



## **COUNCIL MEETING**

**Monday, 28 May 2018**

## **LATE ITEMS**

**Item: CCL026-18 Waste Services Tender – T18/015**

**Author:** Manager Environment Health & Regulatory Services  
**Directorate:** Environment and Planning  
**Matter Type:** Environment and Planning

**Recommendation**

- (a) That, under Section 178 (1) (a) of the *Local Government (General) Regulation 2005*, Council accept the tenderer that is recommended for Contract T18/015 for Waste Services as outlined in the report.
- (b) That the General Manager be authorised to sign the Contracts with the preferred Contractor on behalf of Council.
- (c) That Council inform the unsuccessful Tenderers of the resolution.

**Executive Summary**

1. The purpose of this report is to advise Council of the results of the tender process completed in accordance with Part 3, Division 1, Section 55 and Section 377 of the Local Government Act 1993, for the Tender T18/015 and to seek a resolution from Council on entering into a contract with a successful Tenderer to appoint as the Contractor to carry out the proposed contract works in the Georges River Council area.
2. This report explains the background for Council to decide if it wishes to enter into a contract with the entity recommended as the preferred Contractor. The report also details the tender process (criteria, weightings and evaluation) supporting the recommendation for Council's consideration, with the confidential matters being within the Confidential Attachments.

**Background**

1. Council at its meeting of 18 December 2017, resolved to adopt the minutes of the Finance and Governance Committee meeting held on 11 December 2017, which under item FIN-396-17 Waste Services Tender, recommended:
  - (a) That Council invite tenders for the following:
    - i) General Waste Processing (former Hurstville City Council LGA).
    - ii) Green Waste Processing for the Georges River Council LGA as an optional component of the General Waste Processing tender.
    - iii) Clean up Processing for the Georges River Council LGA (in conjunction with SSROC).
    - iv) Mattress collection and processing for the Georges River Council LGA (in conjunction with SSROC).
    - v) Park and Litter bin collection and processing (former Kogarah City Council LGA).

(b) That the General Manager be given delegated authority to accept the Tenders listed in (a).

2. This report provides an update on the progress of recommendation (a) (iii) and (iv) and seeks a Council Resolution to appoint a tenderer to provide waste services as a result of a tender process as required by recommendations (a) (i), (ii), and (v). This report also considers the impacts on Council's draft fees and charges and draft budget for waste disposal as a result of accepting the recommended tenderer. Further the report provides a brief discussion on the impacts of, and an update on, the 'China Sword Policy'.

## Report

### (a) Tenders Coordinated by the Southern Sydney Organisation of Councils (SSROC)

3. Considerable work has been undertaken by the various member Councils in developing the technical and legal requirements for the Request for Tender for Clean-up Processing and the Request for Tender for Mattress Collection and Processing. The Request for Tender for Mattress Collection and Processing has been advertised with the submissions received being evaluated. A separate report will be provided to Council in June 2018 recommending acceptance of the preferred tenderer.
4. The Request for Tender for Clean-up Processing is expected to be advertised towards the end of May 2018 and a future report is anticipated to be provided to Council in September 2018 to consider the outcome of the tender evaluation.

### (b) Request for Tender T18/015 – Waste Services

#### Tender Preparation

5. Following Council's resolution, staff developed a Request for Tender with assistance from a specialist waste management consultant MRA Consulting and a panel solicitor with previous experience in waste contract preparation, Norton Fulbright Rose. The focus of the Request for Tender was to maximise recycling and to divert waste from landfill.
6. The Request for Tender was developed into the following three parts with tenderers able to offer a tender submission on all or any of the individual parts:
  - Part A** - The processing and disposal of Collected Material from Waste Collection Services of the former Hurstville City Council.
  - Part B** - The processing of Collected Material from Garden Organics Collection Services.
  - Part C** - The collection and disposal of waste from Park and Public Litter Bins of the former Kogarah City Council.
7. The Request for Tender offered a maximum contract term for Part A and Part B of 10 years arranged as a guaranteed minimum of 5 years with optional extensions of 2 + 2 + 1 years subject to review and satisfactory contract performance to enable Council the ability to test the market should there be any advancement in technology or process that may be of financial benefit to Council. However, the 10 year term, if the options were exercised, would also align with the waste disposal and processing contract with Veolia for the former Kogarah Council which expires in February 2027.

8. The contract term for Part C is five years in order to coincide with the February 2023 expiry of the Suez contract for park and public litter bins in the former Hurstville Council. The harmonisation of these contracts in the future may result in further cost savings to council due to economy of scale benefits through increased waste tonnages.
9. In accordance with the requirements for tendering under Section 55 of the *Local Government Act 1993* the Request for Tender was advertised between the 7 March 2018 and 16 April 2018. The Request for Tender was able to be accessed through Tenderlink and Sydney Morning Herald via open tendering method in accordance with clause 167 of the Local Government (General) Regulation 2005. All questions and submissions were received through the online Tenderlink platform.
10. A Tender Evaluation Panel with the following members was established to review the Tenders submitted:
  - Meryl Bishop - Director Environment and Planning (Chair)
  - Laurie O'Connor - Director of Assets and Infrastructure
  - David Tuxford - Acting Chief Operating Officer
  - Dr Lindsay Taylor - Lindsay Taylor Lawyers (Probity Advisor)
  - Janine Ricketts - Northern Sydney Regional Organisation of Councils (Independent)
  - Andrew Spooner - Manager Environment Health and Regulatory Services
  - Fiona Stock - Coordinator of Environment, Sustainability and Waste
11. The tenders were evaluated based on the criteria included in the Request for Tender as follows:
  - Compliance to tender requirements and completeness of the tender submission including the provision of the appropriate forms;
  - Demonstrated technical and operational capability;
  - Demonstrated financial capability;
  - Demonstrated ability to deliver beneficial environmental outcomes;
  - Demonstrated capability in organisational and management systems;
  - Demonstrated capability to minimise adverse effects of operations on the community;
  - Competitive pricing structure to provide best value to Council; and,
  - Innovation and continuous improvement.
12. The above criteria were assigned weightings which were agreed to by the Tender Evaluation Panel prior to assessment of the Tenders. Each panel member (other than the Probity Adviser) assessed the Tenders based on the above criteria.
13. Council received three submissions to the Request for Tender. Tenders were submitted by:
  - SUEZ Recycling and Recovery Pty Ltd (Suez)
  - Veolia Environmental Services (Australia) Pty Ltd (Veolia)
  - URM Environmental Services Pty Ltd (URM)
14. The Tender Evaluation Panel completed the tender assessments and the evaluation process in accordance with the requirements set out in the Tender Evaluation Plan and identified a tender that best represents value for money, therefore the most advantageous tender. The Tender Evaluation Panel also recommends the preferred Contractor for appointment under the proposed Contract T18/015.

15. The Tender Evaluation Panel recommends that, under Section 178 (1) (a) of the Local Government (General) Regulation 2005, Council accepts the tender identified as the most advantageous tender as outlined in the confidential attachments to this report.

**(c) Impacts on Council's draft fees, charges and budget**

16. Should Council adopt the recommendation in relation to Request for Tender T18/015 there will be no requirement to amend Council's draft fees and charges and draft budget for waste disposal for 2018/2019, as the exhibited figures are adequate to cover the expense contained within the successful tender. The estimated overall financial impact of accepting the preferred contractor will be an overall cost saving of approximately \$319,500 when compared to the draft budget estimate. In addition a one off financial benefit will be realised through the sale of plant (small compacter truck) no longer required to collect park and street litter bins. Further ongoing cost savings will eventuate by the removal of this item of plant from the fleet vehicle.

17. Therefore, it would be appropriate at this time for Council to confirm the fees and charges and budget for waste disposal as published in the draft 2018/2019 Fees and Charges and draft 2018/2019 Budget.

**(d) Impacts of the China Sword Policy**

18. The China Sword Policy does not have a direct impact on Tender T18/015 as the materials covered by this Tender are not captured by the China Sword Policy. Council's current waste collection contract for recyclable materials contains a clause that affords ownership of the collected material to the collection contractor. Therefore, as Council is not the owner of the product the collection contractor is responsible for sourcing end markets for the recyclable product. Council has been contacted by the waste collection contractor seeking financial compensation due to the alteration of the recyclables market in China. Council has sought legal advice regarding its legal obligations under the contract and a further report on this matter will be provided to Council.

**Financial Implications**

19. Within budget allocation as discussed in the report above.

20. Tenderers have submitted their responses as strictly "Commercial in Confidence" and requested that commercially sensitive aspects of their respective offers be discussed by Council officers, Councillors and others in closed sessions only and is not to be made public. The Tenderers consider the information that is commercial in confidence nature if disclosed to the public and to their competitors, could be damaging to their business.

**Conclusion**

21. The procurement process has complied with the relevant legislative requirements for tendering and with Council's Procurement Policy.

22. In accordance with the Local Government Act 1993, Section 10A subsection's (c) and (d), it is advised that all attachments herewith be considered in closed committee because they may confer a commercial advantage on a person with whom the Council is proposing to conduct business and reveal commercial in-confidence information.

**Community Engagement**

23. Not applicable.

**File Reference**

17/1448 and D18/103099

**ATTACHMENTS**

Attachment 1 Confidential Attachment - Waste Services Recommendation (Confidential)