

## 19.4 DELEGATED AUTHORITY FOR RESIDUAL WASTE DISPOSAL SERVICES

### Objective Reference:

**Authorising Officer:** Peter Best, General Manager Infrastructure & Operations

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

**Report Author:** Claire Tan, Senior Contracts Advisor

**Attachments:**

1. General Meeting Resolution Advice Item 15.1.1 Delegated Authority - Waste, Recyclables & Green Waste Collection Services - Confidential
2. T-1921-19/20-WST Tender Process Report - Confidential

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

To seek approval to dispose of residual waste at [REDACTED] as part of Council's waste strategy from 1 July 2020 and delegate authority to the Chief Executive Officer to negotiate, make, vary and discharge [REDACTED] and enter into a Schedule of Rates contract for T-1921-19/20-WST for the supply of Residual Waste Disposal Services for a period [REDACTED]

### BACKGROUND

Residual waste disposal services involve providing a facility for the receipt and disposal of waste collected by Council's approved transporters and includes the residual waste collected from kerbside mobile garbage bin collection services (dark green / red lidded bins) and received at Council's waste transfer stations. These services are for the provision of a waste disposal facility or waste transfer station only and do not include the collection or transportation of waste to the disposal location. [REDACTED]

This current arrangement will expire on 30 June 2020 with no extension options available. Further, [REDACTED]

In 2018/19, Council disposed of 59,187 tonnes of residual waste to landfill. Council actively seeks to minimise the volume of waste going to landfill through kerbside recycling and green waste collection services, community engagement and education, and segregation of recyclable material types at Council's waste transfer stations. In the same year, Council recycled or reused 44.9% of all domestic waste handled.

Therefore, and as part of Council's wider waste strategy, Council has undertaken the following:

- Inviting competitive tenders from the market for Residual Waste Disposal Services.

- [REDACTED]

Approval is now sought from Council to establish the landfill located at [REDACTED] as the new disposal location for Council's residual waste which involves two key steps:

1. Award of the contract for T-1921-19/20-WST Residual Waste Disposal Services to Tenderer A.
2. Variation of contract [REDACTED] for Waste, Recyclables and Green Waste Collection Services in order to divert the waste collection vehicle fleet to transport waste to the new disposal location.

Should Council approve award of the contract for Residual Waste Disposal Services to Tenderer A, approval will then be sought from the Chief Executive Officer, in accordance with delegated authority (a copy of this delegated authority is attached to this report as **Attachment 1**), to formally vary the [REDACTED] to divert the waste collection vehicles to the new disposal location.

## ISSUES

Any change in the disposal location for residual waste has a significant impact on Council's contract with [REDACTED] due to the need to redirect the waste collection vehicle fleet. This requires an increase to both the kerbside collection vehicle fleet and the waste transfer station roll on roll off (RORO) vehicle fleet.

Therefore, in determining Council's future waste disposal location, consideration of operational and cost factors took into account both the disposal facility itself and the logistics of transporting waste to the disposal facility. A steering group was formed for this project and included the following officers:

- Chief Executive Officer
- General Manager Infrastructure and Operations
- Group Manager Waste and Waste Operations
- Group Manager Water and Waste Infrastructure
- Principal Waste Planner
- RedWaste Service Manager
- Procurement Transformation Manager
- Senior Financial Modeller

The steering group members were kept informed of the progress of the project and involved in endorsing key directions to the project team.

### Tender Process for Residual Waste Disposal Services

Council issued an ITT for T-1921-19/20-WST Residual Waste Disposal Services via QTenders on 17 July 2019. The ITT closed on 16 August 2019 with submissions received from [REDACTED] companies as follows:

For the purposes of this report the submissions are subsequently referred to as Tenderers A, B, C & D respectively.

[REDACTED] referred to as Tenderer E for the purposes of the financial comparison. A detailed Tender process is attached to this report as **Attachment 2** and contains details of the step by step process conducted.

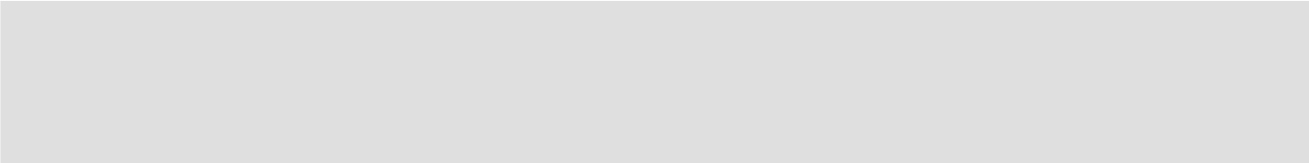
Evaluation of the responses commenced on 26 August 2019 following individual scoring by the evaluation committee. Financial and non-financial assessments of the submissions were finalised by the evaluation committee on 18 September 2019 and site visits were conducted on 11 October 2019. At the conclusion of the evaluation scoring the Evaluation Committee agreed to shortlist the submissions from the following tenderers:

- Tenderer A
- Tenderer B
- Tenderer C

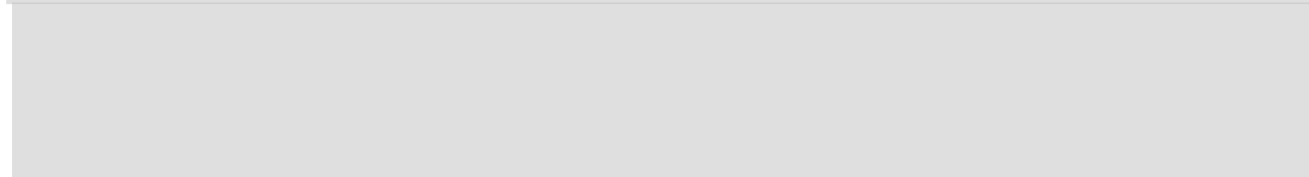
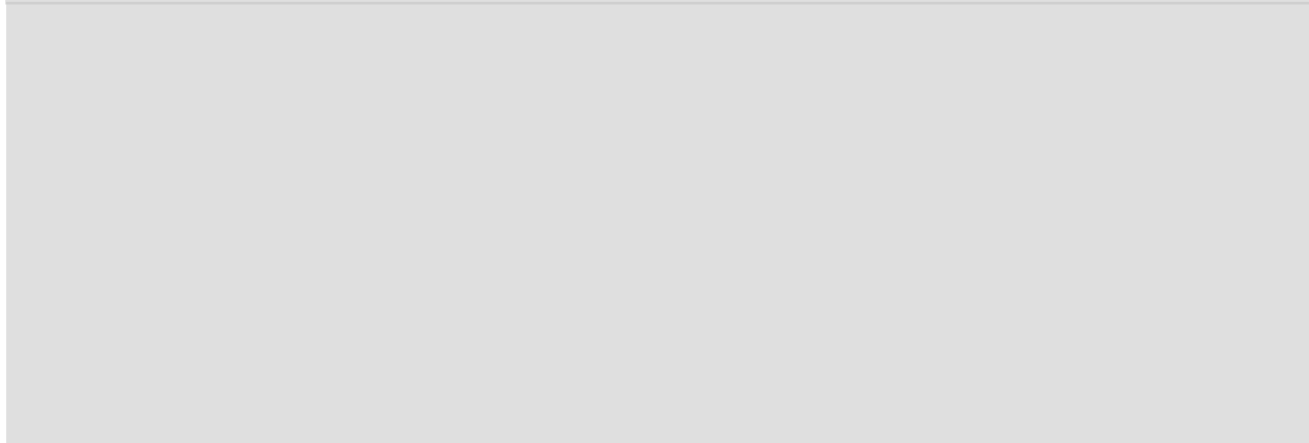
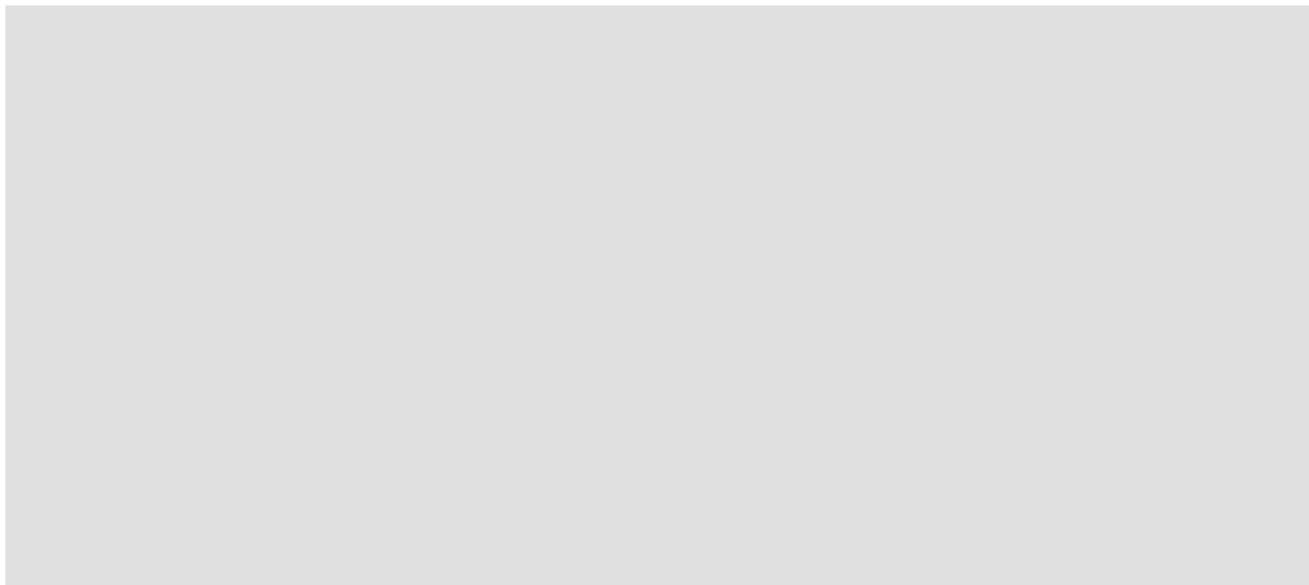
Due to the high value of the contract, the Water and Waste Operations Group agreed to engage [REDACTED] as a consultant to provide advice on, and conduct negotiations on Council's behalf, to increase Council's potential to receive any negotiated price reductions or value adds further to the Tenderers' initial submissions. This assistance resulted in a specification change to the tender from which all tenderers were invited to re-visit their offers, in accordance with subsection 228(7) of the Local Government Regulation 2012. Further details of the specification change can be found in the attached Tender Process Report.

Distinctively, compared to the other tender submissions, Tenderer A demonstrated further capability and capacity to not only receive Council’s waste but showed innovation in their resource recovery capabilities to actively divert waste from landfill. This was evident throughout the process, including their tender submission, site visit to their facility, amended response and the subsequent negotiation meeting.

**Determination of Disposal Location**



As a result of evaluation of the financial and non-financial criteria [redacted] the evaluation committee proposes that the most advantageous arrangement for Council is to accept the tender submission from Tenderer A and divert [redacted] waste collection vehicle fleet to the new disposal location in [redacted]. The primary reasons for awarding the contract and choosing Tenderer A as the successful tenderer over the [redacted] are as follows:



## STRATEGIC IMPLICATIONS

### Legislative Requirements

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

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

The disposal of waste is considered an essential health and safety service that is required to comply with the *Environment Protection Act 1994*, including the safe disposal of waste, minimisation of environmental harm and control of prohibited or regulated waste.

### Risk Management

#### Residual Waste Disposal ITT

The Evaluation Committee is satisfied that the disposal facility operated by Tenderer A complies with all relevant environmental and safety requirements, thereby reducing of operations being disrupted due to enforcement action. This is demonstrated by DES granting an Environmental Authority for the operations conducted at the facility.

At the General Meeting held on 12 December 2018 Council resolved to invite Expressions of Interest for the provision of waste disposal services (Regional Waste Alliance EOI), including the use of alternative waste disposal and recycling technologies, to service the needs of the Redland City Council (Council) Local Government Area, or as part of a regional arrangement, joint government entity or joint local government with four (4) other Councils in South East Queensland. Regional collaboration is a key strategic priority for Council. In participating in the Regional Waste Alliance EOI, Council may be in a position to consider long term waste management solutions that may not otherwise be available to Councils individually through achieving economies of scale. Council is expected to make a decision about the next steps in the process around mid-2020.

To support the EOI, the market were advised that Councils would need to separately proceed with interim contracts for key service areas that were due to expire during the Regional Waste Alliance EOI (and any subsequent procurement activities) to ensure continuity of service. The timeframes are difficult to predict beyond the Regional Waste Alliance EOI phase however an interim contract service duration for Residual Waste Disposal Services was deemed to be a four (4) year initial period. Therefore, the term of the contract with Tenderer A for Residual Waste Disposal Services has been structured to allow the findings of the Regional Waste Alliance EOI to be fully explored and considered whilst ensuring continuity of service in the meantime. The maximum term of the contract is six (6) years which also allows for continuity and stability of service should the Regional Waste Alliance EOI not deliver suitable outcomes relating to the disposal of residual waste.

Diversion of [REDACTED] Collection Vehicles to the new disposal location

The original tender for Waste, Recyclables and Green Waste Collection Services (T-1834-16/17-WST) foresaw the potential for waste diversion to a new disposal location during the term of the collection contract. Recent negotiation with [REDACTED] has further de-risked any potential logistics and resource issues with the provision of two additional kerbside waste collection vehicles compared to only one

additional kerbside collection vehicle which was originally factored in for diversion of the kerbside collection fleet to [REDACTED] at the time of the original tender. [REDACTED]  
kerbside waste coll [REDACTED]

[REDACTED] Providing two additional kerbside collection vehicles ensures that drivers are not exceeding their total allowable driving hours and meets Council's chain of responsibility requirements under the *Heavy Vehicle National Law* (Queensland). An additional RORO collection vehicle is also provided for waste transfer station collection services. [REDACTED]  
[REDACTED]

### Financial

Significant financial modelling was provided by the Financial Planning Unit to evaluate and understand the cost impacts of the change in disposal location. This involved both assessing the financial component of the tender for Residual Waste Disposal Services and the negotiations with [REDACTED] for diverting the waste collection fleet to the new location.

The table and graph provided below details the total cost for the 2020/21 financial year associated with each tenderer (de-identified) for the Residual Waste Disposal Services ITT (including the waste levy and any additional transport costs due to the location of the disposal facility). The [REDACTED] has been included for comparison purposes and is labelled as Tender E. While there is an increase to the total combined cost for waste disposal and transport, this has been mitigated as far as possible [REDACTED] in 2020/21 compared to [REDACTED]. The 2020/21 Annual Budget development [REDACTED] the 2019/20 costs for residual waste disposal and waste transport services.

### **People**

The implementation and management of the contract for Residual Waste Disposal Services will be provided by the RedWaste Services Unit with current staffing levels.

### **Environmental**

The Evaluation Committee is satisfied that Tenderer A has provided sufficient evidence and satisfied mandatory criteria that their facility is operated in accordance with environmental requirements and licensing under Queensland law. Further, the proposed contract contains key performance indicators including a requirement for the contractor to ensure all environmental obligations are met. The proposed arrangement with Tenderer A is expected to provide for greater environmental outcomes due to the ability to further divert waste from landfill with sorting of Council's waste transfer station waste. Further resource recovery innovations are likely to be explored in partnership with Tenderer A.

### **Social**

It is essential from a customer service perspective that the waste collected from the residents of Redland City is disposed of in an environmentally responsible and compliant manner. Ongoing community engagement will be utilised by the RedWaste Services Unit to maximise waste being diverted from landfill. Key messages to the community will also be developed alongside Council's revised Waste Reduction and Recycling Plan (under development) around the increasing cost pressures of waste disposal as landfill airspace in close proximity to Redland City diminishes.

Due to the change in disposal location [REDACTED] have advised that it may be operationally necessary to change service days. Should the need to changed scheduled collection days arise this would be minimised as far as practicable and an appropriate communication plan put in place.

### Alignment with Council's Policy and Plans

The proposed contract for Residual Waste Disposal Services aligns to Council's Corporate Plan 2018-2023 outcome of green living, through implementation of Council's waste management strategy, by applying best practice principles in pricing, public awareness, resource management, recycling and recovery.

### CONSULTATION

Consulted	Consultation Date	Comments/Actions
Procurement Officer	27/11/2019	Drafted attached tender process report
Senior Waste Planner	25/11/2019	Reviewed report and comments/changes provided
Service Manager RedWaste	27/11/2019	Reviewed report and comments/changes provided
Senior Solicitor	28/11/2019	Reviewed report and comments/changes provided
Senior Financial Modeller	26/11/2019	Provided updated financial modelling
Group Manager Waste and Waste Operations	28/11/2019	Reviewed report
General Manager Infrastructure and Operations	29/11/2019	Reviewed report and authorised

### OPTIONS

#### Option One

That Council resolves as follows:

1. To approve the disposal of residual waste at Tenderer A's facility as part of Council's waste strategy from 1 July 2020.
2. To delegate authority to the Chief Executive Officer, under section 257(1)(b) of the *Local Government Act 2009* to:
  - a) enter into a Schedule of Rates contract over \$2,000,000 with Tenderer A for Residual Waste Disposal Services;
  - b) negotiate, make, vary and discharge the contract for T-1921-19/20-WST Residual Waste Disposal Services in accordance with the agreed contract term and conditions; and
  - c) sign all relevant documentation;
3. Note the requirement for the Chief Executive Officer to exercise delegated authority to vary contract T-1834-16/17-WST for Waste, Recyclables and Green Waste Collection Services to the new disposal location.
4. That this report and attachments remain confidential until the contract is awarded and details published in accordance with legislative requirements, subject to maintaining the confidentiality of legally privileged and commercial in confidence information.

#### Option Two

That Council resolves as follows:

1. To not approve the disposal of residual waste at the Tenderer A's facility.



2. That a report is provided detailing further waste disposal options at a future General Meeting.
3. That this report and attachments remain confidential until the contract is awarded and details published in accordance with legislative requirements, subject to maintaining the confidentiality of legally privileged and commercial in confidence information.

#### **OFFICER'S RECOMMENDATION**

**That Council resolves as follows:**

1. **To approve the disposal of residual waste at Tenderer A's facility as part of Council's waste strategy from 1 July 2020.**
2. **To delegate authority to the Chief Executive Officer, under section 257(1)(b) of the *Local Government Act 2009* to:**
  - a) **enter into a Schedule of Rates contract over \$2,000,000 with Tenderer A for Residual Waste Disposal Services;**
  - b) **negotiate, make, vary and discharge the contract for T-1921-19/20-WST Residual Waste Disposal Services in accordance with the agreed contract term and conditions; and**
  - c) **sign all relevant documentation;**
3. **Note the requirement for the Chief Executive Officer to exercise delegated authority to vary contract T-1834-16/17-WST for Waste, Recyclables and Green Waste Collection Services to the new disposal location.**
4. **That this report and attachments remain confidential until the contract is awarded and details published in accordance with legislative requirements, subject to maintaining the confidentiality of legally privileged and commercial in confidence information.**

**15 CLOSED SESSION**

Mayor Williams declared a perceived conflict of interest in the following item, stating she has received donations to her campaign from waste collection providers. Mayor Williams left the meeting at 11.37am and Deputy Mayor Boglary presided as chair.

Cr Hewlett declared a perceived conflict of interest in the following item, stating he has received donations to his campaign from waste collection providers. Cr Hewlett left the meeting at 11.47am.

**15.1 INFRASTRUCTURE & OPERATIONS****15.1.1 DELEGATED AUTHORITY – WASTE, RECYCLABLES AND GREEN WASTE COLLECTION SERVICES**

<b>Objective Reference:</b>	<b>A2472477 Reports &amp; Attachments (Archives)</b>
<b>Authorising Officer:</b>	<b>Peter Best General Manager Infrastructure &amp; Operations</b>
<b>Responsible Officer:</b>	<b>Kevin McGuire Group Manager Water &amp; Waste Operations</b>
<b>Report Authors:</b>	<b>Paula Kemplay, Principal Waste Planner Robert Walford, Service Manager RedWaste Trish Thomson, Procurement Transformation Manager</b>

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**EXECUTIVE SUMMARY**

A confidential report from General Manager Infrastructure & Operations was discussed in closed session in accordance with Section 275(1) of the *Local Government Regulation 2012*.

**OFFICER'S RECOMMENDATION/  
COUNCIL RESOLUTION**

**Moved by:** Cr M Elliott  
**Seconded by:** Cr M Edwards

**That Council resolves as follows:**

- 1. To delegate authority to the Chief Executive Officer, under s.257(1)(b) of the *Local Government Act 2009* to enter into a Schedule of Rates Contract over \$2,000,000.00 with the preferred tenderer and to negotiate, make, vary and discharge the Contract (T-1834-16/17-WST) in accordance with the agreed contract terms and conditions, and sign all relevant documents;**
  - 2. Pursuant to the award of contract, approve the successful contractor's use of the Waste Contractors Depot, 240A South Street Lot A SP187521; and**
  - 3. That this report and attachment remain confidential until the contract is awarded subject to maintaining the confidentiality of legally privileged and commercial in confidence information.**
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## TENDER PROCESS FOR PREFERRED SUPPLIER ARRANGEMENT UNDER SECTION 228 (1-9), OF THE LOCAL GOVERNMENT REGULATIONS 2012

<b>Title of Tender:</b>	Residual Waste Disposal Services
<b>Tender Number:</b>	T-1921-19/20-WST
<b>Responsible Officer Name and Title</b>	Kevin McGuire, Group Manager Water & Waste Operations
<b>Responsible RCC Unit/s</b>	RedWaste Services Unit
<b>Responsible Procurement Officer/Author</b>	Natasha Fraser, Procurement Officer

### EVALUATION PLAN

The Evaluation Plan details how the evaluation of the responses was conducted. The evaluation committee reviewed and approved the Evaluation Plan on 15/07/2019. The Evaluation Plan is available on request.

To ensure that this arrangement provides value for money to Council, the tender was developed in accordance with the following evaluation criteria. Appropriate weightings were applied against each criterion. The allocated weightings for the respective criteria are summarised in the table below.

Mandatory Tenderer Deliverables	Weighting %
Tender Deliverable A - Form of Tender	
Tender Deliverable B – Conflict of Interest Declaration	
Tender Deliverable C - Statement of Non Compliance	
Tender Deliverable D - Insurance Details	
Tender Deliverable E - Financial Capacity	
Tender Deliverable F - Environmental Authorities	
Tender Deliverable G – Domestic & Family Violence Prevention	
<b>Weighted Tender Deliverables</b>	
Tender Deliverable H – Experience and Track Record	
Tender Deliverable I – Facility Details and Operational Methodology	
Tender Deliverable J – Resource Recovery	
Tender Deliverable K – Systems and Processes	
Tender Deliverable L – Innovation and Value Add	
Tender Deliverable M – Local Business and Industry	
Tender Deliverable O – Alternative Options	
Tender Deliverable N – Schedule of Rates	

The tender was conducted in accordance with Section 104, Financial Management Systems subsection three (3), Sound contracting principles of the Local Government Act 2009. The tender process complied with section 228 (1-9), Tender process, of the Local Government Regulation 2012, and relevant Council policies, guidelines and procedures.

All submissions received were evaluated in accordance with the approved Evaluation Plan.

**TENDER PERIOD**

The tender was advertised on 17 July 2019 in the following:

- Redland City Bulletin;
- QTenders; and
- Redland City Council's Website.

No addendums were issued during the tender period and the tender closed on 16 August 2019 at 2.00pm (Queensland standard time) on QTenders.

Submissions were received from four (4) companies as follows:

- Tenderer A;
- Tenderer B;
- Tenderer C; and
- Tenderer D.

**EVALUATION PERIOD**

Four (4) tenders were received at the close of tender. Although preliminary checks had identified two (2) Tenderers had omitted mandatory criteria, the evaluation committee deemed these as negotiation points and included the tender submissions for evaluation.

Preliminary checks of the tender submissions identified:

- Partial compliances were submitted by Tenderer D and Tenderer C. Partial compliances would be negotiated between the Tenderers and RCC should the Tenderers be shortlisted;
- Tenderer B confirmed in their submission they did not hold the required Environmental Impairment Liability Insurance; and
- Tenderer A did not provide a copy of their Environmental Impairment Liability Insurance Certificate of Currency with their submission.

Evaluation of the submissions received commenced on 26 August 2019 following individual assessments by each committee member. The evaluation committee agreed to request clarifications from all tenderers to explain aspects of their submissions.

On 03 September 2019, a Clarification request was issued to all four (4) Tenderers to confirm Facility and Details and Operational Methodology. Clarification responses were received from all Tenderers by the required date of 06 September 2019.

Further scoring of the submissions was conducted by the evaluation committee on 04 September 2019.

On 06 September 2019, four (4) submissions were assessed by the Work Health and Safety Advisor and confirmed all four (4) Tenderers demonstrated safe systems of work.

Following the receipt of the clarifications, on 18 September 2019, the evaluation committee agreed to finalise the evaluation scores and shortlist Tenderers A, B and C. Tenderer D's submission was not considered further during this process.

On 19 September 2019, a second Clarification request was issued to Tenderer B to further confirm the operational hours of their proposed facility. The Clarification response from Tenderer B was received the by the required date of 24 September 2019.

The Evaluation Committee attended Site Inspections at the Facilities tendered by the shortlisted tenderers on 11 October 2019. Based on the site inspections, non-financial scoring and preliminary financial scoring Tenderer A was the most competitive for the services and aligned to Council's strategic and operational objectives.

The evaluation panel engaged assistance from [REDACTED] in assist in achieving better value for money for Council through the tender and lead any negotiations required. On 22 October 2019 Paula Kemplay, Senior Waste Planner, advised she could not take further part in the evaluation and decision making process relating to for this tender due to also being on the evaluation panel for the Regional Waste Alliance EOI. This is because evaluation of the Regional Waste Alliance EOI submissions had now commenced and presented the potential for a perceived conflict of interest if further changes would be made to the tender, or in the decision to award a contract.

On 23 October 2019, in consultation with the Evaluation Committee, the Procurement Transformation Manager, Legal Services and [REDACTED] it was agreed to offer Tenderers an extended contractual term in order to negotiate better value for money for Council. It was determined that this would still fit with the expected timeframes of the Regional Waste Alliance EOI but provide Council greater flexibility in decision making while other regional investigations progress.

On 31 October 2019, in accordance with Clause 5.10 of the Conditions of Tender; and Section 228 (7) in Part 3 (Default Contracting Procedures) of the *Local Government Regulation 2012*, Council issued a Notice to all Tenderers advising of a change in Specification summarised as follows:

- Amendment of the term of the contract to four (4) years with the option to extend for a further period of two (2) years at Council's sole discretion for a maximum contract terms of six (6) years;
- Amendment to the CPI provisions requiring rates to be fixed for the first twelve (12) months with CPI applied annually from that point onwards;
- Requesting a price reduction based on the longer term offered; and
- Seeking further value add proposals and resource recovery opportunities for:
  - Bricks and concrete; and
  - Treated and Untreated Timber.

The above amendments were to ensure Council's commitment to ratepayers and the Sound Contracting Principles. By extending the contract term, the Evaluation Committee anticipated more competitive rates.

All responses to the Change to Specification Notice were received by the due date of 07 November 2019. As a result of the responses received, the Evaluation Committee agreed to pursue Tenderer A and enter into shortlisted negotiations.

On 13 November 2019, the Evaluation Committee met with [REDACTED] via teleconference to examine where efficiencies and cost reductions could be agreed and develop a negotiation strategy for Tenderer A.

On 18 November 2019, a meeting was held with the Evaluation Committee, the [REDACTED] and Tenderer A. Key discussion points covered were:

- A request for a Best and Final Offer;
- CPI increases applicable to the contract;
- Removal of the minimum tonnage fee applicable to the Schedule of Rates;
- Clarify the applicable Schedule of Rates for waste transfer station waste and resource recovery opportunities; and
- Tenderer A's history of compliance with the Department of Environment and Science.

At the conclusion of the meeting, Tenderer A agreed to provide a response to the discussed action points. Tender A's response was received by the due date on 19 November 2019.

### **SUMMARY OF EVALUATION**

Summary of Evaluation provides the tenderers overall score against a scoring matrix.

Based on the detailed evaluation methodology and scoring system, the tenders were allocated the following overall scores.

Tenderer	
Tenderer A	
Tenderer B	
Tenderer C	
Tenderer D	

Detailed scoring information can be found in the Evaluation Matrix found in objective as A3920036.

The Delegated Authority Report provides the following details:-

- Budget for this service
- Successful tenderer
- Negotiated cost savings to RCC
- Added value and resource recovery opportunities