

10.2.2. Kalamunda Waste Plan: Food Organics and Garden Organics Processing

Declaration of financial / conflict of interests to be recorded prior to dealing with each item.

Previous Items	OCM 67/2011; OCM 20/2013; OCM 146/2019; OCM 294/2019; OCM 95/2020
Directorate	Asset Services
Business Unit	Asset Waste & Operations
File Reference	EG-RLW-006
Applicant	N/A
Owner	N/A
Attachments	Nil

TYPE OF REPORT

- ☐ Advocacy When Council is advocating on behalf of the community to another level of government/body/agency
- ☒ Executive When Council is undertaking is substantive role of direction setting and oversight (e.g. accepting tenders, adopting plans and budgets)
- ☐ Information For Council to note
- ☐ Legislative Includes adopting Local Laws, Town Planning Schemes and Policies. When Council determines a matter that directly impacts a person's rights and interests where the principles of natural justice apply. Examples include town planning applications, building licences, other permits or licences issued under other Legislation or matters that could be subject to appeal to the State Administrative Tribunal

STRATEGIC PLANNING ALIGNMENT

Kalamunda Advancing Strategic Community Plan to 2027

Priority 2: Kalamunda Clean and Green

Objective 2.3 - To reduce the amount of waste produced and increase the amount of reuse and recycling of waste.

Strategy 2.3.1 - Identify and implement strategies to reduce waste.

EXECUTIVE SUMMARY

1. The purpose of this report is to seek Council commitment that the City of Kalamunda ('City') will supply its Food Organic / Garden Organic ('FOGO') waste to a suitable facility provided by the Eastern Metropolitan Regional Council ('EMRC') proposed to be tendered by EMRC.
2. Along with the five other member Councils of EMRC, this determination will provide sufficient certainty to potential bidders of a FOGO processing facility that there is a viable supply of FOGO material for a plant to be constructed.
3. It is recommended that the City determines that EMRC will provide the FOGO processing facility for its FOGO waste subject to acceptable outcomes of the EMRC FOGO tender.

BACKGROUND

4. At the June 2020 Ordinary Council Meeting, it was resolved (OCM 95/2020) that (in part) that Council:
 1. *ADOPT the City of Kalamunda Waste Plan (Attachment 2) and forward to Department of Water and Environmental Regulation for approval.*
 2. *ADOPT a three-bin residential waste service subject to acceptable FOGO processing costs.*
 3. *RECEIVE a subsequent report confirming the costs of the FOGO waste management process once these are known.*
5. Subsequent to this decision, investigations have progressed in regard to the FOGO processing matter.
6. EMRC at their Ordinary Council Meeting of 17 September 2020 considered a report from the Waste Advisory Committee of EMRC and determined that (in part):

"Council request its member Councils to confirm their commitment to supply their FOGO waste, at an indicative cost in the range as referred to in the confidential attachment to this report, to the Permanent FOGO Processing Facility for a 20-year period from the commencement of operations."

DETAILS AND ANALYSIS

7. Currently there isn't sufficient FOGO processing plant capacity in the Perth & Peel region that will cater for the anticipated tonnage of FOGO waste generated from each Council. This leads to the conclusion that new processing capacity needs to be developed.

8. The City, as a member of EMRC, has endorsed the EMRC FOGO strategy in that EMRC will provide a FOGO processing facility for its member councils. The City, of course, would only commit to any contract to provide FOGO waste to EMRC once the terms and costs are acceptable.
9. The EMRC have progressed an Expression of Interest with the market to determine potential suppliers of FOGO from which a short list of five suppliers have been identified for tender.
10. As requested by member Councils, EMRC also have conducted a feasibility study to determine the most optimal FOGO processing technology and delivery contract model for FOGO processing. This study concluded that it would be best to seek tenders from the five suppliers on a small list of selected technologies and two primary contract models along with a simple waste supply agreement model, allowing EMRC and member Councils then to ascertain which is the 'best fit' solutions.
11. The three main construction models within this tender (setting aside maintenance) will be:

Type of Contract	Who takes risk that sufficient volume of FOGO will be produced for the plant	Assurance needed in tender document
Contractor to Design, Build, (Operate and Maintain for defined period) (DBOM)	EMRC	Nil – although EMRC would need assurances that Councils are participating
Contractor to Design, Build, Own, Operate and Transfer (DBOOT)	Contractor	Would need assurance in tender that Councils are providing FOGO
Contractor to build their own facility at Red Hill under a site lease	Contractor	Nil – although provision of commitment to supply would aid in the contractor's risk analysis

12. Whilst the City may be agnostic to the technologies on offer, the predominant issue to be resolved in this report, is providing EMRC with advice of the City's intent to provide its FOGO waste to EMRC for processing.
13. The modelling by EMRC at this stage suggests that the six member Councils will provide 55,000 Tonnes pa of FOGO material, with Kalamunda making up 10,700 pa Tonnes pa of this.
14. It is concluded that the City in providing this commitment to EMRC can do so certain that if the proposed gate fee is not acceptable, there is no binding agreement between the City and EMRC.
15. It is also worthy to note that there is not at present many facilities that can process FOGO and that as each Council in Perth & Peel make their decisions to proceed down the FOGO path, the market will need to provide sufficient facilities at acceptable costs. The State has recognised this issue; whilst EMRC is well placed to undertake FOGO processing for member councils and grow their capacity for other Councils (at new revenue for EMRC and its members).

APPLICABLE LAW

16. *Local Government Act 1995* in relation to entering into agreements for goods or services with Regional Councils.

APPLICABLE POLICY

17. CEO Instruction CEO-17 Purchasing.

STAKEHOLDER ENGAGEMENT

18. N/A.

FINANCIAL CONSIDERATIONS

19. Nil, until such time that FOGO costs are known and recommended for adoption.

SUSTAINABILITY

Environmental Implications

20. FOGO has environmental benefits in reducing waste to landfill and converting waste to useable by-products (including compost, mulch or gas).

RISK MANAGEMENT

21.	Risk: That the proposed gate fee for FOGO is too high to be acceptable to the City delaying the ability to implement a three-bin system until a more acceptable outcome can be sourced.		
	Consequence	Likelihood	Rating
	Significant	Unlikely	Medium
	Action/Strategy		
	City officers (along with other member council officers) will be participating in assessing EMRC FOGO tenders and will be seeking a gate fee that is within expectations.		

CONCLUSION

22. Providing this commitment with the rider of an acceptable gate fee allows the EMRC Tender to provide bidders with some certainty and reduce their risks which may be built into the tender outcome.

Voting Requirements: Simple Majority

RECOMMENDATION

That Council CONFIRM that the City of Kalamunda will provide its Food Organic / Garden Organic waste to the Eastern Metropolitan Regional Council for processing subject to an acceptable outcome to the City of Kalamunda of the Eastern Metropolitan Regional Council Food Organic / Garden Organic Tender process.