



**THIS CONFIDENTIAL REPORT WAS DECLASSIFIED BY
COUNCIL RESOLUTION ON 23 SEPTEMBER 2021**



CONFIDENTIAL REPORT

10.1 RESOURCE RECOVERY FACILITY - ACCEPTABLE TENDERERS

REFERENCE: COMMITTEES-12150

PURPOSE OF REPORT

To advise Council of changes to the Acceptable Tenderer list for the Resource Recovery Project.

KEY ISSUES AND RECOMMENDATION(S)

- The EMRC has had difficulties retaining SITA Environmental Solutions (SITA) in the tender process since the Council decisions of May 2010 on the preferred options for the project because of SITA's stated preference for a Build Own Operate (BOO) contract ownership model.
- SITA have formally advised of their intention to withdraw from the EMRC Resource Recovery tender process.
- SITA's decision also applies to WSN Environmental Solutions, which was acquired by SITA in February 2011.
- This reduces the number of Acceptable Tenderers to five (5) but still provides for the technology options under consideration.

Recommendation(s)

That:

1. Council notes the advice from SITA Environmental Solutions and WSN Environmental Solutions of their intention to withdraw from the tender process for the EMRC Resource Recovery Facility.
2. The list of Acceptable Tenderers be amended to remove SITA Environmental Solutions and WSN Environmental Solutions.
3. SITA Environmental Solutions be advised of Council's acknowledgement of both SITA Environmental Solutions and WSN Environmental Solution's withdrawal from the EMRC Resource Recovery Facility tender process.
4. The report and attachments remain confidential and be certified by the Chairman and the Chief Executive Officer.

SOURCE OF REPORT

Manager Project Development

BACKGROUND

On 30 April 2009, Council resolved to proceed with the Expression of Interest process.

At the 27 August 2009 meeting of Council it was resolved:

- "1. THE FOLLOWING RESPONDENTS TO THE EXPRESSION OF INTEREST ARE LISTED AS ACCEPTABLE TENDERERS:
2. THE FOLLOWING RESPONDENTS TO THE EXPRESSION OF INTEREST ARE NOT LISTED AS ACCEPTABLE TENDERERS:
 - A. ANAECO LIMITED; AND
 - B. THIESS SERVICES PTY LTD.



Item 10.1 continued

3. *THE RESPONDENTS TO EXPRESSION OF INTEREST 2009-10 BE ADVISED OF THE OUTCOME OF THE ASSESSMENT.*
4. *THE ATTACHMENT REMAINS CONFIDENTIAL AND BE CERTIFIED BY THE ACTING CHIEF EXECUTIVE OFFICER AND THE EMRC CHAIRMAN.*
5. *THE TENDER EVALUATION COMMITTEE BE ACKNOWLEDGED FOR THE SIGNIFICANT EFFORT PUT INTO EVALUATING THE EOI SUBMISSIONS."*

On 24 September 2009, Council resolved that:

- "1. *THE FOLLOWING PRELIMINARY RECOMMENDATIONS OF THE RESOURCE RECOVERY COMMITTEE FORM THE BASIS OF CONSULTATION BETWEEN THE EMRC AND THE MEMBER COUNCILS AND THE COMMUNITY WITH THE INTENTION OF REPORTING BACK TO COUNCIL IN APPROXIMATELY MARCH 2010 WITH A FINAL RECOMMENDATION.*
 - A) *RED HILL WASTE MANAGEMENT FACILITY IS THE PREFERRED SITE FOR THE RRF BASED ON ENVIRONMENTAL, ECONOMIC AND PLANNING CONSIDERATIONS, COMMUNITY RESEARCH AND THE POTENTIAL VALUE OF THE EMRC HAZELMERE SITE AS A RESOURCE RECOVERY PARK.*
 - B) *THE DESIGN & CONSTRUCT CONTRACT OWNERSHIP MODEL IS PREFERRED TO A BUILD OWN OPERATE CONTRACT MODEL.*
 - C) *THE RRF TECHNOLOGY OPTIONS INCLUDING ANAEROBIC DIGESTION, GASIFICATION AND PYROLYSIS ARE RANKED HIGHER THAN COMBUSTION AND PLASMA AT THIS STAGE BUT MORE INFORMATION IS REQUIRED BEFORE A FINAL PREFERENCE CAN BE DETERMINED.*
 - D) *A THIRD BIN FOR HOUSEHOLD ORGANIC WASTE COLLECTION IS CONSIDERED IN CONJUNCTION WITH ANAEROBIC DIGESTION TECHNOLOGY."*

On 20 May 2010, Council resolved that:

- "1. *THE FOLLOWING OPTIONS ARE CONFIRMED AS THE PREFERRED OPTIONS FOR THE RESOURCE RECOVERY FACILITY:*
 - A) *RED HILL WASTE MANAGEMENT FACILITY IS THE PREFERRED SITE FOR THE RRF.*
 - B) *THE DESIGN & CONSTRUCT CONTRACT OWNERSHIP MODEL IS PREFERRED TO A BUILD OWN OPERATE CONTRACT MODEL AT THIS STAGE OF THE PROJECT.*
 - C) *THE RRF TECHNOLOGY OPTIONS INCLUDE ANAEROBIC DIGESTION, GASIFICATION, PYROLYSIS AND COMBUSTION. PLASMA TECHNOLOGY WILL ONLY BE CONSIDERED IF IT IS AN INTEGRAL PART OF ONE OF THESE TECHNOLOGIES.*
 - D) *A THIRD BIN FOR HOUSEHOLD ORGANIC WASTE COLLECTION BE CONSIDERED IN CONJUNCTION WITH ANAEROBIC DIGESTION TECHNOLOGY, OTHERWISE A TWO BIN SYSTEM IS RECOMMENDED FOR THE THERMAL TECHNOLOGY OPTIONS.*
2. *COUNCIL PROCEEDS WITH THE ENVIRONMENTAL AND PLANNING APPROVALS TASK FOR THE RESOURCE RECOVERY PROJECT BASED ON THE PREFERRED SITE AND TECHNOLOGY OPTIONS."*

At its meeting on 7 April 2011, the Resource Recovery Committee received a presentation from Mr John King of Cardno on the contract model options for the Resource Recovery Facility (RRF) following which the committee requested that the Design Build Operate and Maintain (DBOM) contract model be assessed and compared to the BOO model and the Design and Construct (D&C) model. (This is the subject of a separate report).



Item 10.1 continued

REPORT

Following the Council resolutions of 20 May 2010, the Acceptable Tenderers were advised of Council resolutions. This resulted in representations from SITA and TPI Cleanaway about the contract ownership model because both had a preference for the BOO model. WSN also expressed concerns as they were only interested in the BOO model.

Subsequently, on 15 June 2010, SITA advised they did not wish to participate any further in the tender process on the basis that "the likely contract model is Design & Construct which does not align to SITA's business model". After discussions between SITA and Mr John King of Cardno on behalf of the EMRC, SITA agreed to remain in the tender process.

On 10 March 2011, the acceptable tenderers were requested to provide emissions data for their technology options for the environmental review analysis, as per clause 4.6.1 of the Expressions of Interest document.

On 17 March 2011, SITA Environmental Solutions advised that their position had not changed and this also applied to WSN, now owned by SITA. SITA advised that until such time that EMRC ruled out a D&C only model they did not intend to participate further in the process but that should the EMRC rule out a D&C model in the future they would be prepared to review their current position.

Following the 7 April 2011 meeting of the Resource Recovery Committee, acceptable tenderers were advised that the EMRC was reviewing the contract model options to consider a DBOM option.

SITA's response on 14 April 2011 noted EMRC's intention to review the contract model options and queried the term of a contract model where the contractor would be responsible for operation and maintenance but restated their position that unless the D&C model was ruled out, they would not be participating further in the process and consequently the provision of information relating to the proposed facility performance and/or technology will not be supplied.

After consultation with the project probity adviser and consultants Cardno it was agreed that in accordance with clause 1.5.3 SITA and WSN should be removed from the tender process, on the basis that they have been in breach of clauses 1.5.14 and 4.6.1. In order to provide evidence of due process and so as not to give SITA any cause for complaint at a later stage, a two step process was followed:

1. A letter was sent to SITA noting their comments and requesting they confirm that the intent of their email of 14 April 2011 was to withdraw from the process if the issue of the D&C contract model was not resolved in a manner satisfactory to the company. The letter also advised that Council is not in a position to provide such advice and that if this remains a condition of their continuing in the process, then EMRC will have no option but to recommend to Council that they be removed from the process.
2. On receipt of SITA's confirmation, assuming they are not prepared to alter their approach, advise Council of the actions that have been taken and recommend endorsement of the removal of the company from the process.

The EMRC letter was emailed to SITA on 18 April 2011 (refer attachment 1) responding to emailed queries from SITA and requesting confirmation that they would remain in the tender process and supply environmental emissions data.

SITA emailed a response to the EMRC's letter on 17 May 2011, confirming their intention to withdraw from the EMRC Resource Recovery tender process and that this decision applied to both the SITA and WSN Expressions of Interest submissions (refer attachment 2)

Accordingly, it is recommended that Council note the withdrawal of both SITA Environmental Solutions and WSN Environmental Solutions from the EMRC tender process and that the Acceptable Tenderer list be amended accordingly.



Item 10.1 continued

The Acceptable Tenderer list now includes:

- a. Energos AS (Gasification);
- b. Evergreen Energy Corporation Pty Ltd (Anaerobic Digestion);
- c. Amec Minproc Limited (formerly GRD Minproc) (Anaerobic Digestion and Combustion);
- d. Moltoni Energy Pty Ltd (Combustion);and
- e. Transpacific Cleanaway Limited (Anaerobic Digestion).

These Acceptable Tenderers still cover the range of technology options being considered by EMRC as indicated above.

STRATEGIC/POLICY IMPLICATIONS

Key Result Area 1 – Environmental Sustainability

- 1.3 To provide resource recovery and recycling solutions in partnership with member Councils

FINANCIAL IMPLICATIONS

Nil

SUSTAINABILITY IMPLICATIONS

Key Result Area 1 – Environmental Sustainability

- 1.3 To provide resource recovery and recycling solutions in partnership with member Councils

MEMBER COUNCIL IMPLICATIONS

Member Council	Implication Details
Town of Bassendean	} Nil
City of Bayswater	
City of Belmont	
Shire of Kalamunda	
Shire of Mundaring	
City of Swan	

CONFIDENTIAL ATTACHMENT(S)

1. Letter to SITA Environmental Solutions (Ref: Committees-12392)
2. Email from SITA Environmental Solutions, 17 May 2011 (Ref: Committees-12393)

VOTING REQUIREMENT

Simple Majority



Item 10.1 continued

RECOMMENDATION(S)

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2. The list of Acceptable Tenderers be amended to remove SITA Environmental Solutions and WSN Environmental Solutions.
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RRC RECOMMENDATION(S)

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SECONDED CR LINDSEY

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CARRIED UNANIMOUSLY

RRC Chairman

Chief Executive Officer
