

Rubbish and Recycling Service Changes Business Case

Business Case name: Rubbish and Recycling Service Changes

Trim document number: D-2676311



Hamilton City Council

Te kaunihera o Kirikiriroa

Contents

Page

1.0	Summary	3
1.1	Executive Summary	3
2.0	Strategic Case	5
2.1	Current Position	5
2.2	Objectives	5
2.3	Alignment to Strategy	5
2.4	Benefits	6
2.5	Scope	7
2.6	Risks	7
2.7	Constraints	8
2.8	Dependencies	8
2.9	Assumptions	8
3.0	Options Analysis (Economic Case)	9
3.1	Requirements	9
3.2	Options Analysis	9
4.0	Preferred Option (Commercial and Financial Case)	13
4.1	Resource Requirements	13
4.2	Procurement Strategy	13
4.3	Financial Analysis	14
4.4	Contingency	16
4.5	Funding Sources	16
4.6	Affordability	16
5.0	Implementation (Management Case)	
5.1	Stakeholder Engagement	17
5.1.1	Engagement with key stakeholders to date	17
5.1.2	Planned Engagement with key stakeholders	17
5.2	Project Structure	17
5.3	Implementation Plan	18
5.3.1	Key Project Milestones	18
5.3.2	Project Deliverables	18
6.0	Appendices	
A	Cost of Disposal	19
B	Risk Assessment	20

1.0 Summary

Business Case Name: Rubbish and Recycling Service Changes

Risk Rating: High

1.1 Executive Summary

The purpose of this business case is primarily to seek approval for changes to the following rubbish and recycling services:

- kerbside residential rubbish and recycling collection and processing service
- the collection of rubbish and recycling from Council facilities
- the management of the Lincoln Street Transfer Station and Hamilton Organics Centre
- transport and disposal of rubbish to landfill
- the collection of illegal dumping

The current rubbish and recycling services in Hamilton were established in 2002. There have been significant changes to the management of waste across New Zealand and overseas since 2002. The current service provision in Hamilton is no longer meeting the expectations of our residents and is not in line with the vision of the 2018-2024 Waste Management and Minimisation Plan.

To date the Council has made a number of decisions in relation to the level of service at the kerbside:

- 20 September 2016 – approved the draft business case, including a four container collection service for the purpose of consultation.
- 28 March 2017 – approved a four container collection service for the purpose of undertaking a request for proposal
- December 2017 – approved the Draft 2018-2028 10 Year Plan, which included a budget for rubbish and recycling based on a three container collection service, for the purpose of consultation on the Draft 10 Year Plan.
- 28 June 2018 – approved the 2018-2028 10 Year Plan which included a budget for a four collection container service (three containers fortnightly, one container weekly)

In 2016 the community were consulted on what the kerbside rubbish and recycling service should include. A total of 2793 submissions were received, with 84 per cent indicating they wanted to transition to wheelie bins with more recycling options and 76 per cent indicating they would like a food scrap collection to be provided.

An Expression of Interest and then two Request for Proposal processes were run by the Council in 2017. A single preferred contractor has been selected for both the rubbish and recycling service contract and the solid waste disposal contract. These contracts have been amalgamated and the contract will be awarded following approval of this business case.

A full increase in the level of service to a four collection container service using wheelie bins, crate and food scrap bin is recommended as it meets the approved budget and provides Hamilton with a rubbish and recycling service that maximises diversion whilst providing the greatest value to ratepayers.

The benefits that will result are;

- **reputational:** opportunity to provide a service that is leading nationally
- **environmental:** opportunity to maximise waste diversion
- **health and safety:** opportunity to minimise risks and hazards for those who collect and manage waste
- **economic:** opportunity to reduce the long-term cost of rubbish and recycling services for the community
- **financial:** opportunity to reduce the financial risk to Council and to provide cost-effective services to other areas of Council
- **infrastructure investment:** opportunity to maximise the use of existing assets
- **amenity:** opportunity to reduce the amount of litter and to keep the streets of Hamilton clean.

This business case is seeking approval to invest the following (noting that the 2018-2028 10 Year Plan has approved the funding until 2028, however this service is proposed to run for 10 years from 1 July 2020):

The business case seeks approval to invest the following:

Year	Opex
Year 1 - 2018/19	\$774,000
Year 2 - 2019/20	\$977,000
Year 3 - 2020/21	\$9,560,000
Year 4 - 2021/22	\$9,433,000
Year 5 - 2022/23	\$9,908,000
Year 6 - 2023/24	\$10,424,000
Year 7 - 2024/25	\$10,986,000
Year 8 - 2025/26	\$11,580,000
Year 9 - 2026/27	\$12,189,000
Year 10 - 2027/28	\$12,829,000
Year 11 - 2028/29	\$13,116,000 -
Year 12 - 2029/30	\$13,813,000

*All figures include inflation.

Review / Approval Summary	
Reviewed By Business Owner _____ (Name / Signature of individual)	Date _____
Reviewed By PMO _____ (Name / Signature of individual)	Date _____
Reviewed By SLT _____ (Name / Signature of individual)	Date _____
SLT Decision (choose from list) Refer to Council	
Council / Committee Meeting (circle one) Extraordinary	Date _____
Resolution (adopted following Council/Committee consideration)	

2.0 Strategic Case

2.1 Current Position

The current rubbish and recycling services in Hamilton were established in 2002. Since then there have been significant advancements in the methodologies for kerbside rubbish and recycling collection services. In addition, the waste streams managed through the transfer station have also changed, including an increase in construction and demolition waste.

The current methodology for the kerbside service has limited diversion potential, this means that items that could be viably recovered and recycled are currently being disposed of in landfill. The service is also contributing to litter on the streets of Hamilton, through windblown material from the crate, loose paper and cardboard and animal strike on rubbish bags. The collection of rubbish bags and the kerbside sorting of the recycling crate are health and safety risks for the contractor.

There has also been a shift in the community expectations around the rubbish and recycling services provided by the Council. This is evident by the number of submissions to the Council that were in favour of changing the kerbside service and in the number of requests received by staff around increasing recycling for different materials in Hamilton. In December 2017, the Council received a petition from the community to increase the plastics collected to 1-7.

The 2018-2024 Waste Management and Minimisation Plan (Waste Plan) sets goals for managing waste in Hamilton. The two goals most relevant to this business case are:

Goal 1 - Reduce quantity of all material entering the waste stream, and increase resource recovery.

Goal 4 - Waste and resource recovery infrastructure meets Hamilton's growing needs.

This business case will support the Council in meeting these goals and the targets set in the Waste Plan.

2.2 Objectives

The objectives of this project are to:

- To provide an efficient and effective service for the customer
- To obtain the best long-term value for money for the community
- To maximise waste diversion.

2.3 Strategy Alignment

What strategy does the project align to?	Describe how the initiative aligns to each of the indicated strategies.
2018-2024 Waste Management and Minimisation Plan	This project supports the Council in meeting the vision, goals, objectives and targets of the Waste Plan by expanding the kerbside collection service and improving services at the Council transfer stations.
Council's sustainability principles	<p>Of the 11 sustainability principles, one relates directly to rubbish and recycling:</p> <p>"Council works with its communities to minimise the production of waste and maximise opportunities to recycle"</p> <p>This project assists Council in meeting this principle by maximising kerbside recycling and increasing opportunities for diversion at the transfer stations</p>

District Plan	<p>The district plan has several objectives and rules relating to rubbish:</p> <ul style="list-style-type: none"> • Objective 25.12.2.1 – Reduce the amount of solid waste generated and ultimately entering landfills • Objective 25.12.2.2 – Solid waste activities and facilities are managed in a way that addresses adverse effects from the storage and disposal of solid waste • Rules 25.12.3.1 - All activities shall provide appropriate, on-site storage areas for recycling and litter bins with convenient access for waste collection <p>This project provides:</p> <ul style="list-style-type: none"> • increased domestic recycling options thereby reducing the amount of rubbish to landfill • containers at the kerb to address the adverse effects from placing rubbish and recycling at the kerb including animal strikes and windblown litter • review of development processes to ensure that there is sufficient space provided within the private and kerbside areas to store bins
Hamilton's 2018-2028 10-Year Plan	<p>The 10 Year Plan outlines how the rubbish and recycling collection service will help us deliver a city that embraces growth.</p> <p>“Rubbish and Recycling is about protecting the health of Hamiltonians and the environment by providing a reliable kerbside rubbish and recycling collection service, and promoting waste minimisation and resource recovery.”</p>
Council's significance policy	<p>The Council received legal advice from Tompkins Wake that the requirement to consult (section 97 of the Local Government Act) was not triggered. Tompkins Wake recommended that the Council undertake consultation as a matter of best practice. This was completed in 2016.</p>

2.4 Benefits

Quantitative Benefits	KPI/Target/Frequency	Business Area Owner
<p>Environmental: The amount of rubbish disposed to landfill is reduced through an increase in recycling.</p>	<p>KPI – waste diversion from kerbside collection Target – 50% increase in diversion from the kerbside within three years of the service being introduced Frequency – monthly</p>	City Waters
<p>Financial: Minimising the future financial risk of rubbish and recycling services.</p>	<p>KPI – waste diversion from kerbside collection Target – 25% reduction in waste to landfill per capita within three years of the service being introduced. Frequency - monthly</p>	City Waters
<p>Customer: Increase in customer satisfaction with the kerbside service.</p>	<p>KPI – number of complaints received on the kerbside service Target – Complaints reduced by 20% by end of year 1 Frequency – monthly</p>	City Waters
<p>Health and Safety: Injuries to the contractors are reduced from the kerbside collection service and the management of the sites.</p>	<p>KPI – loss time injury rate Target – 50% reduction in LTI from the current methodology (manual collection) Frequency – annual</p>	City Waters

Qualitative Benefits	Indicator of Success	Business Area Owner
Reputational: Implementing the Councils Waste Plan and meeting community expectation for rubbish and recycling services.	The services provided are of high quality and provide Hamiltonians with access to a best practice kerbside collection service for the life of the contract.	City Waters
Services: Residents in Hamilton (excluding the CBD for kerbside services) receive an increased level of service that meets their needs.	The services are provided in line with the contract.	City Waters
Amenity: Reduction of windblown litter and animal strikes.	The contractor manages the collection of the rubbish and recycling in line with the contract. Reduction of complaints regarding litter from the kerbside collection.	City Waters
Disadvantages/Dis-benefits	Impact on the Business	Business Area Owner
Increased cost to ratepayers	An increase of 20% in the overall cost of the service from the current service over 12 years.	City Waters

2.5 Scope

In Scope:	Out of Scope:
<ul style="list-style-type: none"> Lincoln Street Transfer Station operation. Hamilton Organic Centre operation. Kerbside rubbish and recycling service for residential properties (excluding CBD). Assisted collections. Transport of rubbish from Hamilton to a designated point of disposal. Disposal of rubbish in a designated point of disposal. Illegal dumping collection Education associated with services covered in this scope. Council administrative oversight. 	<ul style="list-style-type: none"> Private sector waste minimisation activities. Closed landfill activities. Litter collection not associated with the rubbish and recycling kerbside service. Solid waste contracts for the wastewater treatment plant including: sludge transportation and disposal via vermicomposting (worm farms) and transport and landfill disposal of screenings. Solid Waste Bylaw review. CBD rubbish and recycling collection. Inorganic waste household collection.

2.6 Risks

Risk Description	Mitigation	Owner
Disposal costs increase above the medium trajectory due to an increase in the waste levy, further information on this is provided in Appendix A.	The service is designed to minimise the rubbish to landfill and the ongoing education will support the diversion from landfill. Ongoing communications with the Ministry for the Environment around potential changes to the levy.	City Waters
Growth projections for Hamilton are not realised, resulting in inaccurate budget estimates for revenue and expenses.	The budget includes assumptions around the growth in Hamilton. These assumptions will need to be reviewed on an annual basis.	City Waters

Variations to the contract result in unbudgeted increase overall costs of the service.	Contingency has been built into the budget for small variations any larger variations will require Council approval	City Waters
Roll out of the service does not meet the communities expectations.	The recruitment of a Transition Project Manager to own the project delivery and ensure that all areas of Council and the contractor meet the required timelines for a smooth transition.	City Waters

The full risk register is attached in Appendix B.

2.7 Constraints

The constraints associated with this project are:

- the funding approved in the 2018-2028 10 Year Plan is \$88.3 million and covers years 1-8 of the proposed new service and contract.
- Legislative requirements, specifically the Waste Minimisation Act 2008, local Government Act 2002 and Health and Safety at Work Act 2015.

2.8 Dependencies

Name of other project/work	Dependencies
2018-2028 10 Year Plan	The 2018-2028 10 Year Plan includes budget for the proposed service for years 1-8 of the contract.

2.9 Assumptions

The project estimates and plans are based on the following assumptions;

- Growth estimates for households requiring the kerbside service and based on the National Institute of Demographic and Economic Analysis (NIDEA) Low projections.
- Residents across Hamilton participate in all of the new services, different assumptions have been used for the uptake of the food scrap service, recycling service and rubbish service.
- Commodity prices provide a financial return to the contractor.
- Volumes in rubbish to landfill from the kerbside do not change substantially over time.
- Waste levy and Emissions Trading Units increase at a steady rate in line with the medium projections.
- Variations to the contract are minimised.

3.0 Options Analysis (Economic Case)

3.1 Requirements

The following requirements were identified by stakeholders at the facilitated options workshop;

Core Requirements:

Promote effective and efficient waste management and minimisation within our district (Waste Minimisation Act 2008, Section 42). Promotion can be achieved through:

- education; and/or
- provision of services and infrastructure.

Protect health by eliminating or minimising risks to our community, our staff and our contractors (Health Act 1956, Section 25 and Health and Safety at Work Act 2015, Section 30). Protection can be achieved through:

- work methods; and/or
- provision of protective clothing; and/or
- equipment; and/or
- elimination of the hazards.

Reduce the amount of solid waste generated and ultimately entering landfills. (Hamilton City Council District Plan, Objective 25.12.2.1.) This is achieved by:

- education; and
- new service provision to maximise waste diversion.

Desirable Requirements:

Maximise waste diversion (Waste Management and Minimisation Plan 2018-2024, Goal 1 -Reduce quantity of all material entering the waste stream, and increase resource recovery).

Minimise environmental impact by keeping Hamilton's streets clean and free of litter from the kerbside collection.

Increase the recycling level of service provided both at the kerbside and at the transfer station (Waste Management and Minimisation Plan 2018-2024, Goal 4 – Waste and resource recovery infrastructure meets Hamilton's growing needs).

Ensure synergies between this activity and other Council activities including litter collections, road sweeping, diversion of green waste and the purchase of mulch and compost are maximised (Waste Management and Minimisation Plan 2018-2024, Objective 4 – Hamilton City Council is a leader by example in minimising waste).

3.2 Options Analysis

The process for deciding on the level of kerbside service commenced in 2015. In September 2016, the draft business case was presented to the Finance Committee. The draft business case included 24 options for the kerbside rubbish and recycling service. The Committee resolved that the preferred option for the purposes of community consultation was option 24:

- Rubbish wheeled bin, collected weekly,
- Recycling wheeled bin, collected fortnightly,
- Crate, collected fortnightly, and
- Food, collected weekly.

A six week community consultation process was run in October and November 2017. During this period 2793 submissions were received, of these:

- 84 per cent indicated that they wish to change to wheeled bins and more recycling options
- 67 per cent prefer to have their recycling collected fortnightly
- 64 per cent prefer to have their glass collected separately from the other recyclables
- 76 per cent would like to see a kerb food scrap collection service provided.

The community feedback informed the decisions made in March 2017 at the Growth and Infrastructure Committee meeting. The Committee, for the purpose of undertaking a request for proposal, further specified the level of service by including bin sizes:

- Rubbish in a 120 L wheeled bin collected weekly
- Recycling in a 240 L wheeled bin collected weekly (with an option to consider a fortnightly collection)
- Glass to be collected separately in a crate (with an option to instead place glass in the 240 L recycling bin), and
- Food collection service collected weekly and processing.

Through the tender process 5 different options were included for the purposes of pricing. These included the current service, and then four variations on the approved service.

On 28 June 2018, the Council approved the 2018-2028 10 Year Plan which included a budget of \$88.3 million for the change to the Rubbish and Recycling service. This budget was based on the following service coming into effect from 1 July 2020:

- 120 L rubbish wheeled bin, collected fortnightly,
- 240 L recycling wheeled bin, collected fortnightly,
- 45 L Crate, collected fortnightly, and
- Food, collected weekly.

Given the decisions made to date and the information provided in the draft business case, this final business case recommends the service that 2018-28 10 Year Plan budget is based on. This option will achieve the objectives of this project to minimise waste to landfill and provide the greatest value for ratepayers. Food scraps represent about 37% (by weight) of the rubbish thrown out by the average house each week. The introduction of a food scrap collection provides the biggest opportunity to divert household waste from landfill.

This table provides a comparison of the current service to the service that informed the 10 Year Plan budget.

	Current service	Increase in level of service (Service included in 2018-2028 10 Year Plan)
<p>Scale, scope and location</p> <p>In relation to the proposal how big/small could this be? E.g. by levels of functionality, unit/group/org wide.</p>	<p>Continue to provide the same level of kerbside service:</p> <ul style="list-style-type: none"> - Maximum 2 rubbish bags collected weekly - Maximum 2 crates for recycling (plastics 1 and 2, glass, tin and cans) collected weekly. - Paper and cardboard tied separately collected weekly. <p>Ownership of the transfer station and organic centre would remain with Council, and the sites would be operated by contractors under a lease agreement.</p> <p>This would require the Council to reset the targets in the Waste Management and Minimisation Plan 2018-2024, as the targets cannot be met with the current service.</p>	<p>A full increase of the level of service would include:</p> <ul style="list-style-type: none"> • Wheelie bin for rubbish collected fortnightly • Wheelie bin for recycling (paper, card, plastics 1 – 7, tins and cans) collected fortnightly • Crate for glass collected fortnightly • Small bin for food scraps collected weekly. <p>This service would maximise diversion from landfill as food scraps make up about 37% of the average household kerbside rubbish.</p> <p>Ownership of the transfer station and organic centre would remain with Council, and the sites would be operated by contractors under a lease agreement.</p>
<p>Service Solution</p> <p>How can services be provided? E.g. potential solutions and answers, use of technologies</p>	<p>The services would be provided by a contractor with administrative oversight by the Council.</p> <p>The rubbish collection trucks would require manual collection of the bags and placement in the truck.</p> <p>The recycling would be sorted at the kerbside by the driver/runner of the truck.</p>	<p>The services would be provided by a contractor with administrative oversight by the Council.</p> <p>The rubbish and recycling wheelie bin would both be collected by a mechanical process from the rubbish and recycling trucks.</p> <p>The glass would be manually sorted in to colours at the kerbside.</p> <p>The food scraps collection would require the driver/runner to manually place the contents of the food scrap bin in the collection truck.</p>
<p>Service Delivery</p> <p>Who can deliver the services? E.g. in-house, out sourced, alternative procurement strategies</p>	<p>Project Management and Contract Management: Council</p> <p>Service Delivery: Procurement of an external contractor to deliver the service.</p>	<p>Project Management and Contract Management: Council</p> <p>Service Delivery: Procurement of an external contractor to deliver the service.</p>

<p>Implementation</p> <p>When can the services be delivered? E.g. timing and staging, big bang, phased, modular</p>	<p>New contract would commence 1 July 2020</p> <p>A new tender process for the status quo would need to be undertaken to provide 12 months lead in.</p>	<p>Transition planning and roll out would commence following contract award. New service would commence 1 July 2020.</p> <p>A minimum of 18 months lead in is required for the transition to wheelie bins.</p>
<p>Funding</p> <p>How can it be funded? E.g. Capital, operating, external, joint funding</p>	<p>Funding is sourced from the general rates and the lease of the transfer station and organic centre. Operating funding for 2018-2028 as per the 2018-2028 10 Year Plan and funding for 2028-2030 as outlined in this business case.</p>	<p>Funding is sourced from the general rates and the lease of the transfer station and organic centre. Operating funding for 2018-2028 as per the 2018-2028 10 Year Plan and funding for 2028-2030 as outlined in this business case.</p>

4.0 Preferred Option (Commercial & Financial Case)

The draft business case provided modelled financial information. An Expression of Interest and two Request for Proposals were undertaken in 2017. This provided real financial information and an understanding of the resources required. The data included in this business case is taken from the preferred contractors tender and includes all the Council administrative and operating costs.

4.1 Resource Requirements

Internal Resources

Roles allocated to the project transition and the ongoing implementation of the contract.

Resources Required (Position Name)	Period Required	FTE Required
Contract Manager	FY18/19 – FY29/30	1 FTE budgeted for in 2018-2028 10 Year Plan
Project Manager	FY18/19 – FY20/21	1 FTE fixed term for 3 years budgeted for in 2018-2028 10 Year Plan
Communications Advisor	FY18/19 – FY20/21	0.5 FTE fixed term for 3 years budgeted for in 2018-2028 10 Year Plan
Waste Minimisation Advisor	FY18/19 – FY29/30	0.5 FTE ongoing – existing resource
Compliance Officers	FY20/21 – FY29/30	1 FTE ongoing – existing resource
Compliance Manager	FY18/19 – FY29/FY30	0.1 FTE ongoing – existing resource
Total resources required		1.5 FTE fixed term 2.6 FTE ongoing

External Resources

Work Package	Year and duration	Type of Resource Required	Estimated Value of Work
Support for contract development, negotiation and implementation.	2018 6 months	Consultant	\$50,000
Communications and education material for transition and on-going service delivery	2019-2020 1 year	Consultant	\$100,000
Contracts for the collection, processing and disposal of rubbish and recycling.	2020-2030 10 years	Contractor	\$97,000,000

4.2 Procurement Strategy

Procurement has already been undertaken for this business case based on the draft Business Case and was in line with previous Council decisions.

Work Package	Procurement Process e.g. tender, LASS, RFP, RFQ etc
Support for contract development, negotiation and implementation.	RFQ and direct appointment

Contracts for: <ul style="list-style-type: none"> • Collection of the kerbside rubbish and recycling • Transport of rubbish to disposal location • Disposal of rubbish • Processing of recycling • Processing of food scraps 	Expression of interest for contract 16234 – rubbish and recycling service Request for Proposal for contract 16234 – rubbish and recycling service Request for Proposal for contract 17045 – solid waste disposal
---	--

4.3 Financial Analysis

Based on current estimates, the anticipated cash flows for the investment proposal over its intended life span are set out in the table below.

The following assumptions have been made in determining these estimates:

- Emissions trading units will increase on a medium trajectory
- Waste disposal levy will increase on a medium trajectory
- Variations to the contract are minimal
- Services charged on day rates remain constant, including illegal dumping and assisted collections
- The number of households requiring special services are mitigated into the future.

Financial analysis for new service requirements, including inflation¹.

Projected budget (\$000s)	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	Total
Total revenue from the contract (lease of assets)²	0	0	455	455	455	456	456	456	455	455	455	455	4,554
Depreciation and amortisation	0	0	199	204	207	224	229	236	251	252	254	255	2,310
Finance Costs including an allocation of the cost of Council borrowing	0	0	95	100	101	102	95	89	79	74	69	65	869
Operating and maintenance Costs including all contract costs	0	173	7,841	7,830	8,318	8,822	9,364	9,941	10,544	11,118	11,336	11,958	97,244
Property Costs including insurance	0	0	6	6	6	6	6	6	6	7	7	7	61
Administrative Costs including staff times	774	805	1,420	1,294	1,277	1,270	1,292	1,308	1,309	1,378	1,451	1,525	15,103
Total Operating expenditure	774	977	9,560	9,433	9,908	10,424	10,986	11,580	12,189	12,829	13,116	13,813	115,588
2018-2028 10 Year Plan Approved operating expenditure	774	977	9,189	9,433	9,908	10,424	10,986	11,580	12,189	12,829			88,289
Additional operating expenditure sought for business case			370								13,116	13,813	27,299

¹ The information in this table includes all revenue and costs directly associated with the implementation and ongoing delivery of the new rubbish and recycling services and not the current service.

² General rates are used to fund the remaining operational budget.

4.4 Contingency

The business owner and project sponsor have allowed a contingency inside the current stipulated budget for the contract of 10% that could be used in the event a risk requires mitigation or converts to an issue.

4.5 Funding Sources

The 2018-2028 10 Year Plan has approved the budget of \$88,289,000 (including inflation) for the delivery of the new service until 30 June 2028. It is proposed that the additional funding required for the remaining two years until 2030 is sought from the following sources:

Funding Source	Amount
General rates	\$26,388,000

4.6 Affordability

The proposed whole of life cost of the project is \$115,588,000 over the 12 years (2018-2030), including 2 years prior to the contract starts.

The Council has signified their agreement to the level of funding required for the first 10 years through their agreement to the 2018-2028 10 Year Plan.

5.0 Implementation (Management Case)

The management case addresses the achievability of the proposal and planning arrangements required to both ensure successful delivery and to manage project risks.

5.1 Stakeholder Engagement

5.1.1 Engagement with key stakeholders to date

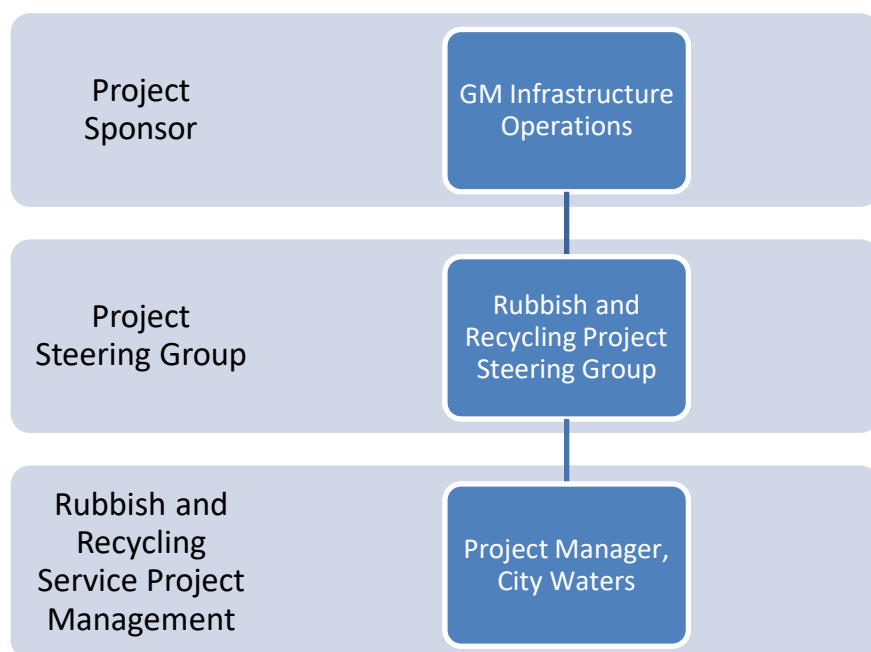
Stakeholder	Evidence of Collaboration	Agreed Outcome
Elected Members	2013-2016 Council Waste Working Group 2016-2019 Council Waste Taskforce	Waste Working Group - Preferred level of service Waste Taskforce - Tender process and agreed proposal for the 2018-28 10 Year Plan
Community	6-week consultation October – November 2016	A total of 2793 submissions were received, with 84 per cent indicating they wanted to transition to wheelie bins with more recycling options and 76 per cent indicating they would like a food scrap collection to be provided.

5.1.2 Planned Engagement with key stakeholders

Stakeholder	Project Interest	Stakeholder Approach – Engage, Partner, Monitor, Inform
Elected Members	Successfully delivery of the transition and new service	Engage through the Waste Taskforce
Households (excluding the CBD)	End users of the kerbside service.	Inform
Hamilton residents	End users of the transfer stations.	Inform
Hamilton businesses	End users of the transfer stations.	Inform
Project delivery contractors	Responsible for the roll out and successfully delivery of the services.	Partner

5.2 Project Structure

The project structure outlines how the transition project to 30 June 2021 will report.



5.3 Implementation Plan

5.3.1 Key Project Milestones

Proposed Key Milestones	Estimated Timing
Contract award	August 2018
Transition plan approved - Including timing of delivery of Health and Safety Plan, Traffic Management Plan and Contract Management Plan.	December 2018
Bespoke services developed and agreed	December 2018
Education and Communications Plan approved	June 2019
Education campaign commences	January 2020
Roll out containers	Commence April 2020
Introduction of new service	1 July 2020

5.3.2 Project Deliverables

The project deliverables are:

- An easy to use kerbside rubbish and recycling collection service for residential properties in Hamilton (excluding CBD) that maximises diversion.
- Waste transfer stations that maximise diversion from household and commercial sources.
- Streets are kept clean of illegal dumping.

Appendices

Appendix A - Cost of disposal

The Waste Minimisation Act 2008 (WMA) enables the central government to impose a levy on waste disposed to landfill to “raise revenue for promoting and achieving waste minimisation; and, increase the cost of waste disposal to recognise that disposal imposes costs on the environment, society and the economy”. Since it came into effect this levy has been set at \$10 per tonne of waste disposed of at a disposal facility as defined by the WMA.

A recent report by Eunomia Consulting identified that “the following changes are possible under Section 41 of the WMA:

- Changes to the class of facilities that the Levy is applied to
- The ability to apply the Levy to different classes of waste
- Changes to the rate of the Levy and their application to different disposal facilities, classes of disposal facility or types of waste.”³

The Eunomia Consulting review identified 4 different options for increasing and expanding the waste levy. The table below shows the 4 modelled rates that Eunomia used to demonstrate the potential impact on disposal to landfill and recycling rates. The four scenarios are based on overseas waste levy rates and different diversion pathways.

Table 4-2: Modelled Levy Rates (\$ per tonne)

#	Tax band	2017 ¹	2018	2019	2020	2021	2022	2023	2024 ²
1	Standard	\$10	\$11.67	\$13.33	\$15.00	\$16.25	\$17.50	\$18.75	\$20.00
	Inert	\$0	\$0.33	\$0.67	\$1.00	\$1.25	\$1.50	\$1.75	\$2.00
2	Standard	\$10	\$13.33	\$16.67	\$20.00	\$37.50	\$55.00	\$72.50	\$90.00
	Inert	\$0	\$0.67	\$1.33	\$2.00	\$4.00	\$6.00	\$8.00	\$10.00
3 & 4	Standard	\$10	\$15.42	\$20.83	\$26.25	\$54.69	\$83.13	\$111.56	\$140.00
	Inert	\$0	\$1.00	\$2.00	\$3.00	\$6.00	\$9.00	\$12.00	\$15.00

At this stage the current government has signalled that they are reviewing the outcomes of the 2017 Waste Levy review by the Ministry for the Environment.⁴ The 2017 review made three recommendations, which included expanding the levy to include different classes of landfills.

The modelling included in the budget assumptions for the rubbish and recycling service change is based on a medium scenario that sits between model 1 and model 2 in the latest Eunomia analysis. Based on the modelled tonnes to landfill over the life of the contract the costs for the waste levy alone could vary from:

- Low waste levy scenario – \$1.8 million
- Medium waste levy scenario – \$7.1 million
- High waste levy scenario - \$20.5 million

³ <http://eunomia.co.nz/wp-content/uploads/2017/06/WDL-Final-Report-30-05-17.pdf>

⁴ <http://www.mfe.govt.nz/waste/waste-disposal-levy/reviewing-waste-disposal-levy>

Appendix B - Full risk assessment

A risk assessment process was completed with internal and external stakeholders. Short, medium and long-term risks were identified.

This table includes all the risks identified during the workshop.

Risk Description	Controls	Residual Risk Score	Owner
A reduction in operational waste minimisation funding to support actions of this business case.	Regular engagement with the Ministry for the Environment on any potential changes to the waste disposal levy and the mechanism to distribute to Territorial Authorities	Medium	City Waters
The Waste Disposal Levy and Emission Trading Scheme costs increase on the disposal of waste	Business case and associated budget includes modelled increases to the waste disposal levy and the emissions trading scheme units	Medium	City Waters
The timeframes set out in the business case cannot be met and there are issues with the project delivery.	Procure services with a long lead in time to ensure resources are secured. Appropriately resource the service transition internally.	Low	City Waters
Implementation timelines are not met and the service doesn't roll out as required.	Procure services with a long lead in time to ensure resources are secured. Internal project management is clear and effective.	Medium	City Waters
Level of the current service decreases prior to roll out. Number of complaints by residents increases	Maintain relationships through operational and governance meetings. Ensuring issues are raised promptly.	Medium	City Waters
Number of complaints received increases and there is no increase in waste diverted. The Council loses control of the messaging around the service change	Communications plan is developed and is properly resourced and links to contractors plan. Service is designed for ease of use. Changes to days of collection are minimised.	Low	City Waters
The contractor is unable to provide the service at the tendered price and requests variations.	Prior to contract award, ensure full due diligence is completed by Council. During contract ensure regular contract meetings to manage risks and issues as they arise	Medium	City Waters
Households receive the standard model of service resulting in difficulties for collection and storage.	List of bespoke services identified by Council. Negotiate for due diligence to be required by the contractor on the list provided.	Medium	City Waters
The recycling ends up in landfill, damaging the communities' confidence in the service and the Council.	Ensure the contract includes sufficient clauses for stopping recyclables going to landfill. Education plan is well developed and delivered to minimise contamination. Ongoing work to support/advocate for onshore processing.	Very High	City Waters
Contract has to be amended prior to awarding or the service requires retendering.	The Waste Taskforce is briefed prior to any major decisions taken to the Council. SLT kept informed of potential risks.	Medium	City Waters
The Council can't determine if the service is being successfully delivered.	Ensure the contract includes KPIs and reporting requirements that are clear and measurable. Contractor to input and agree to KPIs. Internal resourcing provided to	Low	City Waters

	proactively monitor and audit the contract		
There are delays to the service delivery and an increase in complaints to the Council about rubbish and recycling.	The information provided to the contractor is up to date. The Council undertakes due diligence in assessing the tender. Ensure KPIs are configured to capture time failures and missed collections to drive / sustain performance. Ensure fatigue management processes are in place to mitigate chance for incidents and captured in H&S KPIs	Medium	City Waters
The service cannot commence in parts or across the whole city. Complaints to Council around the roll out and service will increase	<ul style="list-style-type: none"> • Timeframes set (with contingency) • Regular updates provided (and agreed) • Housing stock data accurate and implement a process around growth • Ongoing Communications to Community on stock delivery • Ensuring our requirements with Contractor are back to back with subcontractors 	Low	City Waters
The diversion rates from landfill are not realised and the cost of the disposal is higher than budgeted for	The service is clear and easy to use and there are ongoing communications around the food scrap service.	Low	City Waters
The diversion rates from landfill are not realised and the targets set in our Waste Plan are not met	Ensure the contract includes KPIs and reporting requirements that are clear and measurable. Contractor to input and agree to KPIs. Internal resourcing provided to proactively monitor and audit the contract	Low	City Waters
There are service failures leading to complaints by the community and injury of contractor staff	Ensure the contract includes KPIs and reporting requirements that are clear and measurable. Internal resourcing provided to proactively monitor and audit the contract	Low	City Waters
The growth projections included in the modelling are exceeded and there isn't sufficient infrastructure (bins and trucks) to provide the service.	Review growth projections annually to ensure enough bins are procured for the service for the year ahead and that any changes to the growth assumptions are communicated in advance to the contractor.	Medium	City Waters
The growth projections included in the modelling are not realised leading to lower rates revenue.	Review growth projections annually.	Low	City Waters