

# Project Procurement Plan

**Sourcing Activity** Waste Processing Facility – Stages 1 & 2 of the West Nowra Resource Recovery Park

**Ref Number** 55454E

**Description** Design, construction, operation and transfer to Council of a Waste Processing Facility in accordance with the development consent dated 25 August 2016 as approved and issued to Council by the delegate for the Minister for Planning.

01/05/2017 (revised 31/07/2018)

## Version Control

Version	Description of Change	Author	Date
1	For approval	[REDACTED]	01/05/17
2	Revised as new Project Evaluation Plan	[REDACTED]	31/7/18

# Table of Contents

<b>1</b>	<b>Executive Summary</b>	<b>4</b>
2	Scope of Requirement	4
2.1	Stage 1 works	4
2.2	Stage 2 activities	5
3	Background	5
3.1	Background to purchase	5
3.2	History of procurement activities	6
3.3	Business Requirements	7
3.4	Key issues	7
3.5	Link to organisational strategy / corporate plan	8
4	Procurement Objectives	9
4.1	Diversion from the existing landfill at West Nowra	9
4.2	Beneficial use of waste diverted from landfill	9
4.3	Provision and operation of a Waste Processing Facility that reflects well on the Council	10
4.4	Measure of success	10
5	Estimate of Value	10
5.1	Capital cost and Council contribution	10
5.2	Amortisation of remaining capital cost, operations & maintenance cost	10
5.3	Whole-of-life	11
5.4	Project value	12
5.5	Net Present Value	12
5.6	Annual cost	12
6	Budget / Financial Considerations	12
7	Tender	13
8	Sourcing Project Team	13
8.1	The Working Group	14
8.2	The Project Evaluation Team	14
8.3	The Project Negotiation Team	15
9	Current Situation	15
10	Spend Analysis	15
11	Refer to initial cost benefit analysis (TRIM document D18/141018). Market Analysis	15
12	Sourcing Strategy	15
13	Contract Management Arrangements	16
14	Project Plan	16
15	Project Assessment Criteria	17
16	Project Procurement Plan Approval	18



# 1 Executive Summary

As the population of the Shoalhaven continues to grow and continues to produce waste at increasing per capita rates, it also continues to fill its only available putrescible landfill at West Nowra.

By undertaking a procurement process for the design, construction, operation and transfer to Council of a Waste Processing Facility, Council is taking timely and responsible action to secure its medium and long term landfilling capability and achieve state government WARR Strategy targets for 2021 as published in accordance with its Waste Avoidance and Resource Recovery Act 2001.

The Consent Authority has approved and provided **Development Consent** to Council for its Staged Development Application SSD 7015, for:

- Council's **concept proposal** for the development of a resource recovery facility at 114 Flatrock Rd Mundamia, designed to process up to 130,000 tonnes of waste per annum and subject to the concept proposal conditions in **Schedule B** of the Development Consent; and
- the **Stage 1 works**, subject to the conditions in **Schedule C** of the Development Consent.

The development is classed *state significant development* (SSD), complementing another separate but yet to be approved SSD to extend the West Nowra landfill into land adjacent to its current location. Both developments utilise 2014 changes to biodiversity requirements for such projects, which provided a mechanism for synergies and integrated use between the two parcels of land.

In order to develop 114 Flatrock Rd, Council has relocated the animal shelter that was occupying that site to a new Council built animal shelter at BTU Rd.

The procurement will require the Contractor to obtain further development consent and other authorisations for the **Stage 2 Activities**, being to:

- design and construct the Waste Processing Facility with its associated processing technology, and
- operate the facility to process Council's waste on a long term lease basis.

**The successful Contractor will carry out the approved Stage 1 works, and upon receiving the necessary authorisations, the Stage 2 Activities.**

Council will retain ownership of the land and buildings, and at the end of the lease acquire the processing infrastructure.

The procurement will result in:

- a significant extension of the life of the West Nowra landfill, avoiding costly development of a new landfill site;
- regional access to alternative waste technology to extend the benefits of landfill diversion beyond the Shoalhaven;
- minimal impact on the cost of Waste Services to Shoalhaven ratepayers.

## 2 Scope of Requirement

### 2.1 Stage 1 works

- (a) Demolition of existing buildings
- (b) Clearing of land
- (c) Site grading

- (d) Provision of basic infrastructure including:
  - (i) security fencing and gates
  - (ii) offices and amenities
  - (iii) a new site entrance for heavy vehicle access
  - (iv) site access roads
  - (v) drainage works and detention basins
  - (vi) utilities
  - (vii) car parking
  - (viii) preparation of asset protection zones for bushfire protection

## 2.2 Stage 2 activities

- (a) Refer to Request for Tender RFT No. 55454E Waste Processing Facility (TRIM documents D17/261322 to D17/261327).

# 3 Background

## 3.1 Background to purchase

Council provides essential waste services to the community, and is responsible for the collection of household waste and recycling materials from the kerbsides and roadsides of 54,000 plus properties across the Shoalhaven. The majority of the properties serviced are residential, however Council also permits businesses to utilise the domestic waste collection service.

Suez Recycling & Recovery Pty Ltd (Suez) is the contractor currently engaged by Council to carry out the domestic waste collection service, which, along with the corresponding waste disposal and recycling fees, ratepayers fund via the domestic waste management charges levied against each property. Waste disposed to landfill from the 80L, 120L & 240L red-lid mobile garbage bins on a weekly basis currently adds to about 28,400 tonnes per year. This disposal represents a significant proportion of landfill operation costs and contributes to the use of about 30,000 m<sup>3</sup> per year of landfill space. On top of this, it costs Council almost \$4 million per year in waste levy contributions to the state government, on which the federal government claims another 10% in GST because the state government is providing a service through the contributions.

Approximately 13,000 tonnes per year of recyclables collected by Suez, from 240L yellow-lid mobile recycling bins on a fortnightly basis and 120L yellow-lid mobile rural recycling bins on a weekly basis, are delivered to a material recovery facility (MRF), operated by another contractor of Council (Shoalhaven Recycling). As well as the environmental benefits, this arrangement is cheaper than what the cost of the state government levy alone, if these materials were to be disposed to landfill.

The increased state government contributions required over the last 10-15 years has made landfill diversion activities more and more desirable. The largest proportion of total annual amounts of waste going to landfill (recently in the range of 60,000-65,000 tonnes) is that from the domestic waste collection (45%). Council has been looking into processing this mixed residual waste since 2003, creating an Alternative Waste Processing Technologies Working Group in 2004.

## 3.2 History of procurement activities

In **2009/2010**, Council resolved to call for tenders for the collection and processing of waste / recycling / organics using an innovative 2-bin organics and dry waste system, as trialled successfully at Greenwell Point, upon the recommendation of staff, but further decided tenders must include an option to go with an orthodox 3-bin system collection promoted by the EPA. However, during the ensuing tender and evaluation period some councillors used the media in an effort to push for the status quo (red waste and yellow recycling bin only). Following this push and other negative media coverage over the change from weekly to fortnightly collection of the red waste bin associated with the introduction of a 3-bin FOGO system at Penrith, Council proceeded to reject tender results recommended by staff for a new kerbside collection system and a new food and garden organics processing facility (amongst other items). Under the resulting extenuating circumstances, Council resolved to extend the existing 10-year collection & MRF contract for 12 months, and call tenders for new 6-year collection and MRF contracts, based on the status quo 2-bin waste and recycling collection systems. These two new contracts commenced in **July 2011**.

In **2013** a selective tendering process commenced, calling for expressions of interest to process domestic waste. In **February 2014**, Council resolved to shortlist 3 of the EOI applicants. All 3 offered alternative waste technologies to process red-lid bin waste and depot drop off domestic and commercial wastes to significantly improve resource recovery and diversion of waste from landfill.

However, in **March 2014** the NSW government announced, and in **October 2014** brought into effect, the Biodiversity Offsets Policy for Major Projects, to apply to *state significant development (SDD)* and *state significant infrastructure*. Council saw an opportunity to secure critical landfill space in the land adjacent to the current landfill, a part of which Council was intending to use for the proposed domestic waste processing facility. By utilising the new policy, Council could increase the capacity of the existing landfill by extending it into the adjacent land, thereby extending its life, and more so in conjunction with the development of the West Nowra RRP at a different location.

As endorsed by Council in **April 2015**, staff obtained the SEARs for a new SSD application and EIS to develop the RRP on the existing animal shelter site, and the DA for the lot into which the landfill could now extend, was withdrawn.

With Council resolving in **July 2015** to relocate the animal shelter to 19 BTU Road South Nowra, GHD was engaged to prepare an EIS and SSD application (SSD 7015) for development of a 130,000 tpa RRP at 114 Flatrock Rd, Mundamia. Council lodged the application with the Department of Planning and Environment in **January 2016**.

In **January 2016**, Council also engaged Arcadis as the Principal Consultant for the related but separate EIS and SSD application for extension of the existing landfill.

On **25 August 2016**, the Consent Authority provided Development Consent for the concept proposal with conditions of consent for the Stage 1 works of the staged development described in SSD 7015.

In **February 2017**, due to:

- (a) the time taken since 2014 to:
  - (i) apply for and obtain the approval of the SSD for the RRP, and
  - (ii) meet development requirements for relocating the animal shelter; and
- (b) the time still required to:

- (i) build the new animal shelter and complete the tender process for the RRP, and
- (ii) obtain the approval of the SSD for the landfill extension; and
- (c) the failure of 1 of the 3 shortlisted EOI applicants to satisfactorily progress its technology since 2013,

Council considered and resolved **not to continue the EOI / selective tender process**, and commence **an open tender process** for the procurement. This was to ensure the benefits of advancements in available technology (if any) may be realised, and the perceived new competitiveness in the market will not be missed.

Tenders were advertised on 19 August 2017 and closed on 14 February 2018. Four tenders were received from three companies, one as an alternative. Following a tender assessment process, Council on 26 June 2018 resolved to reject all tenders and enter into negotiations with Bioelektra Australia and/or Re.Group Pty Ltd, including a working group tour of the facilities in Eastern Creek and Poland.

On **28 February 2017** Council also exercised its options to extend the two 6-year kerbside collection and MRF contracts for an additional period of 3 years, with both now due to expire on **30 June 2020**.

### 3.3 Business Requirements

The procurement should fulfil the following business requirements of Council.

- (a) Minimise/delay preparatory and capital intensive works required to determine a satisfactory location for, and develop, a new landfill in order to benefit the environment, financial position of Council, and political issues associated with searching for, consulting with stakeholders on and selecting a new landfill site.
- (b) Maximising the life of the current landfill.
- (c) Meeting or substantially moving towards meeting NSW WARR Strategy resource recovery and landfill diversion targets for municipal solid waste, C&I waste and C&D waste.
- (d) Meeting legal, safety and environmental obligations with respect to avoidance, handling and disposal of waste.
- (e) Maintaining reasonable costs for the domestic waste management charges continually applied to property owners and participating businesses.
- (f) Creating meaningful employment (through a contractor) in servicing the essential waste processing needs of the city.
- (g) Providing capability to assist in the regional diversion of waste from landfill through effective processing of the residual waste contents of red-lidded kerbside bins, from other LGAs.

### 3.4 Key issues

Some of the key issues associated with this project include the following.

- (a) Under the state government's Biodiversity Offsets for Major Projects Policy, the OEHL has determined that Council needs to purchase and retire 133 ecosystem credits and 52 squirrel glider credits in accordance with the EIS and the BOS and BAR of the RTS, and any modifications approved by the OEHL. The successful company cannot commence until they receive confirmation from Council of the retirement of the credits.

- (b) Council has obtained development consent for its concept proposal and for Stage 1 works, and an EPL for scheduled development. The successful company will be responsible for obtaining all necessary further development consents and authorisations (including upgrading of the EPL to include for scheduled activities, upon Council transferring its EPL) for the Stage 1 and Stage 2 activities.
- (c) Ensuring quality of and markets for processing products to maximise diversion from landfill.
- (d) Timely construction and start-up. The earlier that operation activities commence, the greater the increase in landfill life.

### 3.5 Link to organisational strategy / corporate plan

The procurement is for an essential service benefiting the community and the environment, and links in with the following CSP key priorities for the CSP themes of resilient, safe and inclusive communities; sustainable, liveable environments; prosperous communities; and responsible governance:

- Build inclusive, safe and connected communities
- Protect and showcase the natural environment
- Maintain and grow a robust economy with vibrant towns and villages
- Deliver reliable services that meet daily community needs
- Provide advocacy and transparent leadership through effective government and administration
- Inform and engage with the community about the decisions that affect their lives

The project will assist Council to fulfil the following delivery program goals (G) and operational plan actions (A):

- (a) Provide solid waste and recycling collection, resource recovery and landfilling (G)
- (b) Maintain and enhance solid waste services (A)
- (c) Maintain and enhance the natural environment (G)
- (d) Develop and implement strategies to maintain and enhance the natural environment (A)
- (e) Work with business, government and other entities to build a strong and productive Shoalhaven economy (G)
- (f) Actively pursue innovative processes and new technologies for the benefit of the Shoalhaven community (G)
- (g) Develop and implement strategies that encourage business growth and job creation (A)
- (h) Focus on key outcomes relating to: transport and other related infrastructure; liveability and lifestyle; labour force capability; future economic vision (A)
- (i) Work with others to achieve positive land use planning outcomes for Shoalhaven City (A)
- (j) Maintain and improve Council's reputation and brand within the community and throughout the region (G)



- (k) Identify and pursue opportunities for investment in property and proactively manage Council's property portfolio to maximise returns (G)
- (l) Build community awareness and involvement in the natural environment (G)
- (m) Continue to inform and consult with the community about planning and development policies and applications in accordance with legislative requirements (G)
- (n) Inform and consult with the community in accordance with the community consultation policy for development applications (A)

## 4 Procurement Objectives

### 4.1 Diversion from the existing landfill at West Nowra

Commissioning a Waste Processing Facility at the new resource recovery facility will secure approximately 3 to 10 years of additional life for the current West Nowra landfill, by diverting, processing and recovering a majority of the waste currently destined for the landfill. It will also secure another 30 to 40 years at the West Nowra landfill extension for which an EIS is currently being prepared for submission to State Planning to approve the development.

Landfill space availability is a key factor showing the objectives, benefits and risks of the success or otherwise of the procurement of a Waste Processing Facility.

#### *What happens if landfill space is not increased?*

**Table 1**

Projected Landfill Life	No Waste Processing Facility	Waste Processing Facility commissioned by 2021
Existing landfill	2024	2029
Landfill extension (if approved)	2030	2061

Table 1 shows that if the state Department of Planning and Environment does not approve the landfill extension that Council is currently in the process of applying for via a separate SSD application, **the success of the Waste Processing Facility becomes critical for the Shoalhaven to continue to have landfill space available beyond 2024/25.**

The non-approval of landfill extension would also need Council to undertake and complete the lengthy and challenging tasks of sourcing a new landfill location, engaging the community on it, and obtaining development consent and an environmental protection licence for it by 2029.

Beyond 2029, there will be a need to transport the Waste Processing Facility residue elsewhere for disposal (most likely at significant additional cost, especially if there is no other putrescible landfill within the Shoalhaven).

Without a Waste Processing Facility, the approval for extension of the existing landfill will become a necessary bridging solution allowing current practices to continue, but only until 2030.

### 4.2 Beneficial use of waste diverted from landfill

It is important for such a large contract that the products coming out of the Waste Processing Facility are of sufficiently desirable quality for the markets into which it is

intended to sell, deliver and use them. Product must continually move from and not be over-stockpiled at the facility.

#### 4.3 Provision and operation of a Waste Processing Facility that reflects well on the Council

Council seeks a reputable Contractor that has a full understanding of the requirements of the facility and how to program and manage the successful implementation of the construction and operation aspects of the project.

#### 4.4 Measure of success

- (a) Timely construction and commissioning into operation of a Waste Processing Facility that meets specified diversion targets.
- (b) Implementation of product distribution plans that minimise on-site stockpiling.
- (c) A good and open relationship between Council staff and Contractor staff during the each phase of the contract.

### 5 Estimate of Value

#### 5.1 Capital cost and Council contribution

Council will pay up to **\$10 million contribution to the capital costs** of the Waste Processing Facility, in the form of milestone payments, during the Construction Phase (\$9m) and the first 2 years (\$1m) of the 20 year Operating Term.

The RRP approval for 130,000 tpa is based on:

- 65,000 tpa organic waste (separated organics or mixed garbage), plus
- 40,000 tpa inorganic light dry waste streams sourced from mixed waste bins, depot transfer bins, and retail/commercial businesses, plus
- 15,000 tpa mixed C&D waste (mainly skip bins), plus
- 10,000 tpa or other recyclable materials (eg. garden, wood, scrap steel & concrete).

An estimate in the order of **\$45 million** is reasonable for a contractor to design, construct, install and commission a Waste Processing Facility to process up to 65,000 tonnes per annum of mixed waste, upgradable to say 85,000 tpa.

#### 5.2 Amortisation of remaining capital cost, operations & maintenance cost

Council will meet the rest of the construction and operation activity costs of the Contractor through **payment of the Contractor's gate rate per tonne of waste processed**, as adjusted in accordance with the contract throughout the operating term. Council does not guarantee the Contractor the amount of tonnes of waste it will deliver to the facility.

Rough estimates :

Total **Contractor operations costs of \$111m** for the operating term, averaging about **\$5.5m per year**, based on about 25 staff and 2000MWh. **First operating year ~\$3.9m.**

Total **Contractor maintenance costs of \$101m** for the operating term, averaging about **\$5m per year**, based on a split of the \$45m upfront capital cost of construction

into about \$20m building and \$25m plant, requiring corresponding estimated maintenance costs of 3% and 7.5% per year, with about 25% for overheads and margin. **First operating year ~\$3.6m.**

### 5.3 Whole-of-life

The successful company will likely have loan interest costs on the \$45m less \$10m capital investment. The **\$35m principal payments** would build to about **\$1.6m per year** for each operating year. At 4% pa, a total of about **\$17.3m interest payments** would consist of amounts building to about \$1.4m for the first operating year and dropping to about \$0.1m for operating year 20.

The total principal and interest repayments would **total \$52.3m**. Taking into account the \$10m Council contribution, the **actual total cost of capital of \$62.3m** is in line with the **\$65m estimate provided in the development application**.

Other estimated totals:

**1,330,300 tonnes of streams containing processables**

674,500 tonnes domestic red-lid bins --> straight to Waste Processing Facility

Funding to process these materials and landfill the residue comes from the annual domestic waste management charges applied to properties utilising the service. Based on cpi and population growth using the 2017/18 average of \$370 per service for 51,683 non-commercial ratepayers, the funding is estimated at **\$331.7 million** over the 20 years.

655,800 tonnes domestic & C&I drop offs (WN) and transferred drop offs

Funding to process these materials and landfill the residue comes from the users of Council's transfer stations. It is estimated that Council will obtain transfer station income from depot users of **\$322.5 million** over the 20 years.

→ **220,800 tonnes** of dropped off domestic & C&I and transferred waste streams (40%, 30% and 40% by weight of the respective streams) *assumed* to be easily removable from AWT feed by Council's preliminary sorting at the transfer stations. For the purpose of estimating it was assumed:

- **110,400 tonnes** (50%) would be diverted to reuse and recycling, and
- **110,400 tonnes** (50%) would go to landfill.

This preliminary diversion represents about \$23.85m levy and levy GST savings over the 20 years (**\$1.2m pa**). It could also represent sales of scrap metal in the vicinity of **\$0.2m-\$0.5m pa**.

→ **1,109,500 tonnes processed at the AWT by the contractor** (commencing at 50,000tpa and rising to about 61,000tpa, excluding augmentations to accept waste from other councils) costing Council a contractor gate fee ranging from about \$360/tonne in year 1 to about \$575/tonne in year 20 (about \$326/tonne in today's dollars).

- **711,500 tonnes diverted** – based on:

Diversion year 1	55.00%
Diversion year 2	60.00%
Diversion years 3-4	63.00%
Diversion years 5-20	65.00%

representing about **\$154 million levy and levy GST savings** over the 20 years (average **\$7.7m pa**)

- **398,000 tonnes residue** – costing the contractor about **\$195 million in landfill disposal costs** over the 20 years (average **\$9.7m pa**)

Council will have project management costs of \$1m pa for the Waste Contracts Coordinator.

There will be intangible savings in delaying the new landfill and there is potential for the contractor to increase value of recovered products over the 20 years.

## 5.4 Project value

The estimated total of costs to the successful company, based on cpi increasing 2.50% per year, add to around **\$458 million**. If the Contractor looks at a project margin of around 10%, they would be looking to charge Council around **\$353 per processed tonne** if operations start in 2021/22 (\$320 per tonne equivalent for 2017/18). The equivalent year 20 rate would be around **\$565 per tonne**. This would raise **\$505 million** in gate fees for the Contractor to carry out the activities.

**The total Council would pay to the contractor would be \$515 million including the \$10m contribution to capital works.**

*Costs beyond the project:*

It is estimated that for the waste coming into the Council transfer station or Council landfill, including residue from the Waste Processing Facility for landfill, Council will obtain **income totalling \$849 million** (\$331.7m + \$322.5m + \$194.7m).

It is estimated Council will **expend a total of \$764 million** including \$194.7m for the contractor to pay for disposal of 398,000 tonnes of residue from the Waste Processing Facility and \$54.3 million on operations and the levy for disposal of 110,400 tonnes of non-processable landfill materials extracted by Council staff at the transfer stations.

The \$85 million difference (\$4.25m pa) should cover errors in this estimate and possibly offer flexibility with regard to the actual bids that Council receives, or result in benefits flowing through to the DWMCs, depot users or the next landfill or other technologies.

## 5.5 Net Present Value

Net Present Value is around **\$364m** with an equivalent gate fee starting point of **\$320 per tonne** processed.

## 5.6 Annual cost

In addition to the total \$10m Council contribution payments, including \$9m before the operating term begins:

- The estimated **PV** and **actual costs** of **year 1** of the operating term (2022) are **\$16.1m** and **\$18.2m** respectively.
- The estimated **PV** and **actual costs** of **year 20** of the operating term (2041) are **\$16.7m** and **\$34.4m** respectively.

## 6 Budget / Financial Considerations

The budget to pay the gate fee for the processing facility is incorporated in the annual Domestic Waste Charge. There is unlikely to be a large difference between the landfill gate charge and the processing facility gate charge so the impact on the ratepayer is expected to be negligible.

## 7 Tender

Council invited tenders on 19 August 2017 to process mixed residual waste collected in the Shoalhaven. The tenders closed on 14 February 2018. Three tenderers submitted conforming tenders with one tender also providing an alternative. At the Ordinary Meeting 26 June 2018, the Council considered and adopted the Tender Evaluation Team recommendation as follows:

*That Council*

1. *In accordance with Clause 178(1)(b) of the Local Government (General) Regulation decline to accept any tender for the West Nowra Waste Processing Facility as the submitted tenders contain departures to the proposed Contract that are not immediately acceptable to Council and not easily varied in accordance with Clause 176.*
2. *In accordance with Clause 173(3)(e) enter into parallel negotiations with Bioelektra Australia Pty Ltd [REDACTED] for West Nowra Waste Processing Facility for the following reasons.*
  - a. *Inviting fresh tenders is not in the best interests of Council, those who tendered, or the waste industry in general, as significant resources have gone into the tender process, and Council can be confident of entering into a negotiated contract with one of the two preferred tenderers. There are a limited number of contractors with the expertise and experience to provide waste processing technologies, and re-tendering is unlikely to attract any new interest.*
  - b. *Negotiations are required on matters of departures such as (i) alternative assignment of various risks, (ii) facility ownership during the operating term, (iii) conditions of acceptance of waste from outside of the Shoalhaven local government area, and (iv) cost of managing and disposing of unprocessable waste, to ensure Council signs off on a suitably agreed contract document.*
3. *Interrogate, scrutinise and validate the claims of the two preferred tenderers more closely, including site visits to the respective facilities in Eastern Creek and in Poland, by at least 2 members of the tender evaluation panel and 2 Councillors.*
4. *Staff provide a further report to Council on completion of the negotiations.*
5. *The recommendation remain confidential in accordance with Section 10(A)(2)(d)(i) of the Local Government Act until determined by Council.*

As the Council resolved to reject all tenders, the tender process has concluded.

This procurement plan is for the next stage of the sourcing activity which is conducting negotiations with Bioelektra Australia [REDACTED] and the interrogation, scrutiny and validation of the claims of each, including a working group tour of facilities in Eastern Creek and Poland.

## 8 Sourcing Project Team

In this negotiation stage of the sourcing activity there are a number of "project teams":

- The Working Group – this will be a team visiting the facilities in Eastern Creek and Europe to interrogate, scrutinise and validate the claims made by Bioelektra Australia and [REDACTED]. The Working Group will report its findings to the Project Evaluation Team.
- The Project Evaluation Team will consider the findings of the Working Group, identify points for negotiation, and evaluate and recommend the preferred contractor(s) with which to negotiate. The Project Evaluation Team will be responsible for preparing a Negotiation Plan.

- The Negotiation Team will take the Negotiation Plan prepared by the Tender Evaluation Team and negotiate with the preferred contractor(s). The Negotiation Team will seek guidance from the Project Evaluation Team on matters not provided for in the Negotiation Plan or when otherwise required. The Negotiation Team will be responsible for recommending a preferred contractor to Council and subject to Council resolution concluding negotiations with the successful Contractor.

Probity advice is provided by [REDACTED] for all three teams.

## 8.1 The Working Group

Name	Title	Project Role	On Evaluation Panel?
[REDACTED]	Director Assets and Works	Team Leader	Yes
[REDACTED]	Waste Services Manager	Waste Advisor	Yes
John Wells	Councillor	Head of Councillor Delegation	No
Mitchell Pakes	Councillor (Assistant Deputy Mayor)	Councillor Delegate	No

The Project Working Group will inspect each of the facilities

## 8.2 The Project Evaluation Team

Name	Title	Project Role	On Evaluation Panel?
[REDACTED]	Director Assets and Works	Team Leader	Yes
[REDACTED]	Works & Services Manager	Project Advisor	Yes
[REDACTED]	Waste Services Manager	Waste Advisor	Yes
[REDACTED]	Finance Manager	Finance Advisor	Yes
[REDACTED]	Waste Contracts Coordinator	Contract Advisor	Yes
[REDACTED]	Waste Contracts Officer	Data processor & reviewer	Yes
Other	As required		

## 8.3 The Project Negotiation Team

Name	Title	Project Role	On Evaluation Panel?
[REDACTED]	Director Assets and Works	Team Leader	Yes
[REDACTED]	Waste Services Manager	Waste Advisor	Yes
<b>Other</b>	As required		

Other persons from the Project Evaluation Team may be required to provide specialist input during the negotiation process.

## 9 Current Situation

See background above. No supplier engaged currently. Council landfills over 63,000 tonnes per year and doesn't meet state government recycling and landfill diversion targets. If current landfilling rates were to continue, Council estimates the existing West Nowra landfill would need to be closed in 2025. There is a need for Council to extend the life of its West Nowra landfill facility by responsibly and significantly improving performance against the NSW Waste Avoidance and Resource Recovery Strategy 2014-21 resource recovery targets.

This sourcing activity, in combination with the proposed extension the existing landfill into another adjacent Council property, is expected to assist in extending the life of Council's landfill beyond 2055. If Council is successful in diverting municipal solid waste (MSW) collected in 'red-lid bins' from landfill to the facility proposed by this sourcing activity, and a majority of the stream is recovered, Council will be able to meet and most likely exceed the government's 2021 WARR Strategy target of 70% resource recovery target for MSW.

## 10 Spend Analysis

Refer to initial cost benefit analysis (TRIM document D18/141018). Market Analysis

## 11 Sourcing Strategy

This sourcing activity follows on from an Expression of Interest that concluded in 2012 and an open Request for Tender process that concluded on 26 June 2018.

Total size of the waste treatment and disposal market by value is about \$2bn

Key suppliers:

- Suez Recycling & Recovery Pty Ltd
- Cleanaway Waste Management Ltd
- Veolia Environmental Services (Australia) Pty Ltd
- JJ Richards & Sons Pty Ltd
- Re.Group
- Soilco Pty Ltd

Market trends:

- EPA pushing 3 bin system, however Shoalhaven has area where an AWT will most likely work better as many people manage their own green waste on their own land or do not generate much greenwaste and others compost their food.

Technology:

- MBT – Mechanically intensive separation into:
  - an organics fraction for processing with technologies mainly based on tunnel composting or anaerobic digestion, to produce products for broad acre agriculture soil improvement and land rehabilitation markets, and
  - an inert/inorganic fraction for further mechanical aggregation and recovery of recyclables to markets.

No AWT in the region, so the development has been approved on the basis it could be useful for regional purposes. Councils may negotiate to send residual kerbside waste to the new facility to help meet state resource recovery and landfill diversion targets.

This procurement plan is for the next stage of the sourcing activity which is conducting parallel negotiations with Bioelektra Australia and [REDACTED] and the interrogation, scrutiny and validation of the claims of each, including a working group tour of facilities in Eastern Creek and Poland.

## 12 Contract Management Arrangements

Waste Services – opportunity for internal management.

Senior management may wish to engage an external project manager due to the size and possible processing complexity, however the successful company should be well experienced in delivering such projects.

## 13 Project Plan

Action	Responsibility	Start Date	Completion Date
Sourcing Requisition Form			
Register Sourcing Initiative			
Form Sourcing Team			
Business Requirements Analysis			
Market Analysis			
Issue RFX			
Develop Procurement Plan			
Develop Scope of Work			
Develop draft contract			
Develop RFP			

All Completed in first Stage



Release Tender			
Tender Conditions Management			
Evaluate proposals			
Shortlist Vendors			
Conduct facility Inspections	Project Working Group	6 Aug 18	11 Aug 18
Recommendation – preferred company to enter into negotiations	Project Evaluation Team	15 Aug 18	31 Aug 18
Prepare Negotiation Plan	Project Evaluation Team	27 Aug 18	31 Aug 18
Conduct Negotiation	Project Negotiation Team	1 Sep 18	30 Sep 18
Develop Contract Implementation Plan	Waste Contracts Coordinator	12 Oct 18	31 Oct 18
Develop Contract Management Plan	Waste Contracts Coordinator	12 Oct 18	31 Oct 18

## 14 Project Assessment Criteria

The previous tender assessment criteria will be used for the final assessment and includes:

- Value for money (VM)
- Achievement of Objectives (AO)
- Experience and Expertise (E&E)
- Capacity and Capability (C&C)
- Management (M)

The two contractors with different technology options will be assessed on the most appropriate and suitable technology for the Shoalhaven. Specific assessment criteria will result from specific need to obtain more information, and through questions raised by the Project Evaluation team, with a focus on:

Focus	Where it fits into the Assessment Criteria
Claims validated (actual process functioning as proposed)	(C&C; AO)

Quality of output products	(C&C; AO)
Environmental effects minimised (odour, noise, litter, dust)	(C&C; AO)
Evidence of sound management	M; E&E
Significance of WHS in the facility	M; E&E
Industrial relations and staff/management relations	M
Reputation with suppliers of waste, receivers of recycled product and regulatory agencies	C&C

## 16 Project Procurement Plan Approval

The Project Procurement Plan proposed by

Name	Title	Date	Signature
[REDACTED]	Waste Services Manager	31 Jul 18	[REDACTED]

Procurement Plan approved by

Name	Title	Date	Signature
[REDACTED]	Director Assets and Works	3-8-18	[REDACTED]
[REDACTED]	Manager Work and Services	[REDACTED]	3/8/18
[REDACTED]	Waste Contracts Coordinator	[REDACTED]	3/8/18
[REDACTED]	Waste Contracts Officer	[REDACTED]	7/8/18
[REDACTED]	Finance Manager	3-8-18	[REDACTED]