



11.2 PANEL SUPPLY FOR MOBILE GARBAGE BINS - RFT000234

EXECUTIVE MEMBER: LACHLAN JOHNSON, GENERAL MANAGER, OPERATIONS AND INFRASTRUCTURE

PREPARED BY: SIMON HILL, EXECUTIVE MANAGER WASTE AND CITY MAINTENANCE

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1. PURPOSE

- 1.1 To present the report of the Tender Evaluation Panel (“TEP”) for Tender 000234, Panel for the supply of mobile garbage bins, and to recommend the awarding of the contract to SULO MGB Australia Pty Ltd.

2. EXECUTIVE SUMMARY

- 2.1 In March 2023, Council went to market to seek a replacement panel contract to supply mobile garbage bins across the garbage, mixed recycling, FOGO, and glass recycling streams. The new contract will replace Council’s existing panel contract for the supply of mobile garbage bins (“MGBs”) which expired in August 2023.
- 2.2 Two tender applications were received, and a tender evaluation panel was established. On assessment, both submissions were found to be non-conforming, but the Tender Evaluation Panel (TEP) resolved to further consider both to determine the extent of non-conformance. Through assessment, SULO MGB Australia Pty Ltd was assessed as Council’s preferred applicant, and assessed as the applicant able to provide the highest value to Council across the contract term, compliant with the requirements of the tender.
- 2.3 The Tender Evaluation Panel (TEP) recommends Council enter into a new contract with SULO MGB Australia Pty Ltd for an estimated total contract value of \$2,011,529 including GST, over a contract term of three years with an option to extend an additional two years, for the supply of mobile garbage bins.

3. RECOMMENDATION

That Council:

- 3.1 Enter into a new contract with SULO MGB Australia Pty Ltd for a total contract value of \$2,011,529 including GST, over a contract term of three years with an option, solely at Council’s discretion, to extend an additional two years, for the supply of mobile garbage bins.
- 3.2 Notes that the contract award figure provides additional purchasing capacity beyond the forecast budget but that any use of the contract will be subject to Council’s annual budget.
- 3.3 Delegates authority to the Chief Executive Officer to consider and enact the extension option.



4. KEY POINTS/ISSUES

- 4.1 This contract is to provide the supply of mobile garbage bins (“MGBs”) across the garbage, mixed recycling, FOGO and glass recycling streams.
- 4.2 The current panel contract for the supply of MGBs expired on 5 August 2023. Accordingly, tenders were invited for the service. The tender was advertised in The Age on 18 March 2023 and closed on 21 April 2023.

Applicants were invited to submit pricing schedules across two options:

- Option A: Supply and delivery of MGBs; and
- Option B: Supply, delivery/distribution to residents and all repairs (of all MGBs)

- 4.3 Option B is currently provided by the City of Port Phillip’s Waste Management Services team, and pricing was sought for market sounding and comparative assessment purposes only. For the purpose of evaluation and award, Option A only was considered. Future procurement will be required should Council wish to pursue Option B.
- 4.4 The proposed contract term is 3 years commencing on 18 October 2023 with an option to extend a further two years beyond the initial contracted term at Council’s sole discretion.
- 4.5 The composition of the Tender Evaluation Panel (TEP) is shown in Table 1 below.

| Table 1: Composition of TEP | |
|------------------------------------|--|
| Name | Title |
| James Walden | Acting Head of Waste Operations & Business Transformation, (TEP Chairperson) |
| Brendon Campbell | Senior Waste Contracts Officer, (TEP member) |
| Jayson Goodall | Supervisor Waste Management, (TEP member) |
| Jeanene Simmons | Senior Procurement & Contracts Business Partner, (TEP advisor) |

- 4.6 TEP members signed the standard form indicating they had no conflict of interest to declare and that they would keep the tender information confidential. One TEP member declared a minor conflict, and external advice was sought, and the conflict was mitigated.
- 4.7 Prior to the tenders being advertised, the evaluation criteria and weightings were established. The details are shown in Table 2.

| Table 2: Tender Evaluation Criteria | |
|--|--------------------|
| Criteria | % Weighting |
| Price | 30% |
| Capacity to meet the requirements of the specification | 40% |
| Corporate Social Responsibility | 20% |
| Quality | 10% |



4.8 Two submissions were received in response to the tender. Details are shown in Table 3.

| Table 3: Tenders Received | | |
|----------------------------------|----------------------------|-----------------------------|
| No. | Tenderer's name | *\$ Price (Inc. GST) |
| 1 | SULO MGB Australia Pty Ltd | \$2,011,529 |
| 2 | Tenderer Two | \$1,664,635 |

4.9 The tender from Tenderer Two was found to be non-conforming, but on review by the tender panel were included with the early round assessments.

4.10 The tender submission from SULO MGB Australia Pty Ltd was also non-conforming, as alternative terms and conditions were proposed. On review, those were deemed to be minor in nature, and SULO MGB Australia was also included.

4.11 The TEP forewent interviews with the short list and conducted referee checking. The final scoring was as shown in Table 4.

| Table 4: Tender Scoring | | |
|--------------------------------|----------------------------|-----------------------------|
| No. | Tenderer's Name | Score (Out of 1,000) |
| 1 | SULO MGB Australia Pty Ltd | 808.26 |
| 2 | Tenderer Two | 740.00 |

4.12 The tender from SULO MGB Australia Pty Ltd is considered to be the most advantageous to Council.

4.13 Although the intention of the contract was a panel of suppliers, in line with Council's previous supply of mobile garbage bins contract, a written response from Tenderer Two was submitted to Council July 2023 requesting that Tenderer Two be awarded contract 000234 exclusively.

4.14 Tenderer Two provided feedback that historic panel arrangements had not been financially viable, and sought the option to become Council's sole supplier of MGBs. The tender panel reviewed the request, sought guidance from procurement, and assessed Council's options against the original submissions, and tender assessment criteria, and opted to reject Tenderer Two's exclusive contract award request.

4.15 As a result, it is recommended that SULO MGB Australia Pty Ltd be award the contract as the supplier of MGB's for the duration of contract 000234.

4.16 The financial viability of SULO MGB Australia Pty Ltd was checked by the Contracts and Procurement Representative. A standard illion direct D&B report and Risk of



Failure report confirmed that the company has a low risk of failure in the coming 12 months.

5. CONSULTATION AND STAKEHOLDERS

- 5.1 References were conducted across both tender submissions and both received favourable responses.
- 5.2 Council holds experience with both tenderers, and can attest to a positive service experience.

6. LEGAL AND RISK IMPLICATIONS

- 6.1 Selecting a single source vendor may produce supply issues for Council throughout the length of the contract term. Council aimed to mitigate that risk by inviting panel supply submissions, but the market response did not enable a panel to be established.
- 6.2 It is proposed to mitigate this risk through inventory storage at Council's Operations Centre.

7. FINANCIAL IMPACT

- 7.1 The proposed contract value of \$2,011,529 including GST exceeds the total available budget allocation for this Contract by \$633,716 over the course of the five-year term. While the preferred vendor's schedule of rates (price per bin) is relatively aligned with historic costs for MGB supply, the quantities involved have increased substantially between the 2020 contract award and present.
- 7.2 The rise in expenditure is consistent with a substantial rise in residential demand for bin repairs and replacements across the past two financial years.
- 7.3 In 2021/22, Council received 3,475 requests for bin repairs and/or replacements, including approximately 2,226 requests for new bins.
- 7.4 In 2022/23, Council received 8,131 requests for bin repairs and/or replacements, including approximately 3,973 requests for new bins.
- 7.5 Requests for bin repairs and replacements are expected to rise further from the 2023/24 financial year with the introduction of approximately 18,000 new bins as part of the Food Organics and Garden Organics rollout. That introduction represents a 22% increase in the number of bins in circulation across the municipality.
- 7.6 It is recommended that the contract be awarded with an upper limit based on the recent increased volume figures but noting that any future considerations of additional funding for the provision of these services will be subject to Council's annual budget review and allocation throughout the contract term.

8. ENVIRONMENTAL IMPACT

- 8.1 SULO MGB Australia Pty Ltd produce MGB lids and bins that utilise up to 15% recycled milk bottles, and up to 30% post-consumer HDPE (recycled MGBs).
- 8.2 SULO produce wheel hubs that utilise up to 60% recycled HDPE, and produce tyres that utilise 100% recycled rubber.

9. COMMUNITY IMPACT

- 9.1 Failure to engage a contracted supply of mobile garbage bins would be critically detrimental to the public, and would have substantial consequences over time that couldn't be mitigated without an equivalent supply.



10. ALIGNMENT TO COUNCIL PLAN AND COUNCIL POLICY

10.1 The awarding of the Supply for Mobile Garbage Bins supports Council's Sustainable Port Phillip strategic direction, and forms a critical component of the delivery of the Don't Waste It! Waste Management Strategy 2022-25, and the four-year strategy of 'Port Phillip manages waste well, maximises reuse and recycling opportunities and supports the circular economy.'

11. IMPLEMENTATION STRATEGY

11.1 TIMELINE

11.1.1 The supply of bins will occur progressively over the course of the contract term, in line with residential demand, and the expansion of core Council initiatives.

12. OFFICER DIRECT OR INDIRECT INTEREST

12.1 One officer as a member of the Tender Evaluation Panel (TEP) declared a minor potential conflict of interest in this matter but this was independently assessed and determined to be of a minor nature and able to be mitigated.

12.2 All other members of the TEP, and other officers involved in the preparation of the report did not have any conflicts or direct interests in this matter.

ATTACHMENTS

Nil