

2.2 Award of Contract T24-003 Comingled Recycling and Glass - Reveal and Processing Services

Council Plan	Theme Three - Environmental Leadership
Author's Title:	Strategy 9 - Divert more material from the waste stream.
General Manager:	Coordinator Waste Management
Division:	Chris Pike, General Manager Placemaking and Environment
Department:	Placemaking and Environment
Attachments:	Environment
	Nil

Purpose

1. To seek Council approval for the award of contract T24-003 Comingled Recycling and Glass - Reveal and Processing Services.

Recommendation

That Council:

1. Awards contract T24-003 Comingled Recycling and Glass - Reveal and Processing Services, to Cleanaway Pty Ltd (ABN 79 000 164 938), at the tendered schedule of rates for an initial three-year period with the option to extend the contract term for up to a further two years, for an estimated total contract value of \$3,366,000.
2. Authorises the Chief Executive Officer to execute contract documents on behalf of Council.
3. Determines that the details of the tender outcome be no longer confidential, once all councils participating in the collaborative tender have executed their respective contracts.

Council Resolution

Moved Cr Bodsworth, Seconded Cr Gazzard

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CARRIED 8|0

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

Outcome

2. Following a comprehensive evaluation process, the recommended contractor has demonstrated that they have the expertise, capacity and resources to deliver the contracted services to a high standard and will provide the best value for money outcome for Council.
3. Cleanaway's tender will help to maintain service standards that enable continued high rates of resource recovery and diversion of waste to landfill.

Key Considerations

4. Surf Coast Shire Council participated in a collaborative tender process, led by the City of Greater Geelong with the Borough of Queenscliffe, Colac Otway Shire, Golden Plains Shire and Wyndham City councils.
5. The collaborative public tender process was undertaken in accordance with Council's Procurement Policy.
6. A total of four suppliers submitted tenders for this contract.
7. Each submission was assessed against pre-determined evaluation criteria, including price and non-price criteria.
8. The contract will operate on a schedule of rates basis, for an initial term of three years with the option for two further extensions of 12 months each.
9. The actual cost of services to Council will fluctuate as it is dependent on waste volumes and annual Consumer Price Index rate adjustments based on inflation. The anticipated contract value is \$3,366,000 (ex-GST) over the potential five-year total contract term.
10. The anticipated value of the contract exceeds Officers' delegated authorities and therefore requires a decision by Council.
11. The cost of services under the proposed contract are within operational budgets and estimates for waste charges.
12. Participating in a collaborative tender process with five other councils ensured greater subject matter expertise and supported a strategic regional approach to the procurement activity.

Background

13. Council provides a four-bin waste collection service to residential properties in accordance with the Victorian Government's *Circular Economy (Waste Reduction and Recycling) Act 2021*.
14. Diversion of valuable resources from landfill is dependent on an efficient and convenient kerbside waste collection system, and reliant on associated receival and processing services performed by external contractors.
15. Council's current contracts *T22-004 Recycling Receival and Processing Services* and *T22-005 Glass Receival and Processing* both expire on 30 June 2024 with no further extension options available.
16. Subject to Council awarding the contract, the services will commence 1 July 2024 with an initial operating term of three years. Two 12-month extension periods are available at the sole discretion of Council.

Options

17. **Alternative Option 1** – That Council does not award the contract as per the recommendations in this report.

This option is not recommended by Officers as Council has attracted an acceptable tender which allows the continuation of the kerbside recycling and glass services within the allocated budget. The Officers' recommendation is a result of considerable due diligence and is in accordance with published evaluation criteria and conditions of tender. Any decision that is not in accordance with the formal conditions of tender may compromise good governance and probity standards.

Council Plan (including Health and Wellbeing Plan) Statement

Theme Three - Environmental Leadership

Strategy 9 - Divert more material from the waste stream.

Financial Considerations

18. The estimated value of the contract is \$2,000,000 (ex GST) for the initial three-year contract term, and a further \$1,366,000 (ex GST) if the extension periods are executed.
19. The estimated cost has been calculated based on historical waste volume data and allowance for annual CPI adjustments to the schedule of rates over the life of the contract.
20. The rates offered by the recommended contractor, provides Council with the opportunity to realise a 7% saving compared to the rates Council is currently paying for these services.
21. In addition to contract rate savings, income from containers recovered via the kerbside waste system that are eligible for a 10 cent refund under the Victorian Container Deposit Scheme (CDS) will further reduce expected contract costs by an estimated \$100,000 per year.

Community Engagement

22. Community engagement was undertaken in the initial roll out of Council's four-bin kerbside waste service. This engagement helped to inform the delivery of Council's kerbside waste service.

Statutory / Legal / Policy Considerations

23. The recommended contractor has the experience, qualifications and permissions to deliver waste management services in accordance with the *Circular Economy (Waste Reduction and Recycling) Act 2021*.
24. The tender was publicly advertised in accordance with the requirements of section 108 of the *Local Government Act 2020* and the tender process has been conducted in accordance with the Council's Procurement Policy.
25. In accordance with section 109 of the *Local Government Act 2020*, the following information is provided in relation to collaborative procurement:
 - 25.1. A joint public tender process was undertaken by Council with the City of Greater Geelong, Golden Plains Shire, Borough of Queenscliffe, Colac Otway Shire and Wyndham City councils as a collaborative tender. The City of Greater Geelong acted as the lead Council.
 - 25.2. Whilst not compulsory, due to the scale of collaboration, Australian Competition and Consumer Commission (ACCC) approval was gained to enable councils to work collaboratively.
26. A Gender and Equity Impact Assessment is not required for this contract.

Strategic Risk

27. Breadth and level of Council services exceeds Council's financial capacity
28. Inherent Risk Rating - *Serious*, Residual Risk Rating - *Medium*
29. No significant impact on Council's strategic risks is expected, as the matter relates to the re-contracting of operational services. Council has a long history of contracting to external suppliers for these services.
30. Entering a contract with Cleanaway Pty Ltd is expected to manage Council's risk exposure, as services will be performed under a legally binding contract specification, which details both Council and regulatory requirements.
31. A tender risk assessment was completed in accordance with Council's Procurement Policy and identified no new significant risks to Council.

Risk Rating

32. The strategic risk rating is low and can be managed at department level.

Risk Appetite

33. No Risk Appetite Statement selected.
34. The matter relates to recurrent operational contracted services therefore there is no relevant risk appetite statement.

Sustainability Considerations

35. Resource recovery from Council's kerbside waste system was 73% in 2022/23 with 3,000 tonnes of comingled recycling and 1,200 tonnes of separated glass collected. Combining both these services under a single contract with the incumbent contractor, Cleanaway Pty Ltd, will provide Council with improved contract management efficiency as well as opportunities to improve waste diversion.
36. The range of materials accepted, and the proposed end markets of recovered materials were considered in the tender evaluation process. Under the new contract, the range of accepted items in the comingled recycle bin will be expanded to include liquid paperboard (e.g. milk, juice and stock cartons) that are currently sent to landfill. Approximately 80% of materials recovered by Cleanaway Pty Ltd will be processed in Australia. Glass will be reprocessed back into glass products, achieving the highest sustainable outcome for this material.

Conflict of Interest

37. No officer declared a conflict of interest under the *Local Government Act 2020* in the preparation of this report.

Confidentiality

38. Pursuant to sections 3(1) and 66(5) of the *Local Government Act 2020*, the information contained in this report is confidential because it contains Council business information being information that would prejudice the Council's position in commercial negotiations.

Transparency

Audit and Risk Committee involvement

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

Councillor Briefings

40. This item was not presented at a Councillor briefing.

Discussion

Tender Details

Invitation to Tender

41. The City of Greater Geelong's Procurement Services administered a collaborative open tender process on behalf of the following participating councils:

- 41.1. City of Greater Geelong

41.2. Surf Coast Shire

41.3. Golden Plains Shire

41.4. Borough of Queenscliffe

41.5. Colac Otway Shire

41.6. Wyndham City

41.7.

42. The tender was for the receival and processing of recycling material and glass from each council's residential kerbside waste collection service. Each council will enter into separate contracts with the successful tenderer selected to meet their individual service requirements.
43. Tenderers were requested to submit a response for any number of councils, addressing the service delivery needs of each. As not all councils have a glass bin service, tenderers were evaluated on their ability to deliver a glass bin service for those councils in the future.

Table 1 Invitation to Tender

Medium	Date Advertised
City of Greater Geelong Council's eTendering Portal (eProcure) T2300082 – Collaborative Receival and Process of Comingled Recycling and Glass from Council kerbside collection	20 November 2023

Submissions Received

44. A total of four submissions were received at Tender closing on 12 January 2024 as summarised below:

Table 2 Tender Submissions Received at Closing

No.	Supplier Name	ABN
1.	Cleanaway Pty Ltd	79 000 164 938
2.	Fulton Hogan Industries Pty Ltd	54 000 538 689
3.	Visy Paper Pty Ltd	49 984 541 896
4.	Waste Services Pty Ltd	15 637 057 197

Evaluation Panel

45. In accordance with the agreed Evaluation Plan, Tenders were evaluated in a two staged process:
- 45.1. Collective Evaluation Panel – comprising a representative from each participating council to assess tenders against all selection criteria predetermined as common to all councils.
- 45.2. Individual Council Evaluation Panel – each council conducted a separate evaluation to assess the criteria deemed as specific to their individual service requirements.

46. Surf Coast Shire Council's internal evaluation panel consisted of three Council officers as voting members in accordance with the *Procurement Policy*, and the Senior Procurement Officer as a non-voting chairperson.
47. Consultants Hunt & Hunt were engaged to provide probity advisory services. The probity advisor reviewed the contract documentation and observed meetings on the procurement process and evaluation.

Evaluation Criteria

48. Submissions were initially evaluated by the Collective Evaluation Panel members against the following published selection criteria.

Table 3 Mandatory Evaluation Criteria

Mandatory Criteria	Assessment
Occupational Health and Safety legislative compliance	Pass / Fail

49. Tenderer number 4. Waste Services Pty Ltd failed to satisfy the mandatory criteria and was excluded from further evaluation by the Collective Evaluation Panel.
50. Tenderers who satisfied the above mandatory criteria were then assessed against the following comparative criteria.

Table 4 Comparative Criteria

Measure	% weighting	Sub-measure	Evaluation	
Experience and Performance	15	Performance	Collective	
		Relevant experience of contractors and sub-contractors		
Capability and Capacity	20	Fleet, plant, and equipment	Individual	
		Facilities – contract and/or subcontractor	Collective	
		Customer support and complaint management		
Methodology	20	Future growth and capacity	Individual	
		Mobilisation and Transition		Collective
		Performance and continuous improvement		
		Disaster Recovery		
Corporate/Social/Environment and Sustainability	5	Contamination incidents	Collective	
		Employment Practices		
		Social Engagement		
Innovation	5	Environment Sustainability	Collective	
		Evidence of previous innovation		
Local Content	5	Proposed innovation	Individual	
		Local Employment		
Commercial	30	Price and commercial cost	Individual	

Evaluation Process

51. The assessment of the comparative criteria was completed in multiple stages. As the tender allowed for separable portions for comingled recyclables and separated glass, submissions were evaluated separately for each stream.
52. In the initial stage, the tendered pricing was withheld from the voting tender evaluation members. The Collective Evaluation Panel members scored tender responses against the qualitative criteria only.
53. Each member of the Evaluation Panel individually recorded their scores and comments in relation to the collective selection criteria, before meeting as a group to reach consensus on the final assessment of suppliers.
54. Each council then conducted their own internal evaluation on the criteria predetermined to be assessed individually.
55. In the final stage of the evaluation, the qualitative score attained in the first stage was considered together with the tendered prices.

Outcome Analysis

56. Tables 5a and 5b outline the scores and rankings following completion of the final assessment of both pricing and qualitative aspects of each submission. The total estimated cost to Council includes any additional transport costs to deliver material to the nominated facility.

Table 5a Final Rankings – comingled recycling

No.	Supplier Name	Total Estimated Cost \$ to Council (ex-GST)	Final Score	Final Ranking
1.	Cleanaway Pty Ltd	\$3,080,000	N/A	1
2.	Fulton Hogan Industries Pty Ltd	N/A – did not submit price		
3.	Visy Paper Pty Ltd	N/A – did not submit price		

Table 5b Final Rankings – separated glass

No.	Supplier Name	Total Estimated Cost \$ to Council (ex-GST)	Final Score	Final Ranking
1.	Cleanaway Pty Ltd	\$286,000	80.1	1
2.	Fulton Hogan Industries Pty Ltd	\$489,000	51.0	3
3.	Visy Paper Pty Ltd	\$749,000	53.4	2

57. Cleanaway Pty Ltd submitted a conforming tender and have met the mandatory requirements of the Tender.
58. Departures submitted by Cleanaway Pty Ltd in relation to the General Conditions of Contract, have been negotiated and finalised with the assistance of legal firm Corrs Chambers Westgarth and Council’s Senior Lawyer.
59. Cleanaway Pty Ltd are an Australian owned company and leader in waste management, industrial and environmental services. Cleanaway Pty Ltd own and operate a facility in Geelong as part of the delivery of services under this Contract, ensuring a local focus. Comingled recycling will be bulk hauled to Laverton for sorting. Separated glass will be managed separately from the comingled stream and recycled via a beneficiation plant into glass products.

60. The panel are confident that Cleanaway Pty Ltd will successfully provide reveal and processing of comingled recyclables and separated glass from Council's residential kerbside waste collection service.