

Recommendation

That Council:

1. Awards contract T22-013 Clearance of Public Bins and Street Sweeping to Cleanaway Pty Ltd for a seven year period plus the option for a further three years for an estimated total value of \$8,090,698 subject to:
 - 1.1. the inclusion of optional technology for all vehicles used within the contract.
 - 1.2. the Great Ocean Road Coast and Parks Authority also awarding the contract to Cleanaway Pty Ltd.
2. Authorises the Chief Executive Officer to execute Contract No. T22-013 and any other documents required by or to give effect to the terms of the contract on behalf of Council.
3. Deems this resolution is no longer confidential after the Great Ocean Road Coast and Parks Authority Board authorise its CEO to enter into a contract with Cleanaway Pty Ltd for Clearance of Public Bins and Street Sweeping.

Council Resolution

Moved Cr Gazzard, Seconded Cr Bodsworth

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CARRIED 6|3

For	Against	Abstained
Cr Bodsworth Cr Gazzard Cr Hodge Cr Pattison Cr Schonfelder Cr Stapleton	Cr Allen Cr Barker Cr Wellington	Nil

Alternative Options

Alternative Option 1 – Award contract T22-013 Clearance of Public Bins and Street Sweeping to Corio Waste Pty Ltd for a seven year period plus the option for a further three years for an estimated total value of \$10,299,255.

This option is not recommended by officers as Corio Waste are not affordable for the Authority. This would result in different contractors being responsible for servicing litter bins along the Surf Coast Shire coastal areas and a loss of key benefits of having a joint contractor.

Alternative Option 2 – Award the contract without including the optional technology inclusions.

This option is not recommended by officers as technology such as direct access to live GPS tracking, video and still images and bin weights will give Council officers greater clarity on actual service performance and significantly increase Council's contractor supervision capabilities.

Report

Background

Council previously identified potential efficiencies through joint contracts with the Authority's predecessor the Great Ocean Road Coast Committee for servicing litter bins along the coast within the shire which resulted in alignment of contracts and subsequent awarding of contracts to a single contractor in 2017. The current contract under this arrangement is performed by Cleanaway and expires on 30 May 2022

By approaching the market together through this tender process, to engage a single contractor (albeit under separate contracts) to provide the required services, the Council and the Authority hoped to leverage the 'scale of economy' to make savings that otherwise might not be available where each party engaged a different contractor. Nonetheless, the procurement provides for each party to engage a separate contractor for contingency purposes. .

Services included under these contracts include:

- Servicing of Council public litter and recycling bins.
- Sweeping of footpaths and removal of litter on footpaths in council managed high use areas such as retail precincts, skate parks and playgrounds.
- Servicing of bins at Council part time resident waste drop off points in Torquay, Anglesea and Lorne.
- Servicing of the Authority's public litter and recycling bins on foreshore reserves within Surf Coast Shire boundaries.

- Servicing of the Authority's Torquay, Anglesea and Lorne caravan park general waste and recycling bins.

Discussion

Tender T22-013 Clearance of Public Bins and Street Sweeping was prepared by Council in collaboration with officers from the Authority and advertised in November 2021. On closing of the tender period, submissions were received from Corio Waste Pty Ltd and Cleanaway Pty Ltd.

The tender process and subsequent evaluations were overseen by an independent probity advisor Baron Consulting, with a detailed report provided to Council and the Authority, stating that no probity issues were identified at the conclusion of the tender and evaluation process.

Evaluation Panel voting members consisted of Council's Coordinator Waste Management and Waste Operations Supervisor as well as the Authority's Coastal Reserves Manager and Caravan Park Operations Manager. Council's Manager Engineering Services was withdrawn from the Evaluation Panel and not replaced with approval from the Acting General Manager Governance & Infrastructure. Council's Tendering Officer also sat on the Evaluation Panel in the non-voting role of procurement advisor. Evaluations consisted of a qualitative assessment of the following criteria:

- Capability and Capacity
- Proposed Service Delivery Methodology
- Past Performance
- Local Jobs First (Victorian Government Policy Requirement)
- Social Procurement Policy (Victorian Government Policy Requirement)

The following criteria were also assessed on a risk basis but not scored:

- Financial viability (including any third-party assessment)
- Compliance with proposed terms and conditions of the draft contract
- Quality systems
 - Quality System (ISO 9001)
 - OHS System (ANZS 4801 / ISO 1801)
 - Risk management policies and procedures (e.g. ISO 31000)

Price was not factored into the scoring criteria and was assessed on an affordability basis only.

Outcome Analysis

At the completion of the qualitative evaluation process and the subsequent interviews and reference checks the following scores and relative risk levels were assigned to each tenderer.

Supplier Number	Tenderer Name	Score (%)	Relative Risk Level
1	Cleanaway Pty Ltd	68.5	Low
2	Corio Waste Management Pty Ltd	81.0	Very low

Tenderers were required to submit pricing for a number of options for Council and the Authority to evaluate of the likely payable cost over the full 10 year period of the contracts. These included:

Option A:

- Item 1: Contract awarded by both Council and the Authority to Tenderer.

Option B:

- Item 2: Contract awarded by Council only to Tenderer only.
- Item 3: Contract awarded by the Authority to Tenderer only.

Tenderers were also required to provide pricing for specific technology options, as well a price for alternative environmentally friendly fuel (optional). Technology options priced for consideration included direct access for Council officers to GPS tracking, bin pick up locations and times, photos and/or video captured.

Cost estimates for each option and item for the full ten year contract term are summarised in Table 1 below.

Estimated 10 year contract cost. Includes base service, plus assumed additional services.				
	Option A Both Cleanaway	Option A Both Corio	Option B Separate Cleanaway	Option B Separate Corio
Council	\$ 7,652,118	\$ 9,136,107	\$ 11,663,020	\$ 10,200,899
The Authority	\$ 7,505,993	\$ 13,355,664	\$ 10,940,258	\$ 14,861,363
With all optional technology (excluding alternative fuel)				
Council	\$ 8,090,698	\$ 9,234,462	\$ 12,101,599	\$ 10,299,255
The Authority	\$ 7,944,572	\$ 13,650,730	\$ 11,378,837	\$ 15,156,430
With all optional technology (including alternative fuel) *				
Council	N/A	\$ 9,311,810	N/A	\$ 10,376,603
The Authority	N/A	\$ 13,863,453	N/A	\$ 15,369,153
Possible				
Possible but not preferred				
Unlikely				

*Cleanaway did not submit an alternative fuel price option

Table 1 – Estimated 10 year contract cost estimate for each option

Due to the complexity of the evaluation, the Evaluation Panel opted to form a Steering Committee to seek further guidance regarding the possible evaluation outcomes. The Steering Committee was formed as per procurement governance arrangements set out in the approved Procurement Plan and Evaluation Plan. The

Steering Committee consisted of Council's Acting General Manager Governance & Infrastructure and the Authority's Director of Corporate Services.

Following the Steering Committee meeting the Evaluation Panel confirmed that:

- The Authority could not afford to contract with Corio Waste for any tendered contract option (i.e. Option A Item 1, and Option B Item 3).
- Were Council to award a contract separately to Corio Waste under Option A Item 2, the Authority could only afford to enter into a contract with Cleanaway under Option B Item 3. However, this would have significant budgetary impacts for the Authority.
- While Cleanaway's level of relative risk remained low, risk could be further mitigated via technology option selection, which remained affordable to both Council and the Authority, and would enhance the service both Council and the Authority provide to the community.
- Recently increased supervision resourcing by Council could provide improved quality assurance oversight of the successful contractor, with Council now able to dedicate the required time to enforcing the contract requirements.
- While Corio Waste's tender received a higher qualitative score, the Evaluation Panel has determined that the tendered price and additional costs associated with this option would outweigh the benefits.
- While Council and the Authority reserved the right to award to separate contractors, the preference was to award to the same contractor.

In addition to the information confirmed above, the Evaluation Panel identified a range of benefits associated with the appointment of a single contractor (Cleanaway Pty Ltd) by both Council and the Authority (Option A Item 1). These include:

- Administrative and service efficiencies leading to cost savings for both Council and the Authority over the life of the contract.
- The addition of new camera, GPS and weighing system technology will improve service standards. Remote camera checks will encourage the correct separation of waste, truck and servicing locations can be tracked, and Council and the Authority will have access to information without having to contact the Contractor.
- A consistent level of service is expected across all areas which will assist with clearer customer expectations and improved community experience.
- The continued opportunity to build on the relationship between Council and the Authority, and meet the objectives of the Surf Coast Shire Council and Great Ocean Road Coast and Parks Authority Joint Working Group.
- Possible environmental benefits via a reduced number of trucks on the road, reduced congestion and more aligned service delivery.
- Streamlined contract management, and the ability to managed and influence potential innovations and leverage the buying power of both Council and the

Authority (e.g. the potential introduction of glass and FOGO collection at caravan parks).

- Likely to aid in the ease of land transitions between Council and the Authority.

While a separate contracting option is possible, the Evaluation Panel further noted that this was likely to present a number of challenges:

- Were Council and the Authority to appoint separate Contactors, this would result in a significant financial impact to both Council and the Authority, totalling \$5.6m over the life of the contract.
- This cost does not include additional technology options, which the Panel views as a considerable quality assurance improvement.
- The appointment of separate contractors may result in inconsistent service standards, particularly during peak service times and periods of seasonal fluctuation. This could lead to an increase in complaints from the community, as there may be some confusion regarding bin servicing responsibilities for bins belonging to either Council or the Authority which are co-located.
- Increased vehicles on the road could also have negative environmental impacts, lead to increased traffic congestion and create safety risks.

On this basis, the Evaluation Panel shortlisted Cleanaway to progress to the contract negotiation phase for the following contract option:

Option A Item 1 - Contract awarded by both Council and the Authority to Tenderer with all optional tendered technology included.

Financial and Resource Impact Analysis

Options identified as 'Possible' for Council in Table 1 can be funded within the waste operations annual budget. Options without technology are not preferred as these will reduce the ability to monitor the contractor's performance and compliance with contract requirements.

Council Plan Assessment

Not applicable

Relevant Legislation, Policy, Strategies and Plans

This tender was conducted as a collaborative procurement process with the Authority in accordance with section 108(3)(c) of *The Local Government Act 2020*.

Previous Councillor and Audit and Risk Committee Consultation

This item is not within the scope of matters considered by the Audit and Risk Committee.

This item was discussed at the following Councillor briefings prior to being presented to Council for consideration. Councillor attendance at each briefing was as follows:

Councillor Briefing Date: 1 February 2022

<i>Councillor name</i>	<i>In attendance (Y/N)</i>	<i>Councillor name</i>	<i>In attendance (Y/N)</i>
<i>Cr Gary Allen</i>	<i>Y</i>	<i>Cr Liz Pattison</i>	<i>N</i>
<i>Cr Paul Barker</i>	<i>Y</i>	<i>Cr Adrian Schonfelder</i>	<i>Y</i>
<i>Cr Mike Bodsworth</i>	<i>Y</i>	<i>Cr Libby Stapleton</i>	<i>Y</i>
<i>Cr Kate Gazzard</i>	<i>N</i>	<i>Cr Heather Wellington</i>	<i>N</i>
<i>Cr Rose Hodge</i>	<i>Y</i>		