

5.4. TENDER FOR OPERATION & MAINTENANCE OF KILLALOE TRANSFER STATION & LANDFILL

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RECOMMENDATION

That Council:

- 1. Awards Contract 2022-049 – Operations & Maintenance of Killaloe Transfer Station & Landfill to Remondis Australia Pty Ltd & FGF Developments No 1 Pty Ltd (ABN 60 323 019 152) for \$8,798,034.21 (GST exclusive).**
- 2. Delegates authority under s 257 of the *Local Government Act 2009* to the Chief Executive Officer to negotiate, finalise and execute any and all matters in relation to this contract.**

EXECUTIVE SUMMARY

Douglas Shire Council requires a contractor to operate and maintain Killaloe Transfer Station and Landfill.

The Tender for five (5) years with two (2) one (1) year options was advertised through the Vendor Panel Online Platform. Council received two (2) conforming and two (2) non-conforming submissions in total.

All submissions were assessed by the evaluation committee. This evaluation process was weighted with 30% price criteria and 70% weighting for the non-price criteria.

The tender price of \$8,798,034.21 (GST exclusive) over the seven (7) year term, submitted by Remondis Australia Pty Ltd & FGF Developments No 1 Pty Ltd under the joint venture 'Springmount Waste Management Facility' [SWMF] was the lower of the two (2) conforming tenders.

SWMF has extensive waste management experience and is currently engaged by Council to cart and dispose of landfill waste material from Killaloe Transfer Station, given that Killaloe Landfill has reached capacity.

Based on the results of the evaluation, SWMF is the recommended tenderer for the contract. They provided a comprehensive submission and demonstrated a strong understanding of the contract scope.

BACKGROUND

Douglas Shire Council's current contract for the operations and maintenance of Killaloe Transfer Station and Landfill ends on 31 January 2023, all extension options have been exhausted.

The contract includes the day-to-day management of the transfer station such as management of the disposal bays, recovery of materials, loading of landfill waste for offsite disposal and assisting customers; and maintenance of the closed landfill, which includes slashing, mowing and leachate well measurements.

The contract holder is also required to ensure that Council complies with its Environmental Authority requirements.

COMMENTS

Council issued an open tender invitation through Vendor Panel for 2022-049 Operations and Maintenance of Killaloe Transfer Station and Landfill. The Vendor Panel reference number is VP317650. Tables 1 & 2 indicate the submissions received.

Table 1. Received Submissions Summary

Tenderer	Located
JORGJI Pty Ltd	Bardon, QLD 4065
Marrin Pty Ltd	Whyanbeel, QLD 4873
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Remondis Australia Pty Ltd & FGF Developments No 1 Pty Ltd	Arriga, QLD 4880

An initial compliance check was conducted on the received submissions to determine non-conforming and alternative offers from the requirements of the Request for Tender (RFT). This included compliance with the contractual requirements and provision of requested information.

Table 2. Received Submissions

Tenderer	Price over 7 year term	Offer	Status
Remondis Australia Pty Ltd & FGF Developments No 1 Pty Ltd	\$ 8,798,034.21	Comparative	Conforming
2	\$ 12,826,373.28	Comparative	Conforming
3	\$ 0	Non-Comparative	Non-Conforming
4	\$ 0	Non-Comparative	Non-Conforming

The price over the seven (7) year term has been calculated based on the daily price submitted by tenderers, with an estimated 3% CPI increase per year.

Evaluation of the submissions received was conducted by:

Table 3. Evaluation Panel Members

Position	Department
Technical Officer Resource Management	Environment & Planning
Technical Officer Waste Education	Environment & Planning
Environmental Health Officer	Environment & Planning

Two of the four submissions were accepted by the evaluation panel for assessment on the basis that all terms, conditions, and mandatory requirements of the RFT had been substantively met.

During the evaluation process, submissions were assessed against the evaluation criteria detailed in the RFT documentation.

Specific criteria were weighted according to their importance in delivering the project successfully and providing the best overall value for money solution in accordance with Council's procurement policies.

The weighting attributed to each criterion is outlined in Table 4.

Table 4. Evaluation Criteria

Criteria	Weighting
Relevant Experience & Availability	15%
Key Personnel Skills & Communication	15%
Resources & Management Skills	10%
Demonstrated Understanding & Methodology	10%
Business Profile (Local, Social & Sustainability)	20%
Value for Money	30%
	100%

Each Tenderer's score and rankings are shown in Table 5.

Table 5. Tenderer's Ranking and Scoring

Tenderer	Weighted Score							Rank
	Experience & Availability (15%)	Personnel & Communication (15%)	Resources & Management (10%)	Understanding & Methodology (10%)	Business Profile (20%)	Value for Money (30%)	Total %	
Remondis Australia Pty Ltd & FGF Developments No 1 Pty Ltd [SWMF]	13.50	13.25	8.73	8.50	16.53	30.0	90.52	1
2	11.00	12.25	8.83	9.17	17.67	21.20	80.12	2

The green shading in the above table indicates the highest score for the criteria. Based on the results of the evaluation, SWMF is the recommended tenderer for the contract. SWMF provided a comprehensive submission in terms of understanding the scope of the contract. The offer from SWMF is \$4.03 million less than the competing conforming submission over the seven (7) year contract term.

PROPOSAL

That Council:

1. Awards Contract 2022-049 – Operations & Maintenance of Killaloe Transfer Station & Landfill to Remondis Australia Pty Ltd & FGF Developments No 1 Pty Ltd (ABN 60 323 019 152) for \$8,798,034.21 (GST exclusive).
2. Delegates authority under s 257 of the *Local Government Act 2009* to the Chief Executive Officer to negotiate, finalise and execute any and all matters in relation to this contract.

FINANCIAL/RESOURCE IMPLICATIONS

Council has budgeted \$640,000 excluding GST in the 2022/23 Council Budget for the operations and maintenance of Killaloe Transfer Station and Landfill. This was intended to cover seven (7) months of the current contract and five (5) months for the new contract commencing 1 February 2023. The recommended tenderer will require the budget to be revised to \$770,000 excluding GST for the 2022/23 financial year, a \$130,000 increase on the Operational budget. The 2023/24 budget for the contract will need to increase a further \$391,000.00 on the 2022/23 year.

Table 6.

FY	Current Contractor	SWMF	TOTAL (exc. GST)	Budgeted	Revised Budget	Notes
2021/22	\$483,327.20	\$ 0	\$483,327.50	\$ 490,000	n/a	12 months of current contractor
2022/23	\$284,795.00	\$483,518.54	\$768,313.54	\$640,000	\$770,000	7 months of current contractor, 5 months of new contractor
2023/24	\$0	\$1,160,444.50	\$1,160,440.50		\$1,161,000	
2024/25	\$0	\$1,195,257.84	\$1,195,257.84		\$1,196,000	
2025/26	\$0	\$1,231,115.57	\$1,231,115.57		\$1,232,000	
2026/27	\$0	\$1,268,049.04	\$1,268,049.04		\$1,269,000	
2027/28	\$0	\$1,306,090.51	\$1,306,090.51		\$1,307,000	
2028/29	\$0	\$1,345,273.22	\$1,345,273.22		\$1,346,000	
2029/30	\$0	\$808,285.00	Unknown		Unknown	7 months, contract ends 31/01/2030
		\$8,798,034.21				

The price over the seven (7) year term has been calculated based on the daily price submitted by tenderers, with an estimated 3% CPI increase per year. The contract is subject to a rise and fall calculations.

RISK MANAGEMENT IMPLICATIONS

Springmount Waste Management Facility [SWMF] is a joint venture between Remondis Australia Pty Ltd and FGF Developments Pty Ltd which has been operating for approximately eighteen (18) years. SWMF have extensive experience in the waste and transport industry and manage an engineered landfill at Springmount in Mareeba Shire.

Council contract supervision will ensure the contract is performing to the required standard, which includes complying with Council's Environmental Authority.

The risk of not awarding this contract, is that Council would be in breach of its Environmental Authority by not providing site supervision and maintenance activities. Closure of the site would have a major impact on the Shire's ability to manage waste, which is an essential public service. This would negatively impact the Shire's kerbside general waste collection service, local businesses, residents and recycling initiatives.

SUSTAINABILITY IMPLICATIONS

- Economic:** Waste management is an essential public service. Killaloe Transfer Station and Landfill is the largest of Council's four (4) transfer stations and is a critical waste management site for the Douglas Shire, serving local businesses and the community. Effective and compliant waste management comes at a significant cost and these costs need to be reflected in fees and charges.
- Environmental:** The contract will allow Council to continue to work towards reducing waste to landfill and increase resource recovery in line with Council's Waste Reduction and Recycling Plan.
- Social:** Proper waste management improves human health and creates liveable communities.

CORPORATE/OPERATIONAL PLAN, POLICY REFERENCE

This report has been prepared in accordance with the following:

Corporate Plan 2019-2024 Initiatives:

Theme 1 - Celebrating Our Communities

Douglas Shire Council embraces the diversity of our communities and values the contribution that all people make to the Shire. We recognise that it is a core strength of the region. We acknowledge our past so that it may guide us in the future. We recognise the wrongs done to our Indigenous community and we actively seek to reconcile so that we may all benefit from and enjoy our Shire. We acknowledge early European settlers who forged an agricultural base for our economy and we welcome all new arrivals as part of our broader community.

Goal 2 - We will deliver programs and services that protect and enhance the liveability of our beautiful Shire.

Theme 2 - Fostering Sustainable Economic Growth

A robust economy is at the heart of a thriving community and enables investment in environmental protection. While our remoteness is a key attribute, it also presents challenges for attracting new business and investment. We must also meet the challenges of fierce competition in the tourism sector. Council will partner with industry to build, diversify and promote the Douglas economy. Council will design and deliver infrastructure, strategies and services that support the local economy and businesses.

Goal 1 - We will build appropriate infrastructure and deliver services that connect and support businesses.

Theme 5 - Robust Governance and Efficient Service Delivery

Strong governance and financial management are the foundations of the way in which Council will conduct its business and implement the initiatives of the Corporate Plan.

Goal 1 - We will conduct Council business in an open and transparent manner with strong oversight and open reporting.

Goal 3 - *We will make sound financial decisions by ensuring robust strategic planning, financial management and reporting.*

Operational Plan 2022-2023 Actions:

Waste Reduction and Recycling Plan - *Implementation of the Waste Reduction and Recycling Plan to reduce waste generation and increase resource recovery in Douglas.*

COUNCIL'S ROLE

Council can play a number of different roles in certain circumstances and it is important to be clear about which role is appropriate for a specific purpose or circumstance. The implementation of actions will be a collective effort and Council's involvement will vary from information only through to full responsibility for delivery.

The following areas outline where Council has a clear responsibility to act:

Service Provider Council provides many services to the community from roads and waste services to libraries and recreational facilities. Services evolve over time and it is the Council's mission to ensure that these services are appropriate, delivered efficiently, and designed with the customer at the centre.

CONSULTATION

Internal: Environment & Planning Team
 Procurement Team
 Councillor Workshop 13 September 2022.

External:

ATTACHMENTS

Nil