

19.4 BIOSOLIDS DELEGATED AUTHORITY

Objective Reference:

Authorising Officer: Peter Best, General Manager Infrastructure & Operations

Responsible Officer: Kevin McGuire, Group Manager Water & Waste Operations

Report Author: Matthew Worrall, Service Manager Operations Maintenance

Attachments: Nil

The Council is satisfied that, pursuant to Section 275(1) of the *Local Government Regulation 2012*, the information to be received, discussed or considered in relation to this agenda item is:

(e) *contracts proposed to be made by it.*

PURPOSE

The purpose of this report is to request that Redland City Council (Council) delegate authority to the Chief Executive Officer (CEO) under s.257(2)(b) of the *Local Government Act 2009* to make, vary and discharge a contract for the Removal and Treatment of Biosolids (T-1861-18/19-RWW) with an estimated value of more than \$2,000,000 (incl. GST) with the preferred tenderer, in accordance with the agreed terms and conditions.

BACKGROUND

A procurement process for a preferred supplier arrangement is currently underway for the Removal and Treatment of Biosolids generated at Council's five mainland Wastewater Treatment Plants (WWTPs) as detailed in the table below:

Plant	Location
Thorneside WWTP	220 Quarry Road, Thorneside
Capalaba WWTP	32 Smith Street, Capalaba
Cleveland WWTP	2 Weippin Street, Cleveland
Victoria Point WWTP	153 Link Road, Victoria Point
Mount Cotton WWTP	341 German Church Road, Mt Cotton

The existing arrangement for the Collection and Disposal of Biosolids from the five mainland Wastewater Treatment Plants is contracted to and performed by Remondis-Arkwood Joint Venture (RAJV).

This arrangement is due to expire on 14 June 2020 following a one year extension to the existing arrangement, endorsed on 14 June 2019, to allow sufficient time for the tender evaluation panel to identify, address and resolve the issues and risks identified during the tender process.

ISSUES

1. Recent legislative changes within the Queensland waste industry, relating to both the introduction of the Queensland Waste Levy and the replacement of existing Beneficial Use Agreements with a new End of Waste Framework, has resulted in industry wide uncertainty in ensuring secure and continued management of waste biosolids.
2. Department of Environment & Science (DES) guidelines on the assessment and management of per and poly flouroalkyl (PFAS) substances, and requirements for contamination and waste management disposal policy implications, continue to be developed are not fully understood by

the waste management industry. Of particular concern is that the PFAS issue may limit options for beneficial re-use of biosolids in the future.

STRATEGIC IMPLICATIONS

Legislative Requirements

Tender documentation was developed in accordance with section 104, Financial Management Systems, subsection (3) Sound Contracting Principle of the *Local Government Act 2009*, with the objective of obtaining submissions from suitable entities who demonstrate the ability to provide value for money and adequate capacity and capability in the provision of the required services.

The tender process has been conducted in accordance with the legislative requirements of the *Local Government Act 2009*, *Local Government Regulation 2012* and with adherence to all Council policies, guidelines and procedures relating to the procurement process and probity principles.

Delegated authority and obligations of Council under s257(1)(b) of the *Local Government Act 2009* legislative requirements are that Council may, by resolution, delegate authority to the CEO to award the tender and make, vary and discharge contracts over \$2,000,000 (incl. GST).

The total cost of this contractual arrangement for the potential 5 year maximum term is expected to exceed the \$2,000,000 (incl. GST) threshold.

Risk Management

Approving this delegation mitigates the risk of the current contractual arrangement expiring and rolling over to a month-by-month quotation based service which, in turn, could have a significant effect on the cost, quality and reliability of Council's biosolids removal and treatment services.

As the *Local Government Regulation* requires Council to enter tender arrangements for procuring services in excess of \$200,000, any such month-to-month arrangement, would be in breach of the *Local Government Regulation*.

Financial

Due to the current and ongoing procurement process, exact figures for contract expenditure are not able to be provided.

However, current budget allocation and historical expenditure is provided as follows:

- FY19/20 approved budget \$1,900,000
- FY18/19 expenditure \$1,570,352 excl. GST
- FY17/18 expenditure \$1,502,283 excl. GST

As previously detailed, the introduction of the DES End of Waste Framework could have significant cost implications to Council, should Council's biosolids, no longer be able to be beneficially reused in the Queensland agriculture sector.

Additionally, should Council's biosolids require disposal via landfill, the QLD Waste Levy may also become applicable.

These matters are yet to be confirmed.

People

Ensuring secure and effective biosolids collection and disposal will allow Council's WWTPs to continue to operate efficiently, assisting effluent quality to be maintained within specified

compliance limits, thereby ensuring the ongoing protection of the community and local environment.

Environmental

Council is committed to fulfilling its environmental obligations associated with wastewater treatment and effluent quality. Ensuring cost effective and environmentally sustainable disposal of biosolids illustrates Council's ongoing commitment to maintaining a healthy natural environment.

Social

Ensuring that biosolids generated by Council's WWTPs are collected and disposed safely and in an environmentally friendly manner, will ensure ongoing public confidence and Council reputation.

Alignment with Council's Policy and Plans

This report and ensuing actions align with Council's corporate and operational policies initiated in 2015 and extending to 2020. These include but are not limited to:

- Healthy Natural Environment
- Wise Planning and Design

CONSULTATION

Consulted	Consultation Date	Comments/Actions
Group Manager Water & Waste Operations	April to September 2019	Discussions and Consultation of Removal and Treatment of Biosolids. Reviewed the Report prior to submission to Council
Procurement Officer	April to September 2019	Advised Redland Water of anticipated spend over \$2M and that Council Resolution is required. Reviewed the report prior to submission to Council

OPTIONS

Option One

That Council resolve as follows:

1. To delegate authority to the Chief Executive Officer under section 257(1)(b) of the *Local Government Act 2009* to negotiate, make, vary and discharge contract T-1861-18/19-RWW, for Removal and Treatment of Biosolids for a period of three years with options to extend for the further two one year periods, not exceeding a maximum term of five years.
2. That this report remains confidential until the contract for T-1861-18/19-RWW is signed and awarded to the successful tenderer/s, subject to maintaining the confidentiality of legally privileged, private and commercial in confidence information.

Option Two

That Council resolves as follows:

1. To not delegate this authority to the Chief Executive Officer, and accept the risks associated with expiration of the current arrangement for Removal and Treatment of Biosolids.
2. That this report remains confidential until the contract for T-1861-18/19-RWW is signed and awarded to the successful tenderer/s, subject to maintaining the confidentiality of legally privileged, private and commercial in confidence information.

OFFICER'S RECOMMENDATION

That Council resolves as follows:

1. To delegate authority to the Chief Executive Officer under section 257(1)(b) of the *Local Government Act 2009* to negotiate, make, vary and discharge contract T-1861-18/19-RWW, for Removal and Treatment of Biosolids for a period of three years with options to extend for the further two one year periods, not exceeding a maximum term of five years:
and
2. That this report remains confidential until the contract for T-1861-18/19-RWW is signed and awarded to the successful tenderer/s, subject to maintaining the confidentiality of legally privileged, private and commercial in confidence information.