

EOI RECOMMENDATION REPORT

TO: CHIEF EXECUTIVE OFFICER
CC: SENIOR PROJECT MANAGER
 MANAGER ADVOCACY & ECONOMIC DEVELOPMENT
 MANAGER WASTE SERVICES
FROM: DIRECTOR ASSETS
FILE REF: 22/86937 - 43922
DATE: 10 May 2022

21230 EOI: Future Use Wangara Recycling Centre

ISSUE:

To consider EOI No: 21230 for the Future Use Wangara Recycling Centre.

BACKGROUND:

The City has undertaken the EOI to identify opportunities within the industry to implement best practice waste management practices as it relates to the collection, sorting, processing and transfer of its Municipal Solid Waste (MSW). This is to enable the City to achieve its Waste Strategy targets (as per below) and to promote choice and value for the community, local employment, circular economy, and address climate change.

Figure 2: Waste Strategy Targets

Avoid	Recover	Protect
Western Australians generate less waste.	Western Australians recover more value and resources from waste.	Western Australians protect the environment by managing waste responsibly.
<ul style="list-style-type: none"> • 2025 – 10% reduction in waste generation per capita • 2030 – 20% reduction in waste generation per capita 	<ul style="list-style-type: none"> • From 2020 – Recover energy only from residual waste • 2025 – Increase material recovery to 70% • 2030 – Increase material recovery to 75% 	<ul style="list-style-type: none"> • 2030 – No more than 15% of waste generated in Perth and Peel regions is landfilled • 2030 – All waste is managed and/or disposed to better practice facilities.

The scope of the EOI has sought to collaborate with experienced industry operators in the delivery of one or more of the following areas:

- 1.1. *Kerbside Organics Processing* – receipt, processing, and delivery of the product to end-markets from FOGO material collected by the Principal as part of its third-bin collection system;
- 1.2. *Transfer Station* - development of a facility for the receipt of FOGO and/or General Waste and/or Commingled Recyclables collected by the Principal and process for transferring off-site to either the Principal's contractor or other authorised processing facilities;
- 1.3. *Kerbside Recycling Processing* - receipt and processing of commingled recycling collected by the Principal as part of its recycling collection service.

- 1.4. *Other Waste Processing Opportunities* – alternative waste collection, transfer or processing opportunities beneficial to the Principal in respect to meeting its Waste Plan objectives.

DETAIL:

EOI 21230 for the Future Use Wangara Recycling Centre was advertised on 27 November 2021 and closed on 08 February 2022. A total of four Addenda were issued.

Submissions were received from the following:

- Delorean Energy Pty Ltd;
- JD Organics Pty Ltd;
- Star Shenton Energy Pty Ltd;
- Suez Recycling Recovery Pty Ltd;
- Rico Family Trust t/as Solo Resource Recovery;
- Stefna Family Trust t/as West Tip Waste Control;
- Cleanaway Pty Ltd; and
- Remondis.

The EOI Evaluation panel comprised:

- Manager Advocacy and Economic Development;
- Manager Waste Services;
- Senior Project Manager Community & Place; and
- Coordinator Safety Systems.

Probity oversight to the EOI assessment process was undertaken by an external Probity Advisor, William Buck Consulting (WA) Pty Ltd, and the City's Contracts Officer. A copy of the Probity Report has been included in **Attachment 1**.

The EOI identified four specific Key Objectives (service areas), as follows:

- Kerbside Organics Processing;
- Transfer Station;
- Kerbside Recycling Processing;
- Other Waste Processing Opportunity.

SUBMISSION EVALUATION:

Evaluation Criteria

Submissions were evaluated in accordance with the Procurement and Evaluation Plan (PEP). The qualitative criteria as set out in the PEP required the Respondents to provide the following:

Item	Description
1	Capacity <ul style="list-style-type: none">• Overview of the company history, structure, key personnel and experience, ability to meet the City's growth, details of proposed plant & equipment and environmental compliance.
2	Methodology <ul style="list-style-type: none">• Outline proposed methodology and approach to the EOI key objectives, high level analysis of risks, and overview of proposed traffic management relevant to their proposed service delivery on the site.
3	Experience <ul style="list-style-type: none">• Provide details of similar work undertaken, including scope of work and outcomes, end product markets, period of contract(s) and three contract referees.

4	<p>Economic Development</p> <ul style="list-style-type: none"> Outline how their submission will benefit the community
5	<p>Systems and Safety</p> <ul style="list-style-type: none"> Summary of all policies, procedures and safety systems, relevant to the proposed operations
6	<p>Commercial Terms</p> <ul style="list-style-type: none"> Respondent to outline proposed commercial terms including gate fees, benefit sharing and profit sharing

The submissions received by Cleanaway and Remondis Australia Pty Ltd were deemed not to be conforming. This was as a result of both Respondents failing the Administrative Compliance review, due to incomplete documentation.

It should be noted that no weightings were assigned to the above criteria at the EOI stage. Assessment was undertaken on the basis of the Respondents submission being acceptable or not acceptable.

Evaluation Outcomes

A summary of the proposed services to meet the EOI key objectives is provided in the table below:

Respondent	Key Objective			
	Kerbside Organics Processing (FOGO)	Transfer Station (FOGO / Recyclables / MSW)	Kerbside Recycling Processing	Other Waste Processing Opportunity
Delorean Corporation				
JD Organics Pty Ltd				
Star Shenton Energy Pty Ltd				
Suez Recycling Recovery Pty				
Solo Resource Recovery				
West Tip Waste Control				

Note: Objectives included within each submission are represented by the green box. Those objectives not included are indicated by the red box.

A summary of the services proposed by those Respondents assessed as meeting capabilities, along with summary comments resulting from the assessment process are outlined in the table below. A more detailed summary of each submission has been included within **Attachment 2**.

Respondent	Proposed Service	Comments
Delorean Energy Pty Ltd	<ul style="list-style-type: none"> Development of a dual FOGO processing facility (composting and anaerobic digestion) on site; Biogas extraction for sale to the market. 	

JD Organics Pty Ltd	<ul style="list-style-type: none"> • Development of a FOGO receival and transfer station on site. 	
Star Shenton Energy Pty Ltd	<ul style="list-style-type: none"> • FOGO processing at Shenton Park facility; • Processing of comingled recyclables at the existing WRC MRF and use as a transfer station for residual waste. 	
Suez Recycling Recovery Pty Ltd	<ul style="list-style-type: none"> • Development of a new MRF at WRC site as a long term investment. Incorporation of FOGO pre-sorting and transfer. • Diversion of residual waste to East Rockingham Waste to Energy Plant. 	
Solo Resource Recovery	<ul style="list-style-type: none"> • Development of a Transfer Station for the receival of general waste, comingled recyclables and FOGO. • Other (future options) identified include community waste drop off, Containers for Change refund point, other Local Government and commercial waste volumes. 	
West Tip Waste Control	<ul style="list-style-type: none"> • Transfer station for the receival of FOGO and comingled recyclables for off-site processing. • Other option – processing of verge bulk waste, glass waste and crushing and 	

	screening of inert waste at West-Tip facility.	
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Land Tenure

The EOI documentation specifically referenced the areas in which development of infrastructure to address the EOI objectives could be undertaken. These areas can be described as:

- Wangara Recycling Centre (WRC) which comprises of the Material Recycling Facility (MRF) building a surrounding yard area: and
- Greens Recycling Facility, the extent of which is the existing greens operation.

Both of these areas are shown in **Attachment 3**, which was included in the EOI documentation. Those submissions which did address the question, identified a lease on commercial terms being acceptable. The detail of which would be addressed in the Restricted Tender. The assumption being that the lease negotiations would be based on the City's existing terms.

Prior to the restricted tender process, an evaluation of the infrastructure condition maybe required to identify any issues similar to those identified at adjoining lots owned by the City.

Capacity for Growth

Overall the submissions provided a general indication that there would be the capacity to meet growth of the City's waste and (by extension) that of the City's neighbouring Local Governments (Cities of Joondalup and Stirling).

Alignment with the City's Objective of an Interim Option

A number of the Respondents have identified proposed contract terms of over 10 years, with one Respondent seeking a term of 15+y years. These proposed durations are not aligned to the City's objective of developing suitable interim measures until such time as the proposed Neerabup Waste Precinct (or similar) is developed (notionally a 7 to 10 year timeframe).

The development of the proposed Neerabup Waste Precinct, would suggest that significant investment in new infrastructure would not be feasible. The site is limited in respect to its footprint and licencing conditions and is some distance from the growing north coastal corridor. Long term development on this site would also curtail any future realisation of the asset by the City.

CONSULTATION:

Stakeholder consultation was undertaken with relevant internal stakeholders.

STATUTORY COMPLIANCE:

The EOI was invited in accordance with the requirements of Section 3.57 of the *Local Government Act 1995*. The EOI assessment complied with the requirements of Part 4 of the *Local Government (Functions and General) Regulations 1996*.

STRATEGIC IMPLICATIONS:

The proposal aligns with the following objective with the Strategic Community Plan 2021-2031:

Goal 4: A sustainable City that balances the relationship between urban growth and the environment.

Priority 4.4: Manage waste and its impact.

City of Wanneroo Waste Plan 2020 – 2025:

Waste Management Tool	Action
Waste Services	<ul style="list-style-type: none"> Review of waste industry FOGO options.
Waste Infrastructure	<ul style="list-style-type: none"> Facilitate the development of a resource recovery precinct within the City of Wanneroo to process waste from the City's waste operations.

Purchasing Policy Implications

The EOI was invited in accordance with the requirements of the City's Purchasing Policy.

ENTERPRISE RISK MANAGEMENT ASSESSMENT:

Risk Title	Risk Rating
<i>CO-021 Competitive Service Costing</i>	High
Accountability	Action Planning Option
Director Community & Place	Manage
Risk Title	Risk Rating
<i>CO-022 Environmental Management</i>	High
Accountability	Action Planning Option
Director Planning & Sustainability	Manage

The above risks relating to the issue contained within this report have been identified and considered within the City's Strategic and Corporate Risk Registers. Action plans have been developed to manage these risks to support existing management systems.

COMMENT:

By way of summary, key points to note include:

- While the assessment of the EOI responses have indicated six respondents as being capable, the level of detail provided by the respondents varies and in one instance, the response being considered borderline acceptable due to the limited information provided.
- The responses provide an adequate spread across each of the key objectives, with there being a number of options which could prove to be beneficial to the City;
- The duration of some proposed agreements are long term (i.e. 10yrs plus 2 x 5yrs), which does not align with the City's objective for suitable interim measures. This will need to be addressed in greater detail within the RFT and may result in some Respondents withdrawing from the process.
- It is apparent from the responses that the Australian Carbon Credit Units (ACCU) scheme provides an opportunity for the City to leverage additional revenue from the processing of its waste, noting one respondent indicates a potential benefit of up to \$750,000 per annum. In addition to this the revenue generation which can be realised from the sale of processed material, Containers for Change and royalties from the processing of third party waste streams.

RECOMMENDATION:

That the Chief Executive Officer, in accordance with Delegation 1.1.17(2) of the Delegated Authority Register – Seeking Expressions of Interest for Goods and Services, DETERMINES the following submissions as being capable of satisfactorily providing the proposed goods and services, and as acceptable Respondents to proceed to the restricted tender stage of the process:

- Delorean Corporation;**

- JD Organics Pty Ltd;
- Star Shenton Energy Pty Ltd;
- Suez Recycling Recovery Pty;
- Solo Resource Recovery; and
- West Tip Waste Control.

SUBMITTED BY SENIOR PROJECT MANAGER




SIGNATURE (Shane Spinks)

11/03/2022

DATE

REVIEWED BY MANAGER CONTRACTS & PROCUREMENT




SIGNATURE

15 March 2022

DATE

ENDORSED BY MANAGER WASTE SERVICES



SIGNATURE

14 April 2022

DATE

ENDORSED BY MANAGER ADVOCACY & ECONOMIC DEVELOPMENT




SIGNATURE

7/04/22

DATE

RECOMMENDED BY DIRECTOR ASSETS




SIGNATURE

10.05.2022

DATE

APPROVED BY CHIEF EXECUTIVE OFFICER



SIGNATURE

16.05.2022

DATE

ATTACHMENT 1 – Probity Report (22/96074)