

8 MEMORANDUM OF UNDERSTANDING - METROPOLITAN WASTE AND RESOURCE RECOVERY GROUP (MWRRG) COLLECTIVE CONTRACT FOR LANDFILL SERVICES

FILE REFERENCE INT1979012

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RECOMMENDATION

That Council authorises the CEO to execute all required contract documents to enter into a new Landfill Services agreement subject to negotiations and a satisfactory outcome to the procurement and meeting the council requisites detailed in the MOU.

Attachments

Nil.

EXECUTIVE SUMMARY

This report seeks approval to execute a Memorandum of Understanding (MOU) with the Metropolitan Waste and Resource Recovery Group to enable council to participate in a collective procurement for landfill services. The existing MWRRG contracts for Landfill Services concludes on March 31st 2021.

BACKGROUND

The MWRRG Contract for Landfill Services

The MWRRG procurement for landfill services will be structured to complement other MWRRG initiatives including the procurement of Advanced Waste Processing and Recycling Services. Following preliminary consultation early this year 30 metropolitan councils have indicated an interest in participating in the collective procurement.

The *Environment Protection Act 1970*, formalises MWRRG's role in collective procurement to:

- facilitate waste and resource recovery infrastructure and services by councils;
- facilitate the development of joint procurement contracts for waste and resource recovery facilities and services; and
- manage contracts in the performance of their objectives and functions.

The purpose of the Landfill Services Contract is to seek rates from landfill operators for the receipt of municipal kerbside waste and rates from transfer station operators to receive and transfer waste to a landfill.

The MWRRG collaborative procurement for landfill services is structured to:

- Reduce tendering and contract management costs for local government
- Encourage tenderers to adopt best practice to minimise the impacts on local amenity and the environment
- Enable the appointment of more than one provider
- Ensure consistency across the metropolitan area

- Integrate with other household waste services
- Ensure workable contingency arrangements.

This tender process is being resourced by MWRRG using the support of municipalities and external legal, technical, probity, planning and financial advisors.

Legislative provisions dictate that local governments have sole discretion over their participation in collective procurements facilitated by MWRRG.

Participating councils will have the opportunity to enter into a contract with one or more service providers on either a guaranteed or non-guaranteed supply basis. The non-guaranteed supply will provide for contingency arrangements in the event that the guaranteed supply is not available.

The contract will be structured so that a council wishing to terminate a guaranteed arrangement with a provider will be required to provide 12 months' notice or pay a penalty in lieu of notice.

MWRRG will administer the contracts on behalf of councils in line with Participation Agreements, Direct Deeds and Service Deeds.

Transfer

MWRRG has structured the contract documents so that councils will be able to access a transfer arrangement.

Contract Term

It is anticipated that councils will continue to rely on some form of landfilling in the future, however as councils transition to alternative waste technology for the treatment of residual waste, the volume of material sent to landfill may at some time in the future reduce significantly.

As an Advanced Waste Processing (AWP) facility in the south east may be commissioned prior to 2025 and the rate of filling of some landfill is uncertain *the initial contract period for the residual waste services contract will be four years*. If there is a delay in the provision of AWP infrastructure or councils wish to extend the landfill contract, councils will have the ability to exercise two further options of up to two years. Decisions to exercise options or commence a new procurement will be made in 2023 and 2025.

Tender Evaluation

As this is a panel contract whereby multiple service providers will most likely be appointed the evaluation will consist of a summary report that assess tenders against for compliance with the contract specification.

A report summarising the tender responses will be made available to participating councils so that they can determine which contractor(s) they wish to engage. When tender bids have been evaluated MWRRG will prepare a tender evaluation report for all participating councils.

Memorandum of Understanding

MWRRG has prepared a Memorandum of Understanding which sets out councils specific requirements around logistics – time and distance of travel to a landfill or transfer station and is required that participating councils execute so that they can participate in the tender process.

Attachments to the MOU include documents that will be executed at the conclusion of the tender process:

- A Participation Agreement between MWRRG and participating councils

- A Landfill Services Deed to be executed by successful tenderers and the MWRRG
- A Direct Deed to be executed by successful tenderers and councils

Timelines

It is intended that the tender will be advertised in October 2019 and be open for 8 weeks. MWRRG request that the signed MOU's be received no later than November 29, 2019. It is intended to sign the new contracts by May 2020 - 10 months prior to the existing contracts expiry.

POLICY IMPLICATIONS

Council participating in a collaborative approach to manage our landfill requirements efficiently and effectively, directly aligns with Councils Waste and Resource Recovery Strategy (WRRS).

The WRRS aligns with the objectives of Sustainable environment strategy (SES), which falls under the Council Plan.

RELEVANCE TO COUNCIL PLAN

The relevant actions within the Council Plan are *Our Environment 3.3 Enhance our Environment, 3.3.4 Promote practices that result in the reduction per household of the amount of waste going to landfill, particularly food waste.* Reducing waste to landfill is a strong focus of the WRRS.

CONSULTATION/COMMUNICATION

Collaboration with the MWRRG and associated Councils involved in the process will be ongoing. Communications will be prepared to engage with the community if and when they are required however as this is essentially a continuation of business as usual for an essential service there should be little to no communication required.

FINANCIAL AND RESOURCE IMPLICATIONS

The cost of sending our residual waste to landfill is managed through the annual waste budget and budget assessment occurs each financial year to ensure this service is budgeted and resourced for appropriately. There should be no dramatic variation from previous years landfill costs under a similar contract arrangement.

CONCLUSION

This report seeks Council approval to have the CEO execute a Memorandum of Understanding (MOU) with the Metropolitan Waste and Resource Recovery Group to enable council to participate in a collective procurement for landfill services. The existing MWRRG contracts for Landfill Services concludes on March 31st 2021.