

Matters Referred 24 May 2010

10SP017 T831 - Organic Garden Waste Processing and Marketing

Tenders Panel at its meeting on 18 May 2010 resolved that the matter be referred to the Ordinary Council Meeting meeting to be held on 24 May 2010.

Council Ref: F2009/02481 - D01776387
Report By: Waste Planning & Education Coordinator - Debbie Cleary

Précis:

To recommend to Council that the Tender for T831 – Organic Garden Waste Processing and Marketing be accepted.

Recommendation:

Council accept the tender from Davis Earth Moving & Quarrying Pty Ltd for T831 – Organic Garden Waste Processing and Marketing in the following amounts:-

- a) \$19.40 per tonne (excluding GST) of finished product left on site;
- b) \$29.30 per tonne (excluding GST) of finished product removed from site; and
- c) \$0.00 (no charge) per hour for size reduction of raw material greater than 300mm diameter to enable processing.

At an estimated total cost of \$208,656 (excluding GST) per annum.

Background:

Tender T831 closed at 2.00pm on Tuesday 20 April 2010 for the Organic Garden Waste Processing and Marketing Service. This service, located at Awaba tip, diverts source separated green waste from Council's landfill. Green waste is processed by the contractor at Awaba, with 5% staying onsite for direct sales and the remainder marketed offsite by the contractor.

Tenders were received from:

- 1 Oz Mulching Group, Suite C203, The Landmark, 215 Pacific Highway, Charlestown NSW 2290
Ph: 02 4959 4999
- 2 Davis Earth Moving & Quarrying Pty Ltd, 1 Wirreanda Road North, Ingleside, NSW 2101
Ph: 02 9450 2288
- 3 Tropical Mulch Group Pty Ltd, 102 Toolakea Beach Road, Bluewater, QLD 4818
Ph: 07 4788 6626

Tenders from Oz Mulch Group and Davis Earth Moving & Quarrying Pty Ltd were assessed against and complied with the selection criteria nominated. See Attachment "1". The Tender from Tropical Mulch Group Pty Ltd was excluded/eliminated due to non-conformance as a company representative did not attend the mandatory pre-tender site meeting held on the 6 April 2010.

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Davis Earth Moving & Quarrying Pty Ltd is recommended for the following reasons:

1. The estimated annual cost to provide the Organic Garden Processing & Marketing Service of \$208 656.00 (excluding GST) is within the current budget allocation.
2. Davis Earth Moving & Quarrying Pty Ltd have received positive comments from Port Stephens Council, Gosford City Council and Port Macquarie Hastings Council regarding the processing and removal of green waste from their respective waste management centres.

Proposal:

That Council accepts the Tender from Davis Earth Moving & Quarrying Pty Ltd for T831 – Organic Garden Waste Processing and Marketing in the following amounts:

- a) \$19.40 per tonne (excluding GST) of finished product left on site;
- b) \$29.30 per tonne (excluding GST) of finished product removed from site; and
- c) \$0.00 (no charge) per hour for size reduction of raw material greater than 300 mm diameter

Consultation:

The following were consulted as part of this tender assessment process. (See Attachment “2” for full details):

- Mr Bob Bailey from Port Macquarie – Hastings Council – Obtained a verbal reference for Davis Earth Moving & Quarrying Pty Ltd regarding their current contract and performance.
- Mr Andy Baxter from Gosford City Council – Obtained a verbal reference for Davis Earth Moving & Quarrying Pty Ltd regarding their current contract and performance.
- Mr Tim Crinnion from Wollongong City Council - Obtained a verbal reference for Davis Earth Moving & Quarrying Pty Ltd regarding their current contract and performance.
- Mr Allan Tarrant from Port Stephens Council - Obtained a verbal reference for Davis Earth Moving & Quarrying Pty Ltd regarding their current contract and performance.
- Port Stephens Garden Land – Laurie & Jacqueline Bowtell contacted to verbally confirm commercial agreement with Davis Earth Moving & Quarrying Pty Ltd for sale and marketing of processed product.
- Specialised Sand & Soil Pty Ltd – Geoff Greene contacted to verbally confirm commercial agreement with Davis Earth Moving & Quarrying Pty Ltd for sale and marketing of processed product.

Implications:

Policy Implications:

The stockpiling and processing of organic garden waste at the Awaba Waste Management Facility is permissible under Licence No 5873 issued under the Protection of the Environment and Operations Act 1997.

Part A1.2 of the licence nominates “composting and related re-processing” as a scheduled activity permissible under the licence.

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The continuance of organic garden waste processing and marketing is consistent with:

- Waste Avoidance and Resource Recovery Strategy (2003) – Department of Environment and Conservation (DEC);
- Management Plan and Budget (2009/10) – Lake Macquarie City Council (LMCC);
- Lake Macquarie Environmental Action Plan (December 2004) – LMCC

Environmental Implications:

Continuing organic garden waste processing and marketing at the Awaba Waste Management Facility will assist in complying with the above policy and planning instruments.

Social Implications:

The acceptance of source separated organic garden waste at the Awaba Waste Management Facility provides additional opportunity for the residents of Lake Macquarie to actively participate in waste to landfill reduction initiatives.

In order to take advantage of the differential pricing structure (designed to encourage the source separation of organic garden waste), waste generators are required to separate their organic garden waste from other waste streams.

A stockpile of processed material is retained on site, which is available free of charge to residents. Customers are advised that Council does not guarantee such material to comply with AS 4454 – Composts, Soil Conditioners and Mulches.

Financial Implications:

During the 2008/09 financial year approximately 7,244 tonnes of source-separated organic garden waste entered the Awaba Waste Management Facility of which approximately 45.72 tonnes was trunks and stumps requiring size reduction prior to processing. Processed, mulched material is either given away directly onsite (5%) or marketed externally by the contractor.

A similar quantity of source separated organic garden waste is anticipated to be delivered to the Awaba Waste Management Facility per annum during the term of this contract.

Assuming the following, the annual processing cost will be approximately:

• 95% of processed material removed off site = 6881 tonnes x \$29.30	\$201,614
• 5% of processed material left on site = 363 tonnes x \$19.40	\$7,042
• 80 hours of size reduction = 80 x \$0.00	\$0
Total	\$208,656

Council's current Organic Garden Waste Processing and Marketing contractor charges a fee for the size reduction processing. The new contractor will not charge for this service, hence this represents a saving to Council relative to the previous contract.

Funds are available in the 2010/11 Budget for the purchase of T831 - Organic Garden Waste Processing and Marketing services.

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Risk and Insurance Implications:

The tender and subsequent contract documentation has / will be in accordance with Council's standard:

- Conditions of Tendering;
- General Conditions of Contract;
- OH&S Management Conditions; and
- Annexure to the General Conditions of Contract.

Risk allocations and insurance requirements are in accordance with the above.

Options:

As per Part 7, Division 4, Clause 178 of the Local Government (General) Regulation 2005 (Acceptance of tenders)

1. After considering the tenders submitted for a proposed contract, the council must either:
 - (a) accept the tender that, having regard to all the circumstances, appears to it to be the most advantageous, or
 - (b) decline to accept any of the tenders.
2. A council must ensure that every contract it enters into as a result of a tender accepted by the council is with the successful tenderer and in accordance with the tender (modified by any variation under clause 176). However, if the successful tender was made by the council (as provided for in section 55 (2A) of the Act), the council is not required to enter into any contract in order to carry out the requirements of the proposed contract.
3. A council that decides not to accept any of the tenders for a proposed contract or receives no tenders for the proposed contract must, by resolution, do one of the following:
 - (a) postpone or cancel the proposal for the contract,
 - (b) invite, in accordance with clause 167, 168 or 169, fresh tenders based on the same or different details,
 - (c) invite, in accordance with clause 168, fresh applications from persons interested in tendering for the proposed contract,
 - (d) invite, in accordance with clause 169, fresh applications from persons interested in tendering for contracts of the same kind as the proposed contract,
 - (e) enter into negotiations with any person (whether or not the person was a tenderer) with a view to entering into a contract in relation to the subject matter of the tender,
 - (f) carry out the requirements of the proposed contract itself.

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4. If a council resolves to enter into negotiations as referred to in subclause (3) (e), the resolution must state the following:
- (a) the council's reasons for declining to invite fresh tenders or applications as referred to in subclause (3) (b)–(d),
 - (b) the council's reasons for determining to enter into negotiations with the person or persons referred to in subclause (3) (e).

Note: Where “tender” referred to above may be substituted with ‘quote’ if required.

Conclusion:

That Council accept the recommendation for the Tender for T831 - Organic Garden Waste Processing & Marketing Services from Davis Earth Moving & Quarrying Pty Ltd at an approximate cost of \$208 656 (excluding GST) per annum.

Director - City Strategy - Tony Farrell

Attachments:

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| <p>1. Organic Garden Waste Processing & Marketing - Tender Summary of Assessment and Evaluation - <i>As this attachment deals with commercial information of a confidential nature which, if disclosed would prejudice the commercial position of the person who supplied it (Section 10A(2)(d)(i) of the Local Government Act 1993). Council closes part of this meeting, in accordance with Clause 1.9(1.9.2.4)(1.9.2.4.1).of Council's Code of Meeting Practice, as consideration of this matter in open Council would be contrary to the public's interest.</i></p> | <p>D01752115</p> |
| <p>2. Organic Garden Waste Processing & Marketing Tender - Referee Checks and confirmation of Market Targets for Davis Earth Moving and Quarrying Pty Ltd 12 May 2010 - <i>As this attachment deals with commercial information of a confidential nature which, if disclosed would prejudice the commercial position of the person who supplied it (Section 10A(2)(d)(i) of the Local Government Act 1993). Council closes part of this meeting, in accordance with Clause 1.9(1.9.2.4)(1.9.2.4.1).of Council's Code of Meeting Practice, as consideration of this matter in open Council would be contrary to the public's interest.</i></p> | <p>D01771313</p> |