

**ITEM 16. TENDER - RECEIPT AND PROCESSING OF RECYCLABLES,
ORGANICS, BULKY WASTE, CLEANSING WASTE, E-WASTE AND
METALS**

FILE NO: 2016/489737

TENDER NO: 1633

SUMMARY

This report provides details of the tenders received for the receipt and processing of recyclables, garden organics, bulky waste, street cleansing waste, e-waste and metals. This tender excludes processing services for general domestic waste.

Each year, the City's residents and street cleansing operations generate approximately 28,205 tonnes of waste, excluding general domestic (red bin) waste. These waste streams have different processing and disposal requirements and form an integral part of the City's waste service to the community. Tenders were called for experienced contractors to provide the City with up to eight years of waste processing services.

This report recommends that Council reject the tenders received and enter into negotiations with contractors that are suitably qualified and demonstrate a capability to fully undertake the City's service specifications for provision of waste processing.

RECOMMENDATION

It is resolved that:

- (A) Council reject the tenders received for the receipt and processing of recyclables, garden organics, bulky waste, street cleansing waste for a period of five years, with three extension options of one year each for the reasons set out in confidential Attachment A to the subject report;
- (B) Council reject the tenders received for the receipt and processing of e-waste and metals for a period of four years, with three extension options of one year each for the reasons set out in confidential Attachment A to the subject report;
- (C) Council not invite fresh tenders, as it is considered that inviting fresh tenders would be unlikely to deliver a better result;
- (D) authority be delegated to the Chief Executive Officer to enter into negotiations with contractors that are suitably qualified and demonstrate a capability to fully undertake the service specifications;
- (E) authority be delegated to the Chief Executive Officer to enter into a contract, subject to the conclusion of negotiations with suitable companies, for the receipt and processing of recyclables, garden organics, bulky waste, street cleansing waste, e-waste and metals; and
- (F) Council be informed of the successful contractor by CEO Update.

ATTACHMENTS

Attachment A: Tender Evaluation Summary (Confidential)

**(As Attachment A is confidential, it will be circulated separately
from the agenda paper and to Councillors and relevant staff only.)**

BACKGROUND

1. Each year, the City's residents and street cleansing operations generate approximately 28,205 tonnes of waste, excluding general domestic (red bin) waste. These waste streams have different processing and disposal requirements and form an integral part of the City's waste service to the community.
2. The City currently has four separate waste processing contracts that commenced between July and November 2012 for terms of up to three years with up to two, one-year extensions. These contracts ensure that the following waste streams and approximate tonnages collected by the City each year are lawfully disposed and recycled:
 - (a) recyclables (14,400 tonnes);
 - (b) garden organics (1,220 tonnes);
 - (c) street cleansing waste (8,665 tonnes);
 - (d) bulky waste (3,300 tonnes); and
 - (e) e-waste, metals and whitegoods (620 tonnes).
3. Each of these contracts is due to expire on 30 June 2017, with no further options left to extend them.
4. New waste processing contracts that conform with the City's service specification need to be in place and ready to commence on 1 July 2017 in order to:
 - (a) avoid any disruptions to the waste services that the City provides to the community;
 - (b) ensure waste processing services are well placed to divert as much waste from landfill as possible to help achieve Sustainable Sydney's 2030 resource recovery targets; and
 - (c) ensure the City pays lower cost contract rates for processing services rather than substantially higher general gate fee charges for non-contract customers.
5. Tenders were sought from suitably qualified and experienced parties, capable of providing waste processing for one or more of these waste streams.
6. Processing of the City's general domestic waste (red bin) is excluded from this tender. This waste stream is processed by SUEZ under a separate advanced waste treatment (AWT) contract as approved by Resolution of Council in April 2015. This contract commenced on 1 July 2015 for a term of up to three years until 30 June 2018, with up to four, one year extension options based on performance.

INVITATION TO TENDER

7. The Request for Tender was advertised in The Daily Telegraph, The Sydney Morning Herald and on the City E-Tendering portal on Tuesday 28 June 2016. The tenders closed on Tuesday 9 August 2016.

TENDER SUBMISSIONS

8. Six submissions were received from the following organisations, (listed alphabetically). No single supplier tendered for all waste streams.
- MRI Australia Pty Ltd
 - Polytrade Pty Ltd
 - Sims E-Recycling Solutions Pty Ltd
 - SUEZ Recycling and Recovery Australia Pty Ltd
 - Veolia Environmental Services Australia Pty Ltd
 - Visy Paper Pty Ltd
9. No late submissions were received.

TENDER EVALUATION

10. All members of the Tender Evaluation Panel have signed Pecuniary Interest Declarations. No pecuniary interests were noted.
11. The relative ranking of tenders as determined from the total weighted score is provided in the confidential Tender Evaluation Summary – Attachment A.
12. All submissions were assessed in accordance with the approved evaluation criteria being:
- (a) capacity to achieve environmental performance requirements including minimising residual waste to landfill and maximising resource recovery;
 - (b) proposed facilities, resource recovery and processing methodologies;
 - (c) demonstrated experience, capacity and technical ability to carry out the services under the contract;
 - (d) proposed environmental management systems and social benefit outcomes;
 - (e) Work Health and Safety;
 - (f) financial and commercial trading integrity including insurances; and
 - (g) the schedule of prices.

PERFORMANCE MEASUREMENT

13. The successful tenderers will undertake all levels of management and delivery of services described in the specification. The services will be carried out to the satisfaction of the Contract Manager and in accordance with performance indicators specified within the contract such as:
- (a) acceptance and processing of materials;

- (b) monthly landfill diversion performance reporting;
 - (c) contract administration and communication; and
 - (d) Work Health and Safety.
14. In entering into the contract, the City will ensure that performance standards are met and monitored during the contract by undertaking:
- (a) bi-monthly contract performance meetings to identify and resolve operational matters;
 - (b) annual landfill diversion performance review;
 - (c) annual contract and quality management plan reviews; and
 - (d) reviews of Work Health and Safety performance, work method statements, and service reports.

FINANCIAL IMPLICATIONS

15. There are sufficient funds allocated for waste processing services within the current year's operating budget and future years' forward estimates.

RELEVANT LEGISLATION

16. The tender has been conducted in accordance with the Local Government Act 1993, the Local Government (General) Regulation 2005 and the City's Contracts Policy.
17. Attachment A contains confidential commercial information of the tenderers and details of Council's tender evaluation and contingencies which, if disclosed, would:
- (a) confer a commercial advantage on a person with whom Council is conducting (or proposes to conduct) business; and
 - (b) prejudice the commercial position of the person who supplied it.
18. Discussion of the matter in an open meeting would, on balance, be contrary to the public interest because it would compromise Council's ability to negotiate fairly and commercially to achieve the best outcome for its ratepayers.
19. Waste Avoidance and Resource Recovery Act 2001.
20. Protection of the Environment Operations (Waste) Regulation 2014.

CRITICAL DATES / TIME FRAMES

21. If approved by Council, the new waste processing contracts are planned to commence on 1 July 2017. This would align with the 30 June 2017 contract expiry date on all existing waste processing contracts that are part of this tender.
22. The City's AWT Processing of Domestic Waste contract with SUEZ expires on 30 June 2018 and has up to four, one year extension options based on performance.

OPTIONS

23. Council has the following options in regard to the tenders:
- (a) reject all tenders and re-advertise, which is not recommended as it is considered this will not attract additional submissions; or
 - (b) reject and negotiate with suitably qualified contractors with the capacity to carry out the works and delegate authority to the Chief Executive Officer to enter into a contract. This option is recommended.
24. Delaying negotiations to secure appropriate waste processing services would disadvantage the City:
- (a) by costing the City substantially more per tonne to dispose of waste at standard commercial gate rates rather than discounted contract rates if new waste processing arrangements are not established prior to the current contracts' expiry dates (30 June 2017). No additional extension options exist on the City's current waste processing contracts; and
 - (b) by causing the City to receive less accurate bids from tenderers in response to the City's new domestic waste collection tender if the City does not provide tenderers with the exact tipping locations where they are expected to deliver the City's waste.

PUBLIC CONSULTATION

25. No public consultation has been undertaken on this project.

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