

MINUTES

FOR THE
GREATER SHEPPARTON CITY COUNCIL

SPECIAL COUNCIL MEETING

HELD ON
MONDAY 6 OCTOBER, 2014
AT 5.30PM

IN THE COUNCIL BOARD ROOM

COUNCILLORS:

Cr Jenny Houlihan (Mayor)
Cr Dennis Patterson (Deputy Mayor)
Cr Dinny Adem
Cr Les Oroszvary
Cr Michael Polan
Cr Kevin Ryan
Cr Fern Summer

VISION

GREATER SHEPPARTON
AS THE FOOD BOWL OF AUSTRALIA,
A SUSTAINABLE, INNOVATIVE
AND DIVERSE COMMUNITY
GREATER FUTURE

**MINUTES
FOR THE
SPECIAL COUNCIL MEETING
HELD ON
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**CHAIR
CR JENNY HOULIHAN**

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RISK LEVEL MATRIX LEGEND

Note: A number of reports in this agenda include a section on “risk management implications”. The following table shows the legend to the codes used in the reports.

Likelihood	Consequences				
	Negligible (5)	Minor (4)	Moderate (3)	Major (2)	Catastrophic (1)
Almost Certain (A) Event expected to occur several times per year (i.e. Weekly)	Low	Moderate	High	Extreme	Extreme
Likely (B) Will probably occur at some stage based on evidence of previous incidents (i.e. Monthly)	Low	Moderate	Moderate	High	Extreme
Possible (C) Not generally expected to occur but may under specific circumstances (i.e. Yearly)	Low	Low	Moderate	High	High
Unlikely (D) Conceivable but not likely to occur under normal operations (i.e. 5-10 year period)	Insignificant	Low	Moderate	Moderate	High
Rare (E) Only ever occurs under exceptional circumstances (i.e. +10 years)	Insignificant	Insignificant	Low	Moderate	High

Extreme CEO’s attention immediately required. Possibly avoid undertaking the activity OR implement new controls

High Director’s attention required. Consider suspending or ending activity OR implement additional controls

Moderate Manager’s attention required. Ensure that controls are in place and operating and management responsibility is agreed

Low Operational, manage through usual procedures and accountabilities

Insignificant Operational, add treatments where appropriate

PRESENT: Councillors Jenny Houlihan, Dennis Patterson, Dinny Adem, Les Oroszvary, Michael Polan, Kevin Ryan and Fern Summer.

**OFFICERS: Gavin Cator – Chief Executive Officer
Steve Bowmaker – Director Infrastructure
Johann Rajaratnam – Director Sustainable Development
Amanda Tingay – Acting Director Community
Rebecca Bertone – Official Minute Taker
Stephanie Giankos – Deputy Minute Taker**

1. ACKNOWLEDGEMENT

“We the Greater Shepparton City Council, begin today’s meeting by acknowledging the traditional owners of the land which now comprises Greater Shepparton. We pay respect to their tribal elders, we celebrate their continuing culture, and we acknowledge the memory of their ancestors.”

2. APOLOGIES

Nil.

3. DECLARATIONS OF CONFLICT OF INTEREST

In accordance with sections 77A, 77B, 78 and 79 of the *Local Government Act 1989* Councillors are required to disclose a “conflict of interest” in a decision if they would receive, or could reasonably be perceived as receiving a direct or indirect financial or non-financial benefit or detriment (other than as a voter, resident or ratepayer) from the decision.

Disclosure must occur immediately before the matter is considered or discussed.

4. SUSTAINABLE DEVELOPMENT DIRECTORATE

4.1 Taking of the Question from the Table - Landfill Waste, Recyclables and Organics Collection

Disclosures of conflicts of interest in relation to advice provided in this report
Under section 80C of the *Local Government Act 1989*, Council officers and others who are contracted to provide advice or services to the Council must disclose any conflicts of interests they have before any advice they provide is considered. Disclosures must be in writing, to the Chief Executive Officer and must specify the type and nature of the conflict.

No Council officers or contractors who have provided advice in relation to this report have declared a conflict of interest regarding the matter under consideration.

At the Ordinary Council Meeting held on Tuesday 16 September 2014, Cr Polan moved:

Moved by Cr Polan
Seconded by Cr Oroszvary

That the matter lay on the table.

CARRIED

A decision was taken to lay the motion as presented on the table.

Moved by Cr Polan

That the Council resolves to take the question from the table.

CARRIED.

4. SUSTAINABLE DEVELOPMENT DIRECTORATE

4.2 Landfill Waste, Recyclables and Organics Collection

Disclosures of conflicts of interest in relation to advice provided in this report

Under section 80C of the *Local Government Act 1989* officers and persons engaged under a contract providing advice to Council must disclose any conflicts of interests, including the type and nature of interest..

No Council officers or contractors who have provided advice in relation to this report have declared a conflict of interest regarding the matter under consideration.

Council Officers involved in producing this report

Author: Manager Environment

Proof reader(s): Director Sustainable Development

Approved by: Chief Executive Officer

Other: Consultant, Waste Services Manager

Executive Summary

The Landfill Waste, Recyclables and Organics Collection Contract provides for the following:

- collection of kerbside landfill waste and transport to landfill;
- collection of kerbside recyclables and transport to a sorting facility;
- collection of kerbside organics and transport to a processing facility; and
- collection of recyclables from public recyclables bins, special events bins and resource recovery centres (transfer stations) skips and transport to a sorting facility;

The Contract takes into account recommendations from the Council's Waste and Resource Recovery Management Strategy. It maintains current collection areas, but provides for a change in service to introduce full organics collection from 1 July 2016 for urban customers. This will move all urban customers to a three bin service. It introduces an 'at door' kerbside waste collection service to eligible residents and allows for 360 litre Mobile Recyclables Bins (MRB's) for tenements with high levels of recycling.

This Collection Contract and the Recyclables Acceptance (Contract - 1467) and Organics Acceptance (Contract -1468) are interdependent and commencement and expiry dates have been aligned.

The proposed Contract award date provides for an adequate period to allow for a transition of collection service providers. The Contractor must provide a transition plan to encompass issues to ensure a smooth and complaint-free transition. If any changes are significant, there will need to be an associated educative program. There will also need to be an education program associated with the changes of urban households to weekly organics and fortnightly landfill waste collection.

The Evaluation Panel has recommended that the tender of Four Seasons Waste Pty. Ltd. be accepted. This recommendation provides, in the opinion of the Evaluation Panel, the best balance of outcomes from the evaluation criteria.

The Evaluation Panel recognised that the final decision was extremely close. They were supportive of Four Seasons Waste as the final recommendation, as they provided:

- The strongest local economic outcomes
- Smaller single rear drive axle collection vehicles in comparison with alternative tenders larger dual rear drive vehicles. Single drive vehicles will have less screwing impact on bitumen seals when turning in cul-de-sacs and lower property and pedestrian risks associated with reversing.

4. SUSTAINABLE DEVELOPMENT DIRECTORATE

4.2 Landfill Waste, Recyclables and Organics Collection (continued)

- The best responses relating to Customer Services at interview, particularly relating to how they would approach bins missed as part of the collection
- The lowest price to Council.

The purpose of this report is to provide information to Councillors so they can make an informed decision to:

1. support the recommendation, or
2. reject the recommendation, or
3. defer a decision pending provision of further information, or
4. select a contractor of their own choice

The value of the contract exceeds the amount which can be approved by Council's Chief Executive Officer under delegated authority and exceeds the tender thresholds stated in Section 186 of the Local Government Act 1989 (amended 2007).

RECOMMENDATION

That the Council:

1. accept the tender submitted by Four Seasons Waste Pty Ltd of Geelong for Contract No. 1466 - Landfill Waste, Recyclables and Organics Collection for the rates included in the Contract Schedule of Rates attachment:
2. authorise the Chief Executive Officer to sign and seal the contract documents.
3. authorise the Chief Executive Officer to extend the Contract at the conclusion of the Initial Contract Term should the Chief Executive Officer determine to exercise this option.

Contract Details

The Landfill Waste, Recyclables and Organics Collection Contract provides a Schedule of Rates for:

- collection of kerbside landfill waste and transport to landfill
- collection of kerbside recyclables and transport to a sorting facility
- collection of kerbside organics and transport to a processing facility
- collection of recyclables from public recyclables bins, special events bins and resource recovery centres (transfer stations) skips and transport to a sorting facility

The Contract Term is seven (7) years, with an option to extend the term by a further one (1) year.

The Contract is scheduled to commence on 1 April 2015 to provide sufficient time for the Contractor to order and achieve delivery of new collection vehicles for all the kerbside collection services and make all the necessary arrangements to allow for the changeover to a new Contractor.

The Contract also provides for a changeover from an opt-in green organics kerbside collection from urban areas to a compulsory full organics kerbside collection from urban areas from 1 July 2016. Green organics includes a wide range of garden waste, dry sawdust from untreated timber and food waste excluding animal products. Full organics adds food waste including most animal products, plus animal excrement. Prior to

4. SUSTAINABLE DEVELOPMENT DIRECTORATE

4.2 Landfill Waste, Recyclables and Organics Collection (continued)

introduction of the full organics service the Council will embark on a sustained education program to inform and educate the community on the correct waste streams for each bin. The education program will continue beyond the introduction of the full organics service to ensure ongoing compliance.

At commencement of the contract (1 April 2015), the kerbside collection consists of:

- weekly collection of landfill waste from urban areas, sealed rural roads and a small (designated) number of unsealed rural roads
- fortnightly collection of green organics from tenements who have opted-in to the service provision within urban areas
- fortnightly collection of recyclables from urban areas, sealed rural roads and a small (designated) number of unsealed rural roads

After the changeover date (1 July 2016), the kerbside collection consists of:

- weekly collection of landfill waste from sealed rural roads and a small (designated) number of unsealed rural roads
- fortnightly collection of landfill waste from urban areas
- weekly collection of full organics from all tenements within urban areas
- fortnightly collection of recyclables from urban areas, sealed rural roads and a small (designated) number of unsealed rural roads

The commencement and expiry dates for the Kerbside Collection, Recyclables Acceptance and Organics Acceptance Contracts have been aligned.

The outcomes for the three Contracts are all interdependent. The most advantageous overall pricing for the three Contracts is reliant on the Recyclables Acceptance and Sorting Contract and Organics Acceptance and Processing Contract, which were tendered concurrently with this Kerbside Collection Contract.

This Contract delivers product to the Recyclables Sorting Facility which accepts the materials under Contract C1467 – Recyclables Acceptance and Sorting. The location of the Recyclables Sorting Facility determines the collection rates under the Kerbside Collection Contract. Advantageous pricing arrangements for locations further from the source may be offset by increased cartage and double handling costs reflected in tendered rates. Increased compaction of co-mingled recyclables crushes glass products and increases the difficulty of sorting the recyclables. This reduces its value at the Sorting Facility, but may be offset by decreases to the cartage costs.

This Contract also delivers product to the Organics Processing Facility which accepts the materials under either option of Contract C1468 – Kerbside and Other Organics Acceptance and Processing Contract. The location of the Organics Processing Facility determines the collection rates under the Kerbside Collection Contract. Again, advantageous pricing arrangements for locations further from the source may be offset by increased cartage and double handling costs reflected in tendered rates.

Rates were tendered for numerous combinations of recyclables compaction ratios and distances to both Recyclables Sorting Facilities and Organics Processing Facilities to find the most advantageous outcome for Council. The Evaluation Panel has taken these factors into account in making their recommendations.

4. SUSTAINABLE DEVELOPMENT DIRECTORATE

4.2 Landfill Waste, Recyclables and Organics Collection (continued)

Rates change again from 1 July 2016 when the full (food) organics service commences. From this date organics will be collected weekly and landfill waste is collected fortnightly in urban areas.

These changes are supported by Council's Waste and Resource Recovery Management Strategy.

Tenders

Tenders were received from:

Tenderers
Wheelie Waste Pty Ltd(Conforming)
Wheelie Waste Pty Ltd(Non-Conforming)
Peter Foott Waste Collection Pty Ltd
Four Seasons Waste Pty Ltd
Remondis Australia Pty Ltd
Transpacific Cleanaway Pty Ltd
Future Metal Recyclers Melbourne P/L

Tender Evaluation

Tenders were evaluated by:

Title	Branch
Greg McKenzie	Sustainable Development
Graeme Long	Sustainable Development
Michael Dwyer	Business
Rebecca Dalton	Office of the CEO

Mr Ian Mitchell of CT Management Group provided the Evaluation Panel with assistance throughout the evaluation process. Ian is a qualified local government engineer with more than 35 years of experience. Key relevant experience has been in contract management and waste management, strategy development and service improvement.

Evaluation Criteria

Tenders were evaluated on the following criteria:

Evaluation Criteria	Weighting
Price	55%
Technical Ability and Project Delivery	10%
Quality and Audit Systems	10%
Customer Service	10%
Environmental Management	10%
Local Economic Impact	5%

Council Plan/Key Strategic Activity

Section 2.1 Enhancing the Environment – Strategies – Review, adopt and commence implementation of the Waste Management Strategy.

4. SUSTAINABLE DEVELOPMENT DIRECTORATE

4.2 Landfill Waste, Recyclables and Organics Collection (continued)

The Waste and Resource Recovery Management Strategy was adopted in December 2013. The section titled Future Directions includes a Summary of Actions, which includes the following actions.

Council will:

- Performance Measures - Improve the current waste diversion rate of 43% which is down from 52% in 2010/11
- Performance Measures - Investigate new opportunities to achieve reductions in the generation of waste
- Regional Waste Management Group – Continue to review the cost and service mix option to achieve a socially, environmentally and economically optimal service that also meets its obligations under resource GV's and the State's "Getting Full Value" strategies
- Kerbside Waste Collection Services - Maintain the current collection route to continue as existing, servicing urban areas and sealed roads in rural areas
- Kerbside Waste Collection Services - Provide a special 'at door' kerbside waste collection service to eligible residents with Mobility, health or transport restrictions that satisfy HAAC eligibility requirements at no cost to the resident
- Kerbside Green Waste and Food Collection Service – Further develop the existing green organics collection service to include food wastes into the green waste bin by initial undertaking of trials and education
- Kerbside Green Waste and Food Collection Service – Extend the current green organics collection service to include all households currently having a waste collection service, thus transforming the standard waste collection service to a three bin service

The introduction of a full organics collection service to all urban tenements commencing in July 2016 is clearly addressing the first three actions. The Council has obtained funding from Sustainability Victoria through Resource GV to assist with the education associated with the introduction of food organics collection.

This Contract maintains current collection areas, introduces an 'at door' kerbside waste collection service to eligible residents, introduces 360litre Mobile Recyclables Bins to increase recycling capabilities and moves all urban customers to a three bin service.

Risk Management

Delays to Contract Award have been identified as a key risk to Council. The three concurrent Contracts (Collection, Recyclables Sorting and Organics Processing) are interdependent. Time has been allowed within the process to allow the appointed Contractor time to arrange new vehicles, prepare all required systems and transition the service. Council will require further Ministerial approval to extend the relevant existing Contracts.

Risks	Likelihood	Consequence	Rating	Mitigation Action
Delays in Contract Award	Unlikely	High	Moderate	Would need Ministerial Approval to allow extension of Contract
Contractor failing financially	Unlikely	High	Moderate	Financial Capability checks completed on tenders in contention as part of the Evaluation Process

4. SUSTAINABLE DEVELOPMENT DIRECTORATE

4.2 Landfill Waste, Recyclables and Organics Collection (continued)

Risks	Likelihood	Consequence	Rating	Mitigation Action
Death or serious injury to the public in the conduct of the service	Rare	Catastrophic	High	Contract calls for Kerbside Collection vehicles to have the ability to negotiate a normal residential court bowl in a single turn without reversing and be provided with cameras to monitor blind spots and reversing sensors

Policy Considerations

The Sustainable Decision Making Policy includes Objectives including:

- Being more responsive to climate change
- Using our resources more efficiently
- Reducing our Environmental impact

Key projected outcomes from the implementation of this Contract, include

1. a reduction of waste going to landfill and a corresponding reduction of greenhouse gas production
2. an increased range of bin sizes for recycling
3. an increased volume and greater range of organics being converted to composted material available for re-use.

Financial Implications

The budget is a combination of a range of current line items, less an allowance for recyclables acceptance and sorting, as this is integrated into current recyclables collection costs.

Current Budget for collection is \$2,760,000. Estimated budget income for recycling is \$65,820

Legal/Statutory Implications

Tender process has been carried out according to the requirements of *Section 186* of the *Local Government Act 1989*.

Council has extended existing collection contracts with the approval of the Minister for Local Government. Council will need to seek a further extension if it decides to Re-Advertise.

Environmental/Sustainability Impacts

Comparisons of the environmental and sustainability impacts are probably best made between the existing service and changes implemented within the term of the new Contract. For all urban tenements, the new Contract introduces a change from an opt-in green waste service to a compulsory full organic service. This is in acknowledgement that in an audit conducted in 2010, 21.1% (by weight) of the Waste Stream was food organics and also in line with State Government policy. The costs associated with collection and removal of food organics are compensated by the reduced cost of disposal to landfill. The key environmental outcome is the potential to reduce the production of methane, which is a very significant (approximately 20 times more negative effects than CO₂) greenhouse gas. It is worth noting however, that Greater Shepparton City Council's

4. SUSTAINABLE DEVELOPMENT DIRECTORATE

4.2 Landfill Waste, Recyclables and Organics Collection (continued)

Cosgrove Landfill is estimated to reduce the methane impacts by 80% with a landfill gas collection and electricity generation system.

Conversion of full organics to compost available for the gardening and agricultural sector provides a significant re-use of material which would otherwise be lost into landfill.

The new Contract also extends the range of recyclables bins available to cater for larger outputs, without the need to increase the collection frequency thereby hopefully increasing rates of recyclables being collected.

Strategic Links

a) Greater Shepparton 2030 Strategy

Directly relates to the Greater Shepparton 2030 Strategy

Topic: Environment: Conservation and enhancement of significant natural environments and cultural heritage.

Objective: 4.To reduce greenhouse gas emissions by local action, in the interests of current and future generations

Action: 4.2, 4.3

b) Other strategic links

The State Government Waste and Resource Recovery Policy is titled “Getting Full Value”. Published in April 2013, this is the peak strategic document for Victoria for addressing the Federal Government’s National Waste Policy: Less Waste, More Resources.

In Section 4.2, the document states “Government will target food waste as a key area of focus because of the environmental risk and financial costs it causes”. The corresponding Action 4.2.1 was “Partner with local government to increase household awareness of the benefits of reducing waste, particularly food waste through statewide information campaigns.”

Section 5 “Strong Markets for Recovered Resources” emphasises improving quantity and quality of the recovered recyclables, campaigns like “Get It Right on Bin Night” and use of the landfill levy in “facilitating resource recovery options by making them more cost competitive with landfills.” Corresponding Action 5.2.4 provides an exception to holding levy rates at 2014 levels for 10 years, to “target strategic materials – such as untreated organic materials in landfill”. This suggests that there may be additional future costs for Councils who are not pro-active with introduction of organics collection and processing.

Section 7 places further emphasis on food and green organics to avoid the negative environmental impacts, including odour, methane production and groundwater contamination.

This policy led to the “Draft Statewide Waste and Resource Recovery Infrastructure Plan 2013-2043”, which addresses infrastructure issues.

Options for Consideration

1. Do Nothing (Withdraw the tender)

Positives

- May get a better offer, although this is unlikely, as tendering was quite competitive.

4. SUSTAINABLE DEVELOPMENT DIRECTORATE

4.2 Landfill Waste, Recyclables and Organics Collection (continued)

Negatives

- A Ministerial approval will be required to allow the extension of the Contract. The existing Contract has already once been extended beyond its Contract term after Ministerial approval.
- The re-advertising process would take at least four months, leaving less than two months for implementation of outcomes. This would not allow provision of new collection vehicles and may lead to unsatisfactory change-over.
- If Ministerial approval were not provided, the Council's kerbside collection arrangements would not be in accordance with Section 186 of the Local Government Act. Council would not have a current collection Contract for landfill waste, recyclables and organics collection.
- The current pricing under the extended Contract is not as favourable to Council as the recommended tender pricing

2. Support the Recommendation (Award Contract to recommended tenderer)

Positives

- The Recommendation was made on the Evaluation Panel's assessment of the tenders, based on the Evaluation Criteria provided.
- The Evaluation Panel has also taken into account issues such as Occupational Health and Safety, Financial Capacity, Tender Conformance and other risks.

Negatives

- Council may see an alternative tender as providing Best Value in accordance with the Local Government Act.

3. Defer a Decision Pending Further Information

Positives

- Council can be provided with additional information if requested, to ensure a fully informed decision can be reached.

Negatives

- Any significant deferment may impact on the implementation of the Contract and may not allow provision of new collection vehicles and may lead to unsatisfactory change-over.

4. Council Select a Contractor of their own Choice

Positives

- Council apply their decision on the basis of reasonable account of the Evaluation Criteria and the principles of Best Value.

Negatives

- Council may make a decision without being cognisant of all the background information applied by the Evaluation Panel.
- Council decision may be subject to appeal by tenderers on the basis of not reasonably taking account of Evaluation Criteria forming part of the Procurement Process.

Conclusion

The Evaluation Panel has taken into account the Evaluation Criteria as the basis for their recommendation to Council for acceptance of the tender submitted by Four Seasons Waste Pty Ltd of Geelong for Contract No. 1466 - Landfill Waste, Recyclables and Organics Collection and further recommendation that Council authorise the Chief

4. SUSTAINABLE DEVELOPMENT DIRECTORATE

4.2 Landfill Waste, Recyclables and Organics Collection (continued)

Executive Officer to sign and seal the Contract documents. The Schedule of Rates pricing accepted is associated with:

1. the relevant recyclables “Compaction Ratio” option from the accepted C1467 – Recyclables Acceptance and Sorting Contract
2. the relevant recyclables “Location of Sorting Facility” option from the accepted C1467 – Recyclables Acceptance and Sorting Contract
3. the relevant organics “Location of Processing Facility” option from the accepted C1468 – Organics Acceptance and Processing or Kerbside and Other Organics Acceptance and Processing Contract.

Accepted pricing will need to be adjusted should evaluation panel recommendations for Contracts C1467 – Recyclables Acceptance and Sorting and C1468 - Kerbside and Other Organics Acceptance and Processing not be accepted.

Attachments

Nil.

4. SUSTAINABLE DEVELOPMENT DIRECTORATE

4.3 Taking of the Question from the Table - Recyclables Acceptance and Sorting

Disclosures of conflicts of interest in relation to advice provided in this report

Under section 80C of the *Local Government Act 1989*, Council officers and others who are contracted to provide advice or services to the Council must disclose any conflicts of interests they have before any advice they provide is considered. Disclosures must be in writing, to the Chief Executive Officer and must specify the type and nature of the conflict.

No Council officers or contractors who have provided advice in relation to this report have declared a conflict of interest regarding the matter under consideration.

At the Ordinary Council Meeting held on Tuesday 16 September 2014, Cr Polan moved:

Moved by Cr Polan
Seconded by Cr Adem

That the matter lay on the table.

CARRIED

A decision was taken to lay the motion as presented on the table.

Moved by Cr Polan

That the Council resolves to take the question from the table.

CARRIED.

4. SUSTAINABLE DEVELOPMENT DIRECTORATE

4.4 Recyclables Acceptance and Sorting

Disclosures of conflicts of interest in relation to advice provided in this report

Under section 80C of the *Local Government Act 1989* officers and persons engaged under a contract providing advice to Council must disclose any conflicts of interests, including the type and nature of interest..

No Council officers or contractors who have provided advice in relation to this report have declared a conflict of interest regarding the matter under consideration.

Council Officers involved in producing this report

Author: Manager Environment

Proof reader(s): Director Sustainable Development

Approved by: Chief Executive Officer

Other: Consultant and Waste Services Manager

Executive Summary

The Recyclables Acceptance and Sorting Contract provides for the acceptance of comingled recyclable materials from kerbside, public and special events recyclables bins and transfer stations skips and the subsequent sorting of the recyclables into their various value added streams.

Approval of this Contract will provide continuation of the existing recycling services, with some minor improvements to the range of recyclable items available to the community.

The recommendation provides, in the opinion of the Evaluation Panel, the best balance of outcomes from the evaluation criteria. The proposal from SKM Industries provided the largest payment to Council that met the contract requirements. The additional cartage costs to transport to Melbourne are compensated by the payment to Council. The SKM facility at Coolaroo provides state of the art separation equipment which minimises the contamination requiring disposal at landfill.

This Recyclables Acceptance and Sorting contract and the Landfill Waste, Recyclables and Organics Collection (Contract – 1466) and Organics Acceptance (Contract – 1468) are interdependent.

The purpose of this report is to provide information to Councillors so they can make an informed decision to:

1. support the recommendation, or
2. reject the recommendation, or
3. defer a decision pending provision of further information, or
4. select a contractor of their own choice

The value of the contract exceeds the amount which can be approved by Council's Chief Executive Officer under delegated authority and exceeds the tender thresholds stated in Section 186 of the *Local Government Act 1989* (amended 2007).

4. SUSTAINABLE DEVELOPMENT DIRECTORATE

4.4 Recyclables Acceptance and Sorting (continued)

RECOMMENDATION

That the Council:

1. accept the tender submitted by SKM Industries Pty Ltd of Coolaroo for Contract No. 1467- Recyclables Acceptance and Sorting
2. authorise the Chief Executive Officer to sign and seal the contract documents.
3. authorise the Chief Executive Officer to extend the Contract by the available 1 year extension at the conclusion of the Initial Contract Term should the Chief Executive Officer wish to exercise this option.

Contract Details

The Recyclables Acceptance and Sorting Contract provides a Schedule of Rates for provision of the acceptance and sorting services in conformance with the Contract.

The tenderer was required to nominate whether the tender required a payment from Council or provided a payment to Council. The majority of tenderers provided a payment to Council.

The Contract Term is seven (7) years, with an option to extend the term by a further one (1) year.

The commencement and expiry dates for the Collection, Recyclables Acceptance and Organics Acceptance Contracts have been aligned.

The Contract is designed to commence on 1 April 2015 to coincide with the collection Contract.

Tenders

Tenders were received from:

Tenderers
Peter Foott Waste Collection Pty Ltd
Ellwaste (Elliott Holdings (Aust) Pty Ltd
Wheelie Waste Pty Ltd
Future Metals Recyclers Melbourne Pty Ltd (Non-conforming)
SKM Industries Pty Ltd
Visy Paper Pty Ltd (Non-conforming)

Tender Evaluation

Tenders were evaluated by:

Title	Branch
Greg McKenzie	Sustainable Development
Graeme Long	Sustainable Development
Michael Dwyer	Business
Rebecca Dalton	Office of the CEO

4. SUSTAINABLE DEVELOPMENT DIRECTORATE

4.4 Recyclables Acceptance and Sorting (continued)

Mr Ian Mitchell of CT Management Group provided the Evaluation Panel with assistance throughout the evaluation process. Ian is a qualified local government engineer with more than 35 years of experience. Key relevant experience has been in contract management and waste management, strategy development and service improvement.

Evaluation Criteria

Tenders were evaluated on the following criteria:

Evaluation Criteria	Weighting
Price	60%
Technical Ability and Project Delivery	15%
Quality and Audit Systems	10%
Environmental Management	10%
Local Economic Impact	5%

Council Plan/Key Strategic Activity

Section 2.1 Enhancing the Environment – Strategies – Review, adopt and commence implementation of the Waste and Resource Recovery Management Strategy.

The Waste and Resource Recovery Management Strategy was adopted in December 2013. The Summary of Actions indicates Council will improve the current waste diversion rate and investigate new opportunities to achieve reductions in the generation of waste.

Acceptance of the recommended tenderer provides for acceptance of pots and pans, large rigid plastics and some plastic films at the sorting facility, broadening the range of recyclables. This will assist Council in addressing these three actions.

Risk Management

Risks	Likelihood	Consequence	Rating	Mitigation Action
Delays in Contract Award	Unlikely	High	Moderate	Would need Ministerial Approval to allow extension of Contract
Contractor failing financially	Unlikely	High	Moderate	Financial Capability checks completed on tenders in contention as part of the Evaluation Process

Policy Considerations

The Sustainable Decision Making Policy includes Objectives including:

- Being more responsive to climate change
- Using our resources more efficiently
- Reducing our Environmental impact

The implementation of this Contract will broaden the range of materials recycled.

4. SUSTAINABLE DEVELOPMENT DIRECTORATE

4.4 Recyclables Acceptance and Sorting (continued)

Financial Implications

The budget for recyclables acceptance and sorting is integrated into current recyclables collection budget figure of \$778,000

Legal/Statutory Implications

Tender process has been carried out according to the requirements of *Section 186* of the *Local Government Act 1989*.

Council has extended existing collection contracts with the Approval of the Minister for Local Government. Council will need to seek a further extension if it decides to Re-Advertise.

Environmental/Sustainability Impacts

Only minor favourable environmental and sustainability impacts are anticipated from the acceptance of the Evaluation Panel's recommendation. This is provided by potential improved recycling quantities from:

- the minor expansion of the accepted range of recyclables
- the expansion of the range of recyclables bins available to cater for larger outputs within the collection Contract.

Strategic Links

a) Greater Shepparton 2030 Strategy

Directly relates to the Greater Shepparton 2030 Strategy

Topic: Environment: Conservation and enhancement of significant natural environments and cultural heritage.

Objective: 4.To reduce greenhouse gas emissions by local action, in the interests of current and future generations

Action: 4.2, 4.3

b) Other strategic links

The State Government Waste and Resource Recovery Policy is titled "Getting Full Value". Published in April 2013, this is the peak strategic document for Victoria for addressing the Federal Government's National Waste Policy: Less Waste, More Resources.

The document states "The decrease in waste to landfill and the increase in waste recovered are consistent with a shift in Victoria from waste management to resource recovery." and recognises that, while Victorians have improved their recycling rates across all waste streams from the mid-2000s, improvements have recently slowed.

Options for Consideration

1. Do Nothing (Withdraw the tender)

While Council may receive a better offer from re-tendering, this is unlikely, as tendering was quite competitive.

Re-tendering will require Ministerial approval to allow the extension of the Contract. The re-advertising process will impact on the satisfactory changeover of the collection Contract. In the interim, the current pricing under the extended Contract is not as favourable to Council as the recommended tender pricing.

4. SUSTAINABLE DEVELOPMENT DIRECTORATE

4.4 Recyclables Acceptance and Sorting (continued)

2. Support the Recommendation (Award Contract to recommended tenderer)
The Evaluation Panel's made its recommendation based on its assessment of the tenders with reference to the Evaluation Criteria provided. The Evaluation Panel has also taken into account issues such as Occupational Health and Safety, Financial Capacity, Tender Conformance and other risks. The tendered price provides the largest payment to Council available that met the contract requirements. The proposal scored well in the Technical Ability and Project Delivery. The tenderer provides accredited Quality and Environmental Management Systems. The Panel checked Referees, which provided further support for the Panel recommendation.
3. Defer a Decision Pending Further Information
Council may seek to defer their decision to provide them with any additional information requested to ensure fully informed decision. Any significant deferment will impact on the implementation of the collection Contract.
4. Council Select a Contractor of their own Choice
Council may select an alternative Contractor on the basis of reasonable account of the Evaluation Criteria and the principles of Best Value.

In making such a selection, Council may make a decision without being cognisant of all the background information applied by the Evaluation Panel. There is potential that Council's decision may be subject to appeal by tenderers on the basis of not reasonably taking account of Evaluation Criteria forming part of the Procurement Process.

Conclusion

The Evaluation Panel have taken into account the Evaluation Criteria as the basis for their recommendation to Council for acceptance of the tender submitted by SKM Industries Pty Ltd of Coolaroo for Contract No. 1467 - Recyclables Acceptance and Sorting and further recommendations that Council authorise the Chief Executive Officer to sign and seal the Contract documents and to extend the Contract after the Initial Contract Term should the CEO wish to exercise this option.

Attachments

Nil.

4. SUSTAINABLE DEVELOPMENT DIRECTORATE

4.5 Taking of the Question from the Table - Kerbside and other Organics Acceptance and Processing

Disclosures of conflicts of interest in relation to advice provided in this report

Under section 80C of the *Local Government Act 1989*, Council officers and others who are contracted to provide advice or services to the Council must disclose any conflicts of interests they have before any advice they provide is considered. Disclosures must be in writing, to the Chief Executive Officer and must specify the type and nature of the conflict.

No Council officers or contractors who have provided advice in relation to this report have declared a conflict of interest regarding the matter under consideration.

At the Ordinary Council Meeting held on Tuesday 16 September 2014, Cr Polan moved:

Moved by Cr Polan
Seconded by Cr Adem

That the matter lay on the table.

CARRIED

A decision was taken to lay the motion as presented on the table.

Moved by Cr Polan

That the Council resolves to take the question from the table.

CARRIED.

4. SUSTAINABLE DEVELOPMENT DIRECTORATE

4.6 Kerbside and other Organics Acceptance and Processing

Disclosures of conflicts of interest in relation to advice provided in this report

Under section 80C of the *Local Government Act 1989* officers and persons engaged under a contract providing advice to Council must disclose any conflicts of interests, including the type and nature of interest..

No Council officers or contractors who have provided advice in relation to this report have declared a conflict of interest regarding the matter under consideration.

Council Officers involved in producing this report

Author: Manager Environment

Proof reader(s): Director Sustainable Development

Approved by: Chief Executive Officer

Other: Consultant Ian Mitchell and Manager Waste Services

Executive Summary

Greater Shepparton City Council has been one of the early adopters of organics collection and processing in rural Victoria. In 2014, council diverted 5,417 Tonnes of kerbside green waste and a further 1,800 Tonnes from Resource Recovery Centres.

There is a clear direction coming from the State Government's "Getting Full Value" strategy to "target food waste as a key area of focus because of the environmental risk and financial costs causes".

Tendering documentation for the Organics Acceptance and Processing Contract provided Council with a choice of two alternative Contracts.

The panel recommends that Council accept the Kerbside and Other Organics Acceptance and Processing Contract. This Contract provides for delivery to the Processing Facility of resource recovery centre and parks and gardens material in addition to the kerbside collections. This reflects the current arrangements. The alternative Contract provided for kerbside collection organics only.

The Contract provides for the acceptance of green waste material for the initial period between commencement (1 April 2015) and a changeover date (1 July 2016), and then acceptance of full organics for the remainder of the Contract term. The organic material is to be processed using a fully enclosed atmosphere controlled vessel (closed vessel) system into compost, potting mix, soil, soil conditioner, mulch or some combination of these. The value added streams are required to be processed to comply with the relevant Australian Standard.

The Evaluation Panel recommends that the tender of Biomix Pty Ltd be accepted. The recommendation provides, in the opinion of the Evaluation Panel, the best balance of outcomes from the evaluation criteria. The tendered price is significantly lower than the next lowest tender. The Contract requires tenderers to provide composting through the more complex closed vessel system where temperature and moisture can be accurately controlled. The tenderer presently only provides a more basic windrow organics composting system, but intends to develop closed vessel if awarded the Contract. The provision of a second closed vessel processing plant will increase future local competition in the organics processing industry. Other evaluation responses were not sufficient to change the panel's recommendation.

4. SUSTAINABLE DEVELOPMENT DIRECTORATE

4.6 Kerbside and other Organics Acceptance and Processing (continued)

This Kerbside and other Organics Acceptance and Processing Contract and the Landfill Waste, Recyclables and Organic Collection Contract (1466) and Recyclables Acceptance and Sorting Contract (1467) are interdependent.

The purpose of this report is to provide information to Councillors so they can make an informed decision to:

1. support the recommendation, or
2. reject the recommendation, or
3. defer a decision pending provision of further information, or
4. select a contractor of their own choice

The value of the contract exceeds the amount which can be approved by Council's Chief Executive Officer under delegated authority and exceeds the tender thresholds stated in Section 186 of the Local Government Act 1989 (amended 2007).

RECOMMENDATION

That the Council:

1. accept the tender submitted by Biomix Pty Ltd of Stanhope for Contract No. 1468 – Kerbside and Other Organics Acceptance and Processing
2. authorise the Chief Executive Officer to sign and seal the contract documents, subject to an agreed clause providing milestones for completion of a closed vessel composting plant.
3. authorise the Chief Executive Officer to extend the Contract by the available 1 year extension at the conclusion of the Initial Contract Term should the Chief Executive Officer wish to exercise this option.

Contract Details

The Kerbside and Other Organics Acceptance and Processing Contract provides a Schedule of Rates for provision of organics processing services in conformance with the Contract.

The Contract Term is seven (7) years, with an option to extend the term by a further one (1) year.

As described in the Executive Summary, the Contract provides for the acceptance of green waste material for the initial period between commencement (1 April 2015) and a changeover date (1 July 2016), and then acceptance of full organics for the remainder of the Contract term.

The commencement and expiry dates for the Collection, Recyclables Acceptance and Organics Acceptance Contracts have been aligned.

The Contract is designed to commence on 1 April 2015 to coincide with the collection Contract.

4. SUSTAINABLE DEVELOPMENT DIRECTORATE

4.6 Kerbside and other Organics Acceptance and Processing (continued)

Tenders

Tenders were received from:

Tenderers
Western Composting Technology Pty Ltd
Western Composting Technology Pty Ltd (Non-Conforming 1)
Western Composting Technology Pty Ltd (Non-Conforming 2)
Transpacific Cleanaway Pty Ltd (Dutson Downs)
Transpacific Cleanaway Pty Ltd (Gerogery)
Biomix Pty Ltd

Tender Evaluation

Tenders were evaluated by:

Title	Branch
Greg McKenzie	Sustainable Development
Michael Dwyer	Business
Rebecca Dalton	Office of the CEO

Mr Ian Mitchell of CT Management Group provided the Evaluation Panel with assistance throughout the evaluation process. Ian is a qualified local government engineer with more than 35 years of experience. Key relevant experience has been in contract management and waste management, strategy development and service improvement.

Evaluation Criteria

Tenders were evaluated on the following criteria:

Evaluation Criteria	Weighting
Price	60%
Technical Ability and Project Delivery	15%
Quality and Audit Systems	10%
Environmental Management	10%
Local Economic Impact	5%

Council Plan/Key Strategic Activity

Section 2.1 Enhancing the Environment – Strategies – Review, adopt and commence implementation of the Waste and Resource Recovery Management Strategy.

The Waste and Resource Recovery Management Strategy was adopted in December 2013. The Summary of Actions indicates that Council will improve the current waste diversion rate, investigate new opportunities to achieve reductions in the generation of waste and extend the current green organics collection service to include all urban households currently having a waste collection service, thus transforming the standard waste collection service to a three bin service.

Acceptance of the recommended tenderer provides for initial acceptance of green organics through to July 2016, but then changes over to acceptance of full organics material. This will assist Council in addressing the above actions.

4. SUSTAINABLE DEVELOPMENT DIRECTORATE

4.6 Kerbside and other Organics Acceptance and Processing (continued)

Risk Management

Risks	Likelihood	Consequence	Rating	Mitigation Action
Delays in Contract Award	Unlikely	High	Moderate	Would need Ministerial Approval to allow extension of Contract
Contractor failing financially	Unlikely	High	Moderate	Financial Capability checks completed on tenders in contention as part of the Evaluation Process
Recommended tenderer not receiving all approvals and completing construction of in-vessel composting facility prior to or within an acceptable period of the commencement date	Possible	Moderate	Moderate	Termination clause allowing buffer and re-advertise
Level of contamination unknown	Almost certain	Moderate	High	Contract places level of contamination risk with the organics acceptance and processing Contractor

The recommended tenderer's pricing was significantly below alternative conforming and non-conforming tenderers. Whilst Biomix Pty Ltd have been processing municipal green waste by windrow processes for some time, they do not have a closed vessel composting system in place as required under the Contract. It is their intent to provide the required approvals and construct the processing plant prior to the commencement date (1 April 2015), or as a worst case scenario by 1 July 2015. It is recommended that Council mitigate the risk by including a termination clause within the Contract allowing Council to determine the Contract if key milestones are not met. Any determination should allow Council sufficient time to re-advertise without effecting continued acceptance of organic material.

The next lowest price alternative did not conform to the Contract as written. It proposed shedding the risk relating to collected material contamination back to Council.

Policy Considerations

The Sustainable Decision Making Policy includes Objectives including:

- Being more responsive to climate change
- Using our resources more efficiently
- Reducing our Environmental impact

The implementation of this Contract will significantly increase the quantity and broaden the range of organics materials processed.

4. SUSTAINABLE DEVELOPMENT DIRECTORATE

4.6 Kerbside and other Organics Acceptance and Processing (continued)

Financial Implications

The approved budget is \$918,000 2014/2015.

Legal/Statutory Implications

Tender process has been carried out according to the requirements of *Section 186* of the *Local Government Act 1989*.

Council has extended existing collection contracts with the Approval of the Minister for Local Government. Council will need to seek a further extension if it decides to Re-Advertise.

Environmental/Sustainability Impacts

Significant favourable environmental and sustainability impacts are anticipated from the acceptance of the Evaluation Panel's recommendation. This is provided by the expansion of the number of residences serviced by organics collection and the inclusion of full organics collection after 1 Jul 2016. Despite collection of methane at the landfill, this collection is not 100% effective. Diversion of organic material from landfill and processing into re-usable products will mitigate the greenhouse gas consequences of methane production and provide a valuable resource to the community.

Strategic Links

a) Greater Shepparton 2030 Strategy

Directly relates to the Greater Shepparton 2030 Strategy

Topic: Environment: Conservation and enhancement of significant natural environments and cultural heritage.

Objective: 4.To reduce greenhouse gas emissions by local action, in the interests of current and future generations

Action: 4.2, 4.3

b) Other strategic links

The State Government Waste and Resource Recovery Policy is titled "Getting Full Value". Published in April 2013, this is the peak strategic document for Victoria for addressing the Federal Government's National Waste Policy : Less Waste, More Resources.

The document states "Government will target food waste as a key area of focus because of the environmental risk and financial costs it causes" and proposes that it will "Partner with local government to increase household awareness of the benefits of reducing waste, particularly food waste through statewide information campaigns."

The document intimates that there may be additional future landfill costs for Councils who are not pro-active with introduction of organics collection and processing and places further emphasis on food and green organics to avoid the negative environmental impacts, including odour, methane production and groundwater contamination.

Options for Consideration

1. Do Nothing (Withdraw the tender)

While Council may receive a better offer from re-tendering, this is unlikely, as tendering was quite competitive.

Re-tendering will require Ministerial approval to allow the extension of the Contract. The re-advertising process will impact on the satisfactory changeover of the collection Contract. In the interim, the current pricing under the extended Contract is not as favourable to Council as the recommended tender pricing.

4. SUSTAINABLE DEVELOPMENT DIRECTORATE

4.6 Kerbside and other Organics Acceptance and Processing (continued)

2. Support the Recommendation (Award Contract to recommended tenderer)
The Evaluation Panel's made its recommendation based on its assessment of the tenders with reference to the Evaluation Criteria provided. The Evaluation Panel has also taken into account issues such as Occupational Health and Safety, Financial Capacity, Tender Conformance and other risks. The tendered price provides a significant cost reduction to Council. The proposal was inspected on the ground and performed acceptably in the Technical Ability and Project Delivery. They are presently processing organic material from the Melbourne metropolitan area, together with the local agricultural processing sector. Whilst the present processing system does not meet the Council's Contract requirements, the tenderer intends to provide the required upgrades. The tenderer provides an accredited Environmental Management System and although the Quality System is not accredited, it provides outputs meeting the relevant Australian Standard. This requires that systems meet particular standards during the process and meets the typical industry requirements. The Panel checked Referees, which provided further support for the Panel recommendation.
3. Defer a Decision Pending Further Information
Council may seek to defer their decision and request officers to provide them with additional information to ensure a fully informed decision can be reached. Any significant deferment will impact on the implementation of the collection Contract.
4. Council Award Contract to an Alternative Tenderer
Council may select an alternative Contractor on the basis of reasonable account of the Evaluation Criteria and the principles of Best Value.

In making such a selection, Council may make a decision without being cognisant of all the background information applied by the Evaluation Panel. There is potential that Council's decision may be subject to appeal by tenderers on the basis of not reasonably taking account of Evaluation Criteria forming part of the Procurement Process.

Conclusion

The Evaluation Panel has taken into account the Evaluation Criteria as the basis for their recommendation to Council for acceptance of the tender submitted by Biomix Pty Ltd of Stanhope for Contract No. 1468 1468– Kerbside and Other Organics Acceptance and Processing. The recommendation is subject to agreement to a clause providing milestones for completion of a closed vessel composting plant. It further recommends that Council authorise the Chief Executive Officer to sign and seal the Contract documents and to extend the Contract after the Initial Contract Term should the CEO wish to exercise this option.

Attachments

Nil.

4. SUSTAINABLE DEVELOPMENT DIRECTORATE

4.6 Kerbside and other Organics Acceptance and Processing (continued)

**Moved by Cr Summer
Seconded by Cr Adem**

1. abandon the tender selection process and not award the contracts
 - a. Contract No. 1466 – Landfill waste, Recyclables and Organics Collection
 - b. Contract No. 1467 – Recyclables Acceptance and Sorting
 - c. Contract No. 1468 – Organics Acceptance e and Processing / Kerbside and Other Organics Acceptances and Processing.
2. that the Council authorise the Chief Executive Officer to notify the tenderers for the above tenders that the process has been abandoned and that contracts will not be awarded
3. that the Council authorise the Chief Executive Officer to commence the tender process for the following services to be overseen by a Probity Auditor appointed by the Chief Executive Officer:
 - a. Landfill Waste, Recyclables and Organics Collection
 - b. Recyclables Acceptance and Sorting
 - c. Organics Acceptance and Processing / Kerbside and Other Organics Acceptance and Processing

CARRIED.

MEETING CLOSED AT 5.38PM