

Kerikeri Waste Facility

Indicative Business Case

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1 Executive Summary The Infrastructure and Assets Committee in July 2018

approved the following;

- a) Delegate authority to the General Manager of Infrastructure and Asset Management to negotiate a variation of contract with Northland Waste to provide a Class 1 public Refuse Transfer Station (RTS) for the Waipapa/Kerikeri area, at an approximate cost of \$14k per month until 2020 (the end of the current contract).
- b) Authorise staff undertake a review of the Long Term Plan option to build a refuse Transfer Station at Waipapa to determine what facilities are required and whether to build or lease the facility.
- Operational funding for the short term option of providing the Waipapa RTS is yet to be confirmed.
- A permanent Resource Recovery Centre to service Kerikeri and surrounding communities is identified in the FNDC Waste Management and Minimisation Plan 2017 – 2023.
- The proposed Resource Recovery Centre is planned for completion in 2022/23 as part of the 2018-28 LTP.
- Options for this facility need to be considered including the options to:
 - lease or build our own facility
 - build a basic RTS or a RTS with waste processing building
- Future waste contract implications need to be considered as part of this decision.
- A consultant will be engaged to develop a detailed business case to outline options, the associated capital costs and the impact on future operational costs.

2 Strategic Context

2.1 FNDC Waste Strategy

The need for a resource recovery centre to service Kerikeri and surrounding communities is identified in the FNDC Waste Management and Minimisation Plan 2017 – 2023.

The difference between a Resource Recovery Centre and a Refuse Transfer Station is not specified however to clarify the key functions please refer to an explanation below:

Refuse Transfer Stations (RTS) accept waste and recycling which is transported offsite for processing and disposal

Resource Recovery Centres (RRC) e.g. Kaitaia operate as RTS as well as having a variety of buildings / facilities that enable the:

- Sorting of rubbish to remove recyclable items
- Compacting of residual rubbish for transport to landfill
- Sorting and baling of recyclables

Community Recycling Centres (CRC) only accept recycling which is transported offsite for processing and disposal.

Council's waste plan states that we '*aim to have a recycling facility within 15 minutes drive of the majority of residents*'.

Kerikeri's nearest RTS is Whitehills, approx. 20 minutes drive away. All the other main centres have a Class 1 RTS close to the town centre e.g. Kaitaia and Kaikohe.

2.2 Contractual Considerations

The current waste contracts for the Northern and Southern areas expire in September 2020 and Council has the discretion to offer a 2 year extension which could take the contracts through to 2022. The build is programmed to be completed 2022.

The contractors who operate the FNDC network of RTS's and CRC's need a facility to sort and compact waste and recycling before being sent south for disposal.

Northland Waste (NW), the northern contractor uses the Council owned RRC located in Kaitaia.

Waste Management (WM), the southern contractor lease a site in Waipapa to process recycling. They have been unable to get a resource consent to process waste at this site so have leased a site on Station Road, Kaikohe to sort and compact waste. WM utilise this site as their FNDC contracted RTS for Kaikohe instead of using the FNDC owned site in Carey Road. This was to eliminate establishment costs at Carey Road and to gain staffing efficiencies from operating from one rather than two sites.

The lack of a Council controlled processing site in the south adds complications (and therefore costs) to any company tendering in future for southern contracts. Waste processing sites aren't easy to establish as they attract numerous objections in the consenting process. This added complication is likely to reduce the number of companies that would tender future contracts.

3 Background

In 2006, a facility to sort and compact waste was built in Station Road, Kaikohe by Waste Works.

In 2010, Waste Works was sold to Northland Waste but the Station Road facility wasn't included in the sale. The problems with establishing a waste processing facility on Station Road include:

- the previous high asking price
- the lack of facilities and space required for processing recycling
- the majority of the southern area's waste comes from the east coast so utilising a Kaikohe site would result in higher transportation costs

In 2015, Northland Waste (NW) and Waste Management (WM) approached Council with a joint venture proposal to develop a waste handling site at Waipapa. This was declined due to budget constraints and the need to review priorities.

In 2018, NW secured a 15 year lease on a property accessed off SHW 10 in Waipapa. NW obtained a resource consent that allows the public to drop off waste at the site and in a joint venture with JSB Construction Ltd, built a waste sorting / compacting shed on site.

WM are investigating a similar arrangement with JSB Construction Ltd who have additional land available next to the site.

Council may wish to consider proposing a long term lease of a facility purpose built by JSB Construction Ltd.

4 Benefits / Risks

4.1 Benefits of establishing a Refuse Transfer Station at Waipapa are:

Benefits	Description
Residents	Establishing a RTS in Waipapa will reduce residents round trip travel distance to Council's closest recycling centre by approx. 36km
Education	Utilising RTS's enables users to be informed of what can and can not be recycled
Recycling benefits	Residents are able to drop off large items such as white ware, TV's etc for recycling reducing the number of items ending up in privately hired waste skips and landfilled. Household recycling is likely to increase with the free Council service being more convenient. The cost to drive to Whitehills to recycle outweighs any potential savings from the resulting reduction in rubbish disposal fees.
Illegal rubbish	Most illegal dumping is recyclable so making free disposal of recycling more convenient and accessible should reduce the amount of illegal dumping.

4.2 Risks of establishing a Refuse Transfer Station at Waipapa are:

Risks	Description
Costs	Increased annual operational costs of around \$220,000 Escalating property and building prices
RMA process	Objections to a resource consent Traffic management requirements
Private competition	Private waste companies offering discounted rubbish disposal

5 Development Options

5.1 Type of facility Option 1: Refuse Transfer Station (Class 1) – open 7 days, accepts bulk and bagged rubbish, household recycling, e-waste, white ware, scrap metal, waste oil and hazardous waste.

Option	Advantages/Benefits	Disadvantages / Risks	Recommended / Not Recommended
Staff offices and services	Permanent facilities will be more cost effective long term than relying on contractors to provide temporary facilities as part of the contract. Permanent facilities would be of a higher standard than any temporary facility	Capital cost	Recommended
Covered recycling drop off facility	Customers sort their own recycling into the appropriate containers Reduces operating costs Ensures good quality product to maximise returns from sale of recyclables	Capital cost	Recommended

	Shelter encourages customers to take their time to recycle properly despite adverse weather conditions		
Hazardous waste store	Allows for the diversion of materials otherwise hazardous to landfill	Capital Cost High disposal costs	Recommended
Waste oil tank	Allows for the diversion of materials otherwise hazardous to landfill	Capital cost Neutral disposal costs	Recommended
Bin Bays 30m ³ bins for rubbish, scrap metal and green waste	Low cost	Doesn't enable recovery of recycling / re-usables Staff exposed to the weather Open to weather conditions – when wet, increases transport and disposal costs Dump trucks unable to tip their loads – must be unloaded by hand Fall hazard to customers	Not recommended Waste shed option below preferred

Option 2: Resource Recovery Centre (additional facilities to sort and process rubbish and recycling)

Option	Advantages/Benefits	Disadvantages / Risks	Recommended / Not Recommended
Waste Shed Incl. separate dump zone for rubbish, scrap metal and green waste)	Allows for recovery of recyclables / re-usables Staff not exposed to the weather Rubbish doesn't get wet, reducing transport and disposal costs Dump trucks able to tip their loads	Capital costs	Recommended
Recycling shed	Allows onsite baling of recyclables Reduces transport costs Allows waste companies with no local infrastructure to tender for southern contract	Capital cost	Recommended
Reuse shop	Promotes and increases recovery and reuse Provides an outlet for materials recovered from rubbish	Capital costs Operational costs Limited recovery for money invested Social / community good	Desirable

5.2 Ownership of facility

Council owned

Waipapa appears the best option for buying affordable land for a Council owned RTS for the greater Kerikeri catchment area. As the area is 'Industrial' by nature, a resource consent may be easier to obtain.

Leased

Lease costs have yet to be determined.

The 3 possible options at the Waipapa site which Northland Waste has a long term lease on as a waste facility include:

1. Sublease the premises from NW for long term use as a Council Refuse Transfer Station. The lease period would be for a minimum of the term of the next waste contract 2020 to 2025. NW are aware that any lease arrangements will have to allow a third party to use the Waipapa RTS should the contract be awarded to another company in future. NW is open to this requirement and has expressed a willingness to negotiate this further.
2. Sublease premises from WM for long term use as a Council Refuse Transfer Station if their proposed development goes ahead. This option has yet to be investigated further.
3. Approach the land owner and discuss the option of a purpose built facility on the adjacent site under a long term lease agreement with Council. This has yet to be investigated.

Option	Advantages/Benefits	Disadvantages/Risks	Recommended / Not Recommended
Council Owned	Provides security of service for the future. Allows waste companies without local infrastructure to tender for future contracts on an equal basis with existing waste companies. Reduces operational costs.	High capital cost. Negative response from ratepayers who think that the spending is unnecessary due to the established Northland Waste facility	Recommended
Long Term Sublease <i>Northland Waste's facility or Waste Management - sub lease a facility if their proposal proceeds</i>	No capital cost No Council staff time required Can start immediately	High operational costs Need to ensure the lease includes the right for another waste company to occupy the site should Northland Waste lose future contracts	Not recommended
Lease <i>Independent private owner</i>	Provides security of service for the future Allows waste companies without local infrastructure to tender for future contracts on an equal basis with existing waste companies	High operational costs	Not recommended

6 Financial implications

6.1 Business Case Development Costs

Funding is being identified to engage a consultant to develop a detailed business case.

6.2 Operational costs

There is no OPEX budget allocated for the Waipapa Refuse Transfer Station for the term of the existing contracts.

Funding the operational costs of Waipapa Refuse Transfer Station will be included for consideration in the 2019/20 Annual Plan.

6.3 Capex Costs

To establish a waste facility in Waipapa, the 2018-2028 LTP has identified the following CAPEX:

2020/21	\$28,000
2021/22	\$587,000
2022/23	\$339,00
TOTAL	\$950,000

The planned CAPEX \$950k budget appears insufficient if the purchase of land is required.

A basic Class 1 RTS requires approx. 4000m³ of land. A Resource Recovery Centre with facilities to sort and process both waste and recycling requires approx. 8000m³ of land at an estimated cost of \$600K to \$800K

The Kaitia Resource Recovery Centre which functions as both a waste processing centre and a RTS cost approx. \$1.5M in 2008 and didn't require the purchase of land.

7 Timeline

Timeframe	Details
October 2018	Business case development plan to the Procurement Board
January – April 2019	Study period
June 2019	Report to Council
November 2019	Council decision on preferred option
2020/21	Preliminary investigations
2021/22	Purchase property /start build
2022/23	Project Completion

Appendix A Locations of FNDC Refuse Transfer Stations

