolved by Council in November 2009, was only for a short term whilst Council went out to new tenders for the service. This is not Council's understanding of the situation as Council's letter of 26 November

2009 clearly stated that the increased fee related to an extension of the contract for two years. Further advice can be sought regarding this misunderstanding.

The additional amount required to continue the service, as supplied by Transpacific Cleanaway, for the remainder of the contract period is \$2,692.30 per month or \$35,000.00 for the remaining period of the contract (1 July 2010 until 31 August 2011). This would then bring the total cost of the service to \$196,199.90 for the thirteen month period.

There are a number of options available to Council in relation to this request and the provision of the kerbside collection service.

Option 1

One option for reducing the tipping charges to the contractor may be to ban mattresses from the collection service, which would save tipping charges of approx. \$20,000/year. This would reduce the increase requested by Transpacific Cleanaway to \$15,000.00 for the remaining contract period.

This option would have a negative impact upon the current customers of the service, who expect to have mattresses taken from their properties as part of the service. The only other option for these customers would be to take those mattresses to Council's waste facility which would incur an additional expense.

Option 2

Council could take over all waste disposal costs and deposit the waste in its own landfill, on the basis that Transpacific Cleanaway would lock in a fixed rate of say \$99,000.00 for the collection service. This would mean a reduction in the payments to Transpacific Cleanaway by \$49,000. However, this would leave the disposal cost for Council to pay which is forecast at \$80,000.00.

This option would have a negative impact on the landfill space available in Council's facility if the waste collected was to be deposited into Council's landfill. This would also have a negative financial impact on Council as the potential 'savings' in contractor payments will be negated by the additional costs to Council in relation to tipping fees.

Option 3

Council pay Transpacific Cleanaway the additional charges on a quarterly basis while public consultation and the drafting of new tender documents are undertaken and calling of tenders with a view to a new service commencing from approximately 1 July 2011 and the appropriate new charges being introduced as part of the 2011/2012 budgetary process.

The additional cost of this approach could be met from accumulated funds in the waste reserve section of the domestic waste budget without affecting the charges proposed in the 2010/2011 budget for this purpose. This approach would also allow for the continuation of the existing service during the upcoming consultation and tender process.

However, this is not recommended as the existing contractor has already been granted one additional payment increase last year as part of the contract payment and Council and the community should not be required to fill the funding gaps of the contractor.

Option 4

Council decide to cease the service from 1 July 2010 to 30 June 2011, and not charge the collection fee on the rates for the 2010/2011 financial year. This would allow enough time to carry out a comprehensive public consultation process, to ascertain the acceptance of increasing the service area, to all areas of the city that currently receive a garbage service, rather than the current service area, which is restricted to the more residential housing developments within the city, and to compile tender documents for the type of service that is preferred after public consultation.

Conformance to Community Strategic Plan

The proposal is consistent with the Shaping Our Future Together Directions statement;

- Population growth is matched with the provision of infrastructure and is sympathetic to the rural, environmental, heritage values and character of the Hawkesbury.

and is also consistent with (or is a nominated) strategy in the Community Strategic Plan being:

- Identify community needs, establish benchmarks, plan to deliver and advocate for required services and facilities.
- Develop and implement waste and recycling strategies.

Financial Implications

Should Council decide to accept the additional charges requested by Transpacific Cleanaway, either under a quarterly commitment basis, or covering the remainder of the contract period, the amount requested can be taken from the reserves accumulated in the waste reserve section of the domestic waste budget in Component 81, for the 2010/2011 period.

Should Council decide to cease the service for the period 1 July 2010 to 30 June 2011, then no fee will be collected from those properties that benefit from the service, and no expenses will be incurred by Council for the provision of the service.

RECOMMENDATION:

That:

1. Council cease the kerbside collection service for the period 1 July 2010 to 30 June 2011.
2. The fee of \$15.00 for "Kerbside waste collection – 2 per year" and associated budget income and expenditure lines be removed from the 2010/2011 Management Plan.
3. The public consultation process to review the extent of the kerbside collection service be commenced immediately and the results of that consultation process be reported back to Council for a determination of the extent of that future service with a view to a new/revised service commencing by approximately 1 July 2011.

ATTACHMENTS:

There are no supporting documents for this report.

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end of
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