

Attachment J

**17 September 2018 – Tender – Domestic
Waste Collection Services - Resolution of
Council and Report**

Resolution of Council

17 September 2018

Item 6.8

Tender - Domestic Waste Collection Services

It is resolved that:

- (A) Council accept the tender offer of Tenderer B for Domestic Waste Collection Services for a period of seven years, with the option of an initial extension of two years, and a further option of an extension of one year, if appropriate;
- (B) authority be delegated to the Chief Executive Officer to negotiate, execute and administer the contracts relating to the tender;
- (C) authority be delegated to the Chief Executive Officer to exercise the options referred to in clause (A), if appropriate, and negotiate the price to extend the contract accordingly; and
- (D) authority be delegated to the Chief Executive Officer to negotiate the price to cater for growth in the services tendered.

Carried unanimously.

X010781.013

Tender - Domestic Waste Collection Services

File No: X010781.013

Tender No: 1822

Summary

This report provides details of the tenders received for Domestic Waste Collection Services.

This tender is for provision of waste collection services for domestic garbage, recycling, garden organics, household bulky clean up, metals, whitegoods, e-waste and illegally dumped items. The tendered services also include the trial collection of food organics and textiles.

This report recommends that Council accept the tender offer of Tenderer B for the Domestic Waste Collection Services.

Recommendation

It is resolved that:

- (A) Council accept the tender offer of Tenderer B for Domestic Waste Collection Services for a period of seven years, with the option of an initial extension of two years, and a further option of an extension of one year, if appropriate;
- (B) authority be delegated to the Chief Executive Officer to negotiate, execute and administer the contracts relating to the tender;
- (C) authority be delegated to the Chief Executive Officer to exercise the options referred to in clause (A), if appropriate, and negotiate the price to extend the contract accordingly; and
- (D) authority be delegated to the Chief Executive Officer to negotiate the price to cater for growth in the services tendered.

Attachments

Attachment A. Tender Evaluation Summary (Confidential)

Attachment B. Schedule of Prices (Confidential)

Background

1. On 7 December 2009, Council resolved to accept a tender for Domestic Waste Collection services. The contract currently provides domestic waste and recycling collection services to 107,364 City residential properties. City staff collect garbage and household bulky clean up items in limited areas within the Local Government Area.
2. The services under this Domestic Waste Collection Agreement commenced 10 March 2010 for a term of five years, with an additional two-year term based on performance.
3. The additional two-year term was exercised and commenced in March 2015. On 9 November 2015, the contract was extended for a further four months through a contract variation approved by the Lord Mayor and the Chief Executive Officer, as per delegation.
4. On 15 May 2017, Council resolved to extend the term of the Domestic Waste Collection Agreement by 24 months to 30 June 2019. This extension allowed for the continuation of critical waste collection services, while the future waste services contracting model was fully developed, tendered and awarded. It also ensured the tender could incorporate relevant actions from the revised Waste Strategy.
5. On 23 October 2017, Council resolved to adopt the final Waste Strategy and Action Plan 2017-2030. This strategy includes a number of actions that relate to the collection of domestic waste, including increased rates of diversion from landfill, electronic waste (e-waste) kerbside collection and trial collections for both food organics and textiles.
6. Due to the complex nature of the domestic waste collection service, the City resolved to run a procurement process involving Expression of Interest, followed by select tender incorporating an Early Contractor Involvement process.
7. At the completion of the evaluation, three service providers were short-listed to participate in a select tender process. The Domestic Waste Collection service includes the collection of domestic garbage, recycling, garden organics, household bulky clean up, metals, whitegoods, e-waste and illegally dumped items. The services also include the trial collection of food organics and textiles. All services are based on a schedule of prices fee structure which affords flexibility to cater for changes to the number of properties to be serviced over the contract term.
8. A nine-month timeframe has been set aside (post Tender award) to allow for the successful Tenderer to acquire a waste collection fleet of trucks, conduct field auditing, service planning and recruitment of staff as necessary.

Invitation for Expressions of Interest

9. Requests for Expressions of Interest were advertised in The Sydney Morning Herald and the Daily Telegraph, and on the City's e-Tender portal, on 3 October 2017, and closed on 14 November 2017.

Expression of Interest Submissions

10. Six submissions were received from the following organisations:
 - Bingo Waste Services Pty Ltd;
 - Citywide Service Solutions Pty Ltd;

- Cleanaway Pty Ltd;
- SUEZ Recycling & Recovery Pty Ltd;
- URM Environmental Services Pty Ltd; and
- Veolia Environmental Services (Australia) Pty Ltd.

11. No late submissions were received.

Expression of Interest Evaluation

12. All members of the Expression of Interest Evaluation Panel have signed Pecuniary Interest Declarations. No pecuniary interests were noted.
13. The relative ranking of Expression of Interest respondents as determined from the total weighted score is provided in the Confidential Tender Evaluation Summary – Attachment A.
14. All submissions were assessed in accordance with the approved evaluation criteria being:
- (a) current organisation, capability and capacity;
 - (b) customer centric focus with experience in performance-based contracting and KPI achievement;
 - (c) environmental performance, practices and management;
 - (d) proposed service delivery methodology; and
 - (e) Work, Health and Safety (WHS) performance, practices and management (mandatory).
15. At the completion of the Expression of Interest evaluation, three service providers were short-listed to participate in a select tender process, being:
- Cleanaway Pty Ltd;
 - SUEZ Recycling & Recovery Pty Ltd; and
 - Veolia Environmental Services (Australia) Pty Ltd.

Invitation to Tender

16. Requests for Tenders were released to the short-listed tenderers on the City's e-Tender portal on 23 April 2018, and closed on 25 July 2018.
17. To encourage a collaborative procurement approach, Early Contractor Involvement workshops were conducted throughout May 2018 and June 2018. There were 14 workshops held in total. An independent Probity Advisor was in attendance at every Early Contractor Involvement workshop and evaluation panel meeting throughout the procurement process.

18. The Early Contractor Involvement workshops enabled the City to clarify the service and consider where it may be possible to further improve the City's tender documentation. These workshops greatly assisted in the commercial alignment between the City and the proponents on the scope of works and the delivery model.
19. City staff and Tenderers all appreciated the opportunity to participate in the Early Contractor Involvement workshops and considered them to be highly beneficial, particularly for such a complex and essential service.

Tender Submissions

20. Three submissions were received from the following organisations:
 - Cleanaway Pty Ltd;
 - SUEZ Recycling & Recovery Pty Ltd; and
 - Veolia Environmental Services (Australia) Pty Ltd.
21. No late submissions were received.

Tender Evaluation

22. All members of the Tender Evaluation Panel have signed Pecuniary Interest Declarations. No pecuniary interests were noted.
23. The relative ranking of tenders as determined from the total weighted score is provided in the Confidential Tender Evaluation Summary – Attachment A.
24. All submissions were assessed in accordance with the approved evaluation criteria being:
 - (a) service methodology;
 - (b) resourcing;
 - (c) systems and reporting;
 - (d) transition;
 - (e) WHS (mandatory); and
 - (f) financial and commercial trading integrity, including insurances (mandatory).

Performance Measurement

25. The appointed tenderer will have its performance assessed against the following specific key performance indicators:
 - (a) 99.90 per cent of all mobile bins collected on nominated collection day and time period;

- (b) closing off customer complaints in regards to contractor (including its staff) behaviour and non-fulfilment of services within the agreed timeframe;
- (c) nil major environmental incidents or spills;
- (d) lost time injury frequency rate of zero (rolling twelve month average) where the injury is attributable to contractor actions;
- (e) nil third party insurance claims of property and vehicle damage or personal injury as a result of contractor being proven at fault;
- (f) reduction in bin replacement costs of 5 per cent per annum for years 2, 3, 4 and 5 (first 12 months of services is the baseline);
- (g) reduction in carbon dioxide emissions over the contract term; and
- (h) all reports and data requirements comply with requirements of the specification.

Financial Implications

26. There are sufficient funds allocated for this contract within the current year's operating budget and future years' forward estimates.

Relevant Legislation

27. 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.
28. In accordance with Regulation 170 of the Local Government (General) Regulation 2005, all tenderers have confirmed that, if their tender is accepted, they intend to offer employment or engagement of existing workers who provide domestic waste management services to the City.
29. Attachments A and B contain 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.
30. 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.

Critical Dates / Time Frames

31. The existing contract for Waste Collection Services expires on 30 June 2019.
32. The proposed contract duration is for seven years, with the option of an initial extension of two years, and a further option of an extension of one year, subject to satisfactory performance and operational requirements.
33. The Waste Strategy and Action Plan 2017-2030 includes actions to commence a food organics collection trial and to further consider textile collection in multi-unit dwellings by the end of 2019. The City is intending to commence pilot collection services for food organics and textiles for a limited number of premises by mid-2019. Based on the success of the pilot services, the two-year trial collection service included as part of this tender would then proceed in early 2020. City staff will regularly report on the progress of these activities to Council throughout this period.

Public Consultation

34. There was no public consultation prior to this tender being advertised.

DAVID RIORDAN

Director City Services

Peter Shields, Acting Resource Recovery Manager

George Angelis, Acting Manager Cleansing and Waste