

4.1 TENDER FOR RESIDUAL WASTE PROCESSING (2022117: RM)

Responsible Officer: Deb Cailles

RECOMMENDATION*

That Council:

- 1. Awards the tender from Solo Energy (Victoria) Pty Ltd for Residual Waste Processing Services, Contract No. 2022117 for a schedule of rates based contract with an estimated initial annual contract value of \$9,796,552 for the first year and an estimated contract value of \$51,752,584 for the initial five year term and an estimated total contract value of \$118,134,726¹ inclusive of all available extension options;*
- 2. Authorises the Chief Executive Officer or their delegate to execute the contract agreements subject to satisfactory negotiation of the final Contractual Terms and Conditions; and*
- 3. Notes that the contracted services will commence on 1 April 2025 (or earlier if mutually agreed), with an initial term of five years and the contract has one (1) extension option of five (5) years, and authorises the Chief Executive Officer to approve extension option at the sole discretion of Council.*

*(*Please note that all dollar figures are GST Inclusive unless stated otherwise)*

¹ Assuming 2.5% annual CPI for every year except year six where the contract price will be increased by a fixed amount (Note: this is a worst case scenario given that the year 6 price will also be subject to a benchmarking review).

INTRODUCTION

Council has tendered for Residual Waste Services.

As part of its planning process for this tender, Council Officers considered its procurement options, including whether to go to market itself, participate in regional or sector collaboration or to possibly access established contracts via other compliant Procurement agreements. Council was previously a participating Council in the South Eastern Metropolitan Advanced Waste Processing (SEMAWP) collective procurement project and subsequent Special Purpose Vehicle (SPV). At the Council Meeting of 22 February 2022, Council resolved to withdraw from this arrangement and to release its own tender for Residual Waste Services.

As such, Council has conducted a Public Tender process for the provision of Residual Waste Processing Services incorporating the receipt of Council's residual waste (including kerbside, waste transfer station and hard waste) in accordance with the published specification for Contract No. 2022117.

This report seeks Council's endorsement of the Tender Evaluation Panel's recommendation to award the tender for 2022117 Provision of Residual Waste Processing Services to Solo Energy (Victoria) Pty Ltd.

BACKGROUND

Council is seeking to appoint a Contractor to provide residual waste processing services for Council's kerbside waste, waste transfer station waste and hard waste streams.

An Advanced Waste Processing solution is required, excluding landfill, to receive and process Council's residual waste to produce energy, including the appropriate recovery of any recyclable materials from the waste-to-energy process.

Council currently engages the services of Metropolitan Waste and Resource Recovery Group, Cleanaway Pty Ltd and Suez Recycling and Recovery Pty Ltd for the provision of Landfill and Transfer Services of its kerbside residual waste. Suez Recycling and Recovery Pty Ltd currently provides processing of Council waste transfer station and hard waste under a separate contract.

NOTIFICATION

A public notice was placed in The Age newspaper on 5 March 2022 and the tender closed on 23 March 2022.

TENDERS RECEIVED

Three tender submissions were received by the appointed closing time.
The tenders received are listed below:

- Solo Energy (Victoria) Pty Ltd
- Suez Recycling and Recovery Pty Ltd
- Wyndham City Council

Tender Conformance:

All submissions were assessed for their compliance with the tender conditions including the contractual terms and conditions and the requirements of the response schedules.

One submission was deemed substantially non-conforming and this submission was not evaluated further.

TENDER EVALUATION

In accordance with Council's Procurement Policy a legal review of the tender documentation was undertaken by Maddocks Lawyers. In addition, O'Conner Marsden & Associates were also engaged as an independent Probity Advisor for this tender process, reviewing all tender documentation prior to advertisement and they also attended all the evaluation panel meetings.

All members of the evaluation panel also signed Conflict of Interest and Confidentiality forms.

The tenders were assessed in accordance with the evaluation criteria published in the tender documentation:

The remaining conforming tenderers were assessed in accordance with the evaluation criteria published in the tender documentation:

| Pass/Fail Assessment Criteria | Measure |
|---|------------------|
| Quality Systems | <i>Pass/Fail</i> |
| OHS | <i>Pass/Fail</i> |
| Environmental Management System | <i>Pass/Fail</i> |
| Mandatory Insurances | <i>Pass/Fail</i> |
| MANDATORY requirement that the tenderer or their proposed partner has an existing approved EPA Development Licence (formally known as EPA Works Approval) for the nominated Advanced Waste Processing facility. | <i>Pass/Fail</i> |

| Criteria | Key Selection Criteria | Criteria Weightings | Sub Criteria Weightings | Sub Criteria to be used in the Returnable Schedule |
|-----------------------------|---------------------------|---------------------|-------------------------|--|
| Qualitative Criteria (50%) | Capacity and Capability | 20% | 5% | Experience |
| | | | 5% | Resources |
| | | | 5% | Risk Management |
| | | | 2% | Performance and Innovation |
| | | | 3% | Customer Service and Transition Initiatives |
| | Technology & Project Plan | 10% | 10% | Technology & Project Plan |
| | Sustainability | 20% | 8% | Environmental Sustainability |
| | | | 6% | Local Sustainability |
| 6% | | | Social Sustainability | |
| Quantitative Criteria (50%) | Price | 50% | 50% | Estimated Cost for the Initial Contract Term |

DISCUSSION

The following information supports the evaluation panel's recommendations.

The Tenders were evaluated in accordance with the specified evaluation criteria. As a schedule of rates tender, contract cost modelling was conducted based on forecast residual waste volumes to determine the estimated contract cost for the initial five year term including any additional logistics costs (freight and tolls) that may be required.

The evaluation panel also conducted a tender interview with the two conforming tenderers to further clarify their submission and to clarify and confirm their understanding of Council's requirements.

Following this qualitative and quantitative evaluation, the panel conducted assessment of the proposed contract departures for the highest scoring tenderer. Negotiations have taken place and at the time of finalising this report, the negotiations are continuing with an expectation of no material issues.

The final evaluation ranking (including the price and non-price evaluation criteria) had Solo Energy (Victoria) Pty Ltd ranked highest and as such, the evaluation panel recommends Solo Energy (Victoria) Pty Ltd as representing the best value outcome for Council.

FINANCIAL IMPLICATIONS

This service is a Schedule of Rates contract and therefore modelling has been completed to estimate costs based on Council’s projected forecast of residual waste arising.

Table 1. Contract Values

| Period | Estimated Contract Cost (including GST) |
|-----------------------------------|---|
| First year | \$9,796,552 |
| Initial Term of 5 years | \$51,752,584 |
| Maximum Contract term of 10 years | \$118,134,726 |

The modelled first contract year expenditure of \$9,796,552 (incl. GST) will be incorporated into the 2024-25 Sustainable Monash operating budget. Furthermore, the estimated initial term contract value of \$51,752,584 (incl. GST) and additional costs outside of this contract falls within Sustainable Monash’s 10-year operating expenditure projections.

Additional costs for cartage and tolls outside of this contract are estimated to be \$1,027,947 for the first year of the contract and estimated to be \$11,516,485 cumulatively over the maximum ten year contract term assuming 2.5% annual CPI. The additional costs for cartage and tolls have been modelled and used for evaluating both conforming tender submissions.

The five year initial contract period is estimated to cost approximately \$10,000,000 less than current projections for Council’s current waste to landfill arrangements over the same period.

Figure 1. Initial term contract cost comparison (GST inclusive)



* Estimates are based on conservative increases in Waste Levy and CPI. Waste Levy is estimated at \$145 +GST for 2025/26. All costs were also indexed by an annual 2.5% CPI except landfill disposal which was indexed at an annual 3.8%.

SUSTAINABILITY OUTCOMES

Council actively pursued sustainability outcomes for this tender within the returnable schedules and associated scoring specifically targeting social, local and environmental sustainability benefits to the Monash community.

As highlighted below, the panel's preferred tenderer will deliver the following sustainability outcomes:

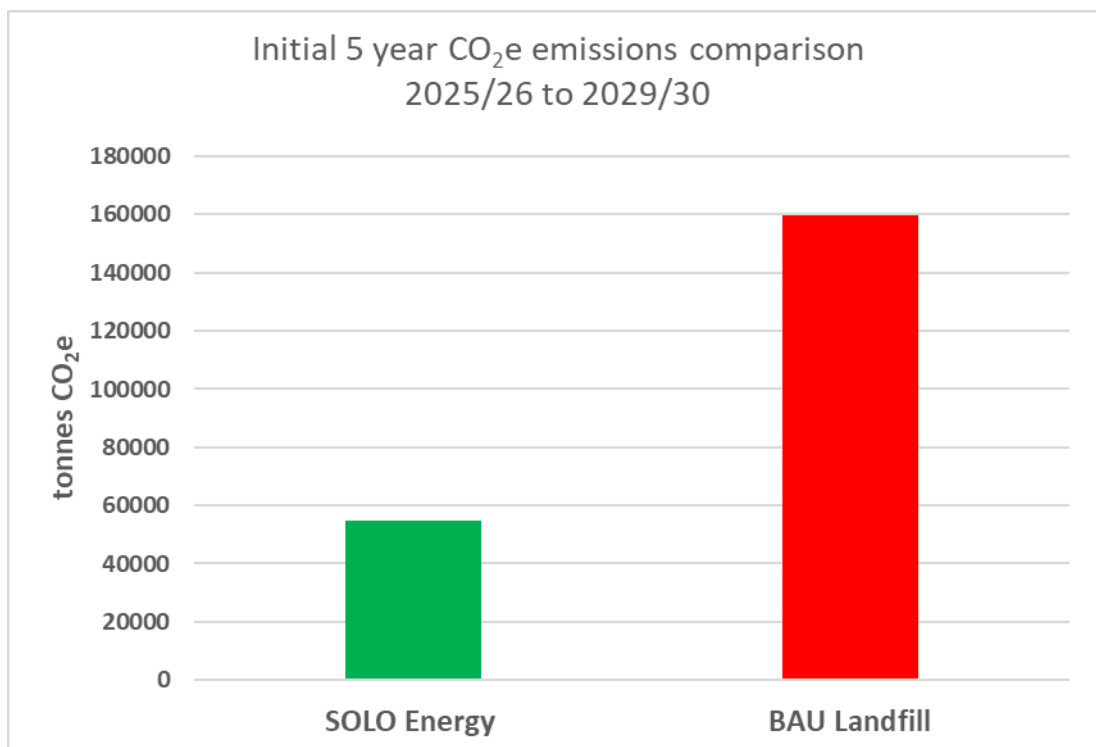
Environmental Sustainability

Solo Energy emissions compared with landfill BAU

Waste to Energy (WtE) facilities share the same transport related impacts of CO₂e but generate significantly less GHG emissions despite the combustion process.

The external detailed analysis shown in **Figure 2** confirms significant reduction in GHG emissions achieved through the diversion of residual waste from landfill to a Waste to Energy facility. Emissions for facility operations and transport are comparable and relatively minor.

Figure 2. CO₂e emissions comparison between Solo Energy and BAU landfilling.



Local Sustainability:

Council actively pursued commitments for local sustainability however there was no substantive offer of this nature provided for this contract. This is not unusual considering the type and location of the contract delivery. Another part of the Solo business that provide kerbside collections to various Councils in the South Eastern suburbs such as Monash, Glen Eira and Bayside, uses the services of several Monash businesses due to their close proximity to their Clayton South depot.

Social Sustainability:

Council actively pursued commitments for social sustainability however there was no substantive offer of this nature tendered. This is not unusual considering the type and location of the contract delivery. However other parts of the Solo business such as in kerbside collections and transfer station operations actively support social sustainability through their apprenticeship and work experience programs, and helping the long term unemployed by placing them in roles such as transfer station attendant, recycle shop customer service and yard assistant in depots.

CONCLUSION

That Council approves the recommendations contained within this report.