

**ITEM 15. TENDER - BUSINESS CASE TO ESTABLISH AN ALTERNATIVE
WASTE TECHNOLOGY FACILITY**

FILE NO:

TENDER NO: 0938

SUMMARY

This report provides details of the tenders received to prepare a business case to establish an Alternative Waste Technology Facility (AWTF).

The establishment of an AWTF is part of a suite of works being undertaken by the City to achieve the vision and objectives of Sustainable Sydney 2030. Other key elements include two decentralised energy master plans – Combined Cooling, Heat and Power and Renewable Energy

Establishing an AWTF is a medium to long term project, requiring significant investment and resources to deliver the environmental benefits. To assist the City to develop a comprehensive strategy for waste management, the business case will provide detailed analysis, options and recommendations on:

- environmental outcomes in terms of waste outputs, emissions and potential energy supply;
- technical issues and developments in terms of collection systems, feedstock and transport mechanisms;
- delivery options for the establishment, construction, management and operation of an AWTF;
- financial implications in terms of capital and operating costs (including landfill costs) and the impacts of the proposed Carbon Trading Scheme, revenues, cash flow and other benefits including full consideration of funding options;
- site requirements in the local or greater Sydney Metropolitan area;
- government grants and/or private sector funding sources, available to support an AWTF; and
- the key lessons learned from local and overseas experience.

This report recommends that Council accept the tender offer of Tenderer 'E' to prepare a business case to establish an Alternative Waste Technology Facility (AWTF).

RECOMMENDATION

It is resolved that:

- (A) Council accept the tender offer of Tenderer 'E' to prepare a business case to establish an Alternative Waste Technology Treatment Facility;

- (B) additional funds be approved from the Capital Works contingency budget, as identified in Attachment A to the subject report; and
- (C) Tender Evaluation Summary, Attachment A to the subject report, remain confidential in accordance with Section 10A (2) (d) of the Local Government Act 1993.

ATTACHMENTS

Attachment A: Tender Evaluation Summary (Confidential)

BACKGROUND

1. Sustainable waste management is vital to achieving the Sustainable Sydney 2030 Vision of being a leading environmental performer, reducing emissions and generating sustainable sources of power from waste.
2. Disposal of waste to landfill is no longer a viable option for managing waste streams, due to the harmful environmental impacts of methane gas emissions, which are 21 times more potent than carbon dioxide as a greenhouse gas emission.
3. Domestic waste collected from the City's residents includes putrescible and non-putrescible waste, green waste and recyclable materials.
4. Commercial waste is a deregulated industry over which the City has no control; however, the waste can be diverted from landfill and processed in an AWTF. Other waste streams that could be processed at an AWTF include industrial, sewage, agricultural, farming and by-products from food growing industries and carbon coal mine methane.
5. The Sustainable Sydney 2030 targets include a 50% reduction in greenhouse gas emissions (compared to 1990) by 2030; ensuring 25% of electricity comes from renewable energy by 2020; and diverting 66% of domestic waste from landfill by 2014.
6. Establishing an AWTF is part of a suite of works being undertaken by the City to achieve the vision and objectives of Sustainable Sydney 2030. Other key elements include two decentralised energy master plans – Combined Cooling, Heat and Power and Renewable Energy.
7. AWTF technology is relatively new and fast moving and can broadly be grouped into three classes: mechanical sorting, biological or thermal treatments. The technology used in Australia is predominately mechanical or biological, with thermal treatments used throughout Europe, Asia and North America.
8. In September 2009, the City commenced using the Jacks Gully AWTF (a biological processing facility) to dispose of half, or 24,000 tonnes, of the City's domestic waste. This will increase the City's current diversion rate from landfill from 32% to 57% in the first year of operation. The remaining domestic waste will continue to go to landfill, as the Jacks Gully AWTF has no spare capacity.
9. To assist the City in developing a comprehensive strategy for waste management, the business case will provide detailed analysis, options and recommendations on:
 - (a) environmental outcomes in terms of waste outputs, emissions and potential energy supply;
 - (b) technical issues and developments in terms of collection systems, feedstock and transport mechanisms;
 - (c) delivery options for the establishment, construction, management and operation of an AWTF;

- (d) financial implications in terms of capital and operating costs (including landfill costs) and the impacts of the proposed Carbon Trading Scheme, revenues, cash flow and other benefits including full consideration of funding options;
- (e) site requirements in the local or greater Sydney Metropolitan area;
- (f) government grants and/or private sector funding sources, available to support an AWTF; and
- (g) the key lessons learned from local and overseas experience.

INVITATION TO TENDER

10. To identify companies able to undertake the business case, Expressions of Interest were advertised in The Sydney Morning Herald on 25 November 2008, The Financial Review on 28 November 2008 and closed on 19 December 2008.

TENDER SUBMISSIONS

11. In response to the Expressions of Interest, 17 submissions were received, which were evaluated and a short list of nine companies was invited to tender.
12. Tender submissions were received from the following six companies:
 - Aecom Australia
 - Arup
 - Coffee Environments
 - Evans and Peck
 - Meinhardt Infrastructure and Environment
 - Worley Parsons
13. One late submission was received, which was rejected.

TENDER EVALUATION

14. All members of the Tender Evaluation Panel have signed Pecuniary Interest Declarations. No pecuniary interests were noted.
15. The relative ranking of tenders as determined from the total weighted score is provided in the Confidential Tender Evaluation Summary – Attachment A.
16. All submissions were assessed in accordance with the approved evaluation criteria being:
 - (a) presentation of the tender, particularly the ease of understanding;
 - (b) lump sum price and schedule of prices;
 - (c) demonstrated capacity and technical ability to carry out the work under the Contract;

- (d) demonstrated managerial capability, qualifications, experience and number of personnel;
- (e) conformity with the Request for Tender;
- (f) financial stability and financial position of the tenderer;
- (g) capacity to achieve the required project program;
- (h) the proposed methodology; and
- (i) demonstrated capacity to fulfil the OSH&R and Environmental requirements of the Project.

PERFORMANCE MEASUREMENT

17. The City has established a Project Control Group (PCG) and the successful tenderer will be required to liaise closely with the PCG, as well as providing monthly reports to include:
- (a) executive summary;
 - (b) monthly progress;
 - (c) cost report;
 - (d) milestones reached;
 - (e) issues;
 - (f) risks management;
 - (g) communications;
 - (h) variations; and
 - (i) OH&S.

FINANCIAL IMPLICATIONS

18. The 2009/10 Capital Works budget included provisional funds to undertake this project, however, addition funding is required from the Capital Works contingency budget to meet the price of the preferred tender. Full financial details are provided in confidential Attachment A.

RELEVANT LEGISLATION

19. The tender has been conducted in accordance with the Local Government Act 1993, the Local Government (General) Regulation 2005 and the City's Contracts Policy.
20. Information provided by tenderers which is commercial-in-confidence has been protected and will not be disclosed in accordance with section 10A(2)(d) of the Local Government Act 1993. A consistent standard for all tenderers has been used in assessing any request for confidentiality by a tenderer.

21. It is not considered to be in the public interest to make commercial-in-confidence information available as it would discourage future tenders from companies who do not wish this information to be in the public domain.

CRITICAL DATES / TIME FRAMES

22. The successful tenderer is expected to take 24 weeks to complete the project. Once the PCG has considered and evaluated the recommendations, a report will be submitted to Council.
23. The City's contract to use the Jacks Gully AWTF is for a total period of five years, including options, for processing 50% of the City's domestic waste. As other organisations move to use AWTFs, any available processing capacity is expected to be very competitive and offered at a premium price.

GARRY HARDING

Director City, Community and Cultural Services

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