

Item 9.**Contract Variation - Major Services for Domestic Waste Collection****File No: X020580****Tender No: 1822****Summary**

This report seeks approval for Council to enter into a contract variation with Cleanaway Pty Ltd to amend the Contract Service Area to the whole of the City of Sydney Local Government Area (LGA) for all waste collection services including:

- General Waste (red bin) collection; and
- Booked Household Clean-up collection services for non-putrescible waste.

On 17 September 2018, Council resolved to award the major services contract for domestic waste collection to Cleanaway Pty Ltd. The contract commenced 1 July 2019.

Contract 1822 excluded the collection of general waste (red bin) and booked household clean-up non-putrescible waste in the local government area southern suburbs.

No City of Sydney staff member will lose their jobs as a result of this variation. Staff will be transferred within Cleansing and Waste to assist with increased service demands.

Recommendation

It is resolved that:

- (A) Council note that there are extenuating circumstances, given the extensive tendering and consultation process undertaken in relation to the provision of cleansing and waste services and the efficiencies in one contractor providing these circumstances, such that a satisfactory result would not be achieved by going to tender on this matter;
- (B) Council approve a variation to the existing contract with Cleanaway Pty Ltd to amend the *Contract Service Area* to the whole of the City of Sydney Local Government Area for all waste collection services including:
 - (i) General Waste (red bin) collection; and
 - (ii) Booked Household Clean-up collection services for non-putrescible waste;
- (C) authority be delegated to the Chief Executive Officer to finalise negotiations and enter into any documentation necessary to vary the existing contract relating to domestic waste collection services to include the entire Local Government Area as defined as the Contract Service Area; and
- (D) Council endorse the contract budget as allocated in Confidential Attachment B to the subject report.

Attachments

- Attachment A.** Council Resolution dated 17 September 2018
- Attachment B.** Financial and Contractual Implications to the Existing Domestic Waste Collection Contract (Confidential)

Background

1. The Contract for the City's Domestic Waste Collection was awarded to Cleanaway Pty Ltd as approved by Council on 17 September 2018.
2. The Contract was executed as of 6 February 2019.
3. Contracted domestic waste collection services commenced on 1 July 2019 and are due to conclude 30 June 2026, with the option of a further two extensions, being two years and one year.
4. Prior to the contract being awarded to Cleanaway, the City undertook an extensive Expression of Interest and Tender process, which included a number of tier one waste collection service contractors, and took approximately 12 months to complete.
5. This was to ensure that the City could achieve its objectives of providing the highest quality of service, commitment to customer excellence, optimise environmental outcomes and achieving the best value for money outcomes.
6. Given this process and the successful outcome, and that the services and area contemplated under this variation is unlikely to be a marketable portion to a tier one provider, City officers do not believe a separate tender process would produce a more satisfactory result.
7. The proposed contract variation enables the synergies that can be achieved by using a sole provider for the service including efficiencies that come from consolidating staffing, reducing duplication of services, enhanced customer support and communications, improved collection of data and reporting with the potential to optimise the service and potentially reduce some truck movements.
8. The incumbent would have a cost advantage as the Cleanaway fleet currently servicing the remainder of the Local Government Area has extra capacity thus reducing new truck purchases that all other tenderers are likely to require to provide the service .
9. The Contract Service Area currently includes the entire Local Government Area for all services with the exceptions of:
 - (a) General Waste (red bin) Collection for the area south of the blue dividing line shown below; and
 - (b) Booked Household Clean-up Collection services for non-putrescible waste area south of the blue dividing line shown below.

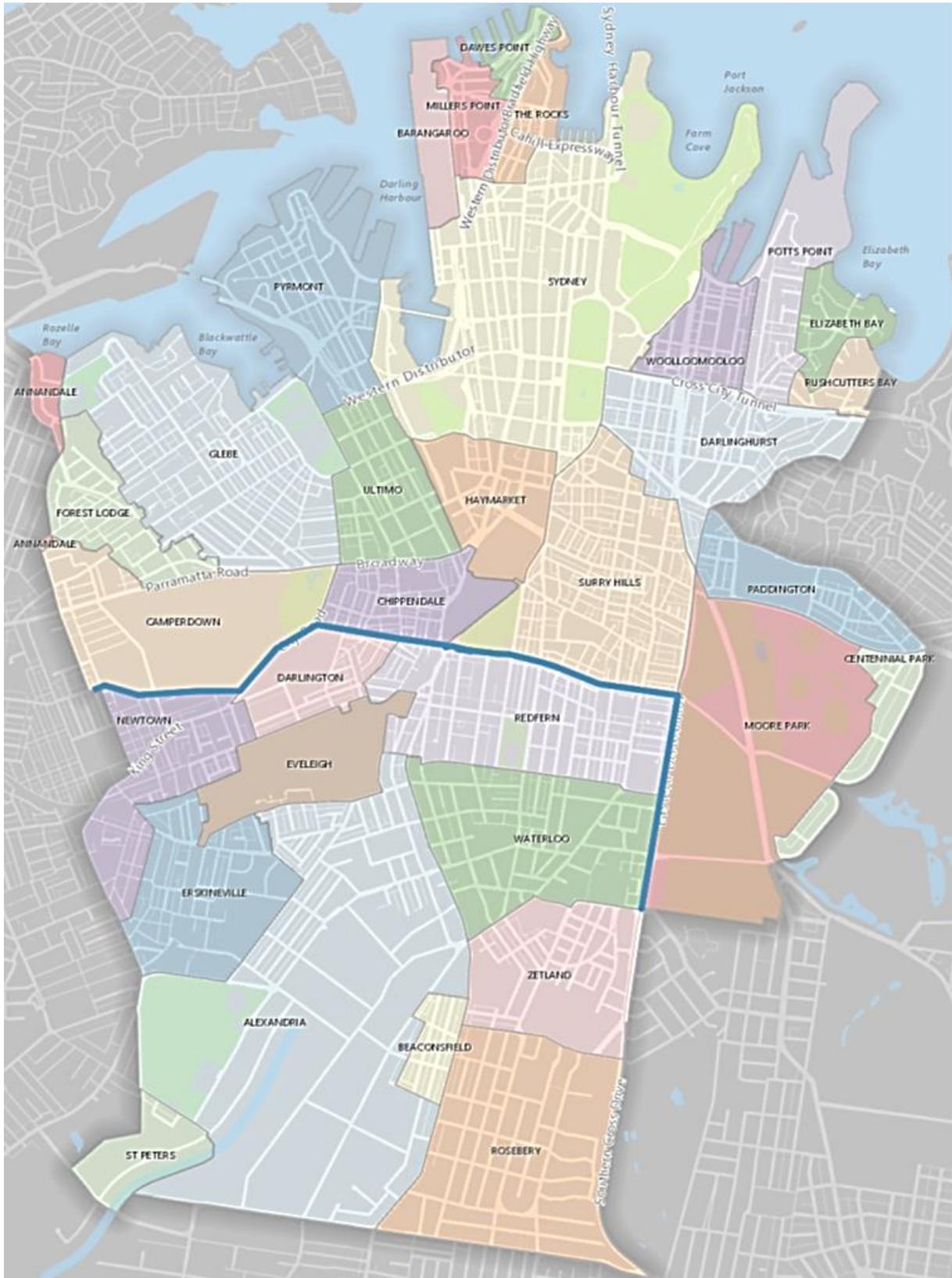


Figure 1: General Waste (Red Bin) and Booked Household Clean-up Collection services for non-putrescible waste area south of the blue dividing line, currently undertaken by City Garbage Services staff.

10. Cleanaway currently provides collection for the entire local government area for Whitegoods, Metals, e-waste and illegal dumps. Options for the collection of mattresses and other waste streams are provided for within the contract.
11. The proposed variation of Contract 1822 is to amend the Contract Service Area to include general waste and booked household clean-up collection services for the entire local government area.
12. Staff currently undertaking domestic waste collection in this area will be transferred within Cleansing and Waste to assist with increased service demands.
13. Due to population growth and increased areas requiring services, such as Green Square, there is additional demand for Cleansing and Waste services in parks, gardens and the public domain.

Key Implications

Service Implications

14. There will be no required amendments to collection days or collection services for residents within any area of the local government area.

Workforce Implications

15. As per the City of Sydney Wages/Salary Award 2017, consultation has commenced with Cleansing and Waste staff who will be impacted by the proposed changes. Further consultation is planned.
16. No City of Sydney staff member will lose their jobs as a result of this variation.
17. There should also be a reduction in reliance on Agency Staff.

Organisational Impacts

18. The proposed variation will enable the provision of a consistent domestic waste collection service across the entire local government area, ensuring a focus on the provision of a high-quality, customer-focused street cleansing service and the optimisation of resource recovery and waste education services.

Risks

19. Maintaining the current operations could result in:
 - (a) inconsistent delivery of services across the local government area; and
 - (b) a disparity of costs to deliver the services across the local government area.

Financial Implications

20. The 2019/20 budget and future year's estimates included sufficient funds for the domestic waste collection service. The proposed change to the service delivery model would see a shift in expenditure across different expenditure line items to that budgeted, but the total cost of the service will be within budget provision.

Relevant Legislation

21. Local Government Act 1993 including section 55(3)(i) which provides that Council is not required to tender for a contract where it resolves that there are extenuating circumstances such that inviting tenders would not achieve a satisfactory outcome.
22. Local Government (General) Regulation 2005.
23. Attachment B contains confidential commercial information which, if disclosed, would:
 - (a) confer a commercial advantage on a person with whom Council is conducting (or proposes to conduct) business; and
 - (b) prejudice the commercial position of the organisation who has supplied it.
24. Discussion of the matter in an open meeting would, on balance, be contrary to the public interest because it would compromise Council's ability to negotiate fairly and commercially to achieve the best outcomes for its ratepayers.

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