



Has Finance confirmed that funding is available for this project?	NOT APPLICABLE
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	05/03/2020
Project Name:	Waste Strategy Project 8: Commercial Waste Collections Options Appraisal
Project Manager:	Manager Waste and Recycling
Directorate:	Infrastructure & Environment
Project Code:	(only enter if funding is required)
Accountable Director:	Executive Director Infrastructure and Environment
Sponsor:	Executive Director Infrastructure and Environment

Priority Rating:		Click on icon to calculate the Priority Rating and Score	
Priority Score:	38		

Estimated Timeframe:	6 MONTHS	Completion date	SEPTEMBER 2020
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Total Expenditure:	\$10,000 – for bin retrieval	Click on icon to calculate the internal Resource Cost	
Total Salary Cost:	\$		
Total Project Cost:	\$	Click on icon for Resource Cost example	
Number of FTE	Internal Waste Team		

OBJECTIVES

Description

Project 8 of the City's new Waste Strategy 2018 – 2023 "Commercial Waste Collections Options Appraisal" was established to investigate the value of providing the existing commercial service in its current capacity and review alternative options.

The objectives of this project are:

- Review Current Commercial Services
- Investigate alternative options to ensure provision of "cost effective, sustainable and contemporary waste services" in line with our Waste Strategy 2018-23 objective.
- Propose recommendations and implementation plan for the same

BENEFITS, DELIVERABLES, MEASURABLES

Problem Definition and Urgency

The City currently provides a limited commercial waste collection service for both rubbish and recycling inclusive of the businesses rateable charge. This service is effectively a domestic service which has been extended to commercial users, which may have been appropriate when waste was collected in a single bin destined for landfill. This approach has introduced inefficiency, does not incentivise landfill diversion and does not support the City's vision of zero waste to landfill.

The City has an obligation to collect domestic waste; there is no requirement to provide a commercial waste service and businesses are not compelled to use the City's waste service. The City has 2488 commercial dwellings paying business rates. Approximately 15% (377) of businesses do not use the City's service and others purchase additional services from private providers on top of what the City provides. Private waste companies provide a wide ranging service that is tailored to the needs

of a business and costed in a way that incentivises material recovery.

The Commercial Options Appraisal identified 5 options for consideration (the advantages and disadvantages of each option are outlined below):

1. No change to service
2. City provides a fit for purpose service
3. City provides a limited charged service as per residential customers (three bin FOGO service)
4. Discontinue existing commercial service
5. Discontinue existing commercial service with rate rebate

With FOGO being rolled out to all residential properties from October 2020 there is an urgent need to review how the City provides commercial waste collection in the future (or indeed if the City is best placed to provide this service), as the standard domestic 3-bin system will not be suitable for commercial premises. Any approved changes would be best implemented prior to the FOGO implementation/roll out in October.

The benefits of the project are:

- If the recommended option to discontinue the service is approved, Commercial Customers will receive sustainable and contemporary waste collection services, which the City is not in a position to provide without significant capital and operational investment.
- Increased diversion from landfill, which aligns with our waste strategy Vision to achieve “zero Waste to Landfill by 2028”
- Equitable service charge for residential rate payers

How does the project align to the Strategic Community Plan?

This is in keeping with the City’s Strategic Community Plan 2018-2028: Enhanced Environment

We have improved resource efficiency and waste management. By ceasing the commercial waste service, commercial customers will be provided by cost effective, sustainable and contemporary waste services, which the City would be unable to deliver without significant investment.

The project deliverables are:

- Anticipated Operational Cost Savings in the region of \$921,000 per annum
- Releases one vehicle for auction (plus savings in fleet renewal program budget of \$470,000)
- Potential Rates Adjustment (Options to be considered/approved as part of the budget setting process).
- Stakeholder Engagement (Internal: Rates, Marketing, IT, Planning, Engineering, Finance).
- Communications Strategy (to communicate and support transition arrangements).
- Review Waste Policy 2.1.11
- On-going Waste Education/support for businesses
- Improved visual amenity

How will the success of this project be measured?

What will success look like? How and when will the benefits of the project be realised?

The success of the project will be measured by the following:

- Increased diversion from landfill (Waste Census Data)
- Better visual amenity – less bins presented for collection at kerbside (contractor offer larger infrastructure and property drive on collection options).
- Increased Customer Satisfaction - Commercial contractors are able to offer a full suite of waste collections, variable bin size options and at a desired collection frequency (including weekends). Some providers also offer environmental reporting, which is of benefit for those Customers pursuing ISO Environmental Accreditation.

If applicable, outline how the project will impact or be impacted by other departmental or government initiatives

Changes will need to be implemented ahead of FOGO rollout to ensure a smooth transition

APPROACH

Recommended option and reason:

In summary, the current service is not fit for purpose, is expensive and inequitable and does not deliver the desired environmental outcomes. Administration therefore recommend that we cease providing the service from 3 August 2020, with appropriate ongoing communication of transition arrangements and support to our existing commercial customers. This is aligned with our Waste Strategy Vision/Objectives and budget priorities.

The advantages and disadvantages for each option are summarised below:

Option 1: No Change to current service

Advantages:

- No change for commercial customers

Disadvantages:

- Service continues to be limited and not fit for purpose. It does not incentivise correct waste behaviours, so will not achieve waste diversion/recovery rates and the City's target of zero waste to landfill by 2028.
- Service continues to be subsidised and inequitable. Due to methodologies in the calculation of bin allowances, majority of the existing properties are receiving a far more superior service than residential ratepayers
- Unable to separate commercial and residential waste collection data for Census information
- Impact negatively on upcoming contracts as domestic 3 bin system with associated collection frequencies is not compatible with commercial collections; does not align with a domestic service.

Option 2: City provides a fit for purpose commercial service

Advantages:

- Tailored service with the result of better resource recovery

Disadvantages:

- Significant increase in costs to set up service and operate
- Cost of new service would be borne by commercial service users
- This would typically involve collection of six waste streams (general waste, comingled recycling, green waste, food (only), paper/cardboard and glass recycling) as well as variable bin sizes, operating seven days a week and has sufficient staff to support commercial customers.
- Unlikely to be competitive with private sector and so fees will be higher than private operators; high risk of losing customers so not viable for a small local government with a small commercial customer base.
- Currently no business system or staff in place to support a commercial service.

Option 3: Provide a limited charged service as per residential customers (three bin FOGO service)

Advantages:

- May suit smaller, non-food premises/businesses such as very small offices. All businesses would be a charged service

Disadvantages:

- Standard domestic FOGO 3- bin service is not designed for commercial customers i.e. general waste bin (140lt) collected fortnightly will be problematic and likely to result in higher contamination levels of all three waste streams
- Not aligned with the City's target of zero waste to landfill by 2028.
- Audit required to review suitability when service requested

	May be seen as inequitable as not provided to all businesses
Option 4: Discontinue existing commercial service	
Advantages: <ul style="list-style-type: none"> Businesses would be able to receive tailored waste service which increases landfill diversion Data collection for Census: able to provide accurate residential waste data only Operational savings Capital expenditure reduction 	Disadvantages: <ul style="list-style-type: none"> Commercial Customers would need to arrange and pay separately for a private service
Option 5: Discontinue existing commercial service with rate rebate	
Advantages: <ul style="list-style-type: none"> Advantages as per Option 4, but with rate rebate provided from operational saving Rebate compensates for discontinuation of service 	Disadvantages: <ul style="list-style-type: none"> Commercial Customers would need to arrange and pay separately for a private service

SCOPE

What will be included as part of this project?

- Stakeholder Engagement (Internal: Rates, Marketing, IT, Planning, Engineering, Finance. External: Commercial Ratepayers, Commercial Waste Collection companies).
- Communications Strategy (to communicate and support transition arrangements).
- Bin Audit: Complete mixed-use site assessments, to ensure adequate resources/servicing
- Establishment review - Rescheduling of existing domestic truck rounds to remove commercial properties
- Potential Rates Adjustment (Options to be considered/approved as part of the budget setting process).
- Update Records (CRM/Waste Register)
- Review Waste Policy
- On-going Waste Education/support for businesses (Programme to be developed)
- Removal and reuse/recycling of old bin stock
- Auction released vehicle (following rescheduling -1 truck)

What will not be included as part of this project?

- Cannot recommend specific commercial waste contractors, but will provide support with the transition (including education program regarding potential recoverable waste streams).

Project Timeline - Cease Commercial Collection Services

Key Tasks	Description	When
Pre-launch		
Develop Stakeholder Engagement Plan	Develop Stakeholder Engagement Plan	Mid March 2020 – End June 2020
Communications Strategy	Develop communication and education material and deliver (refer to detailed Communications Plan)	Mid March 2020 – End June 2020
Bin Audit	Bin audit to confirm bins: Commercial properties and Mixed Use Properties	Mid March 2020 to Mid May 2020
Establishment Review	Remove commercial properties from existing domestic rounds. Identify resources to be auctioned. Redeploy displaced staff into appropriate vacant positions	Mid March 2020 to Mid May 2020

Rates/Finance	Update Rates database and approve rebates	Mid May – End June 2020
Records	Update CRM and Waste register database	Mid May 2020 to End July 2020
Policy	Review waste policy 2.1.11	June 2020
Bin retrieval	Commence with bin retrieval by collection area 1-5 and arrange collection and recycling of old bin stock	Mon 03/08/2020 (est. 4-5 weeks)
Post launch		
Compliance Audit	Waste to monitor collections and where a business hasn't arranged direct collection services the waste team will need to liaise on case by case basis to assist.	September – October 2020
	Ongoing education material via website/business e-news/rates	Ongoing