

## 7.6 Contract No. 2019/136 - 9 x 60m<sup>3</sup> Trailers Lease Supply & Delivery

### Abstract

This report seeks Council endorsement for the award of Contract 2019/136, 9 x 60m<sup>3</sup> Waste Transfer Trailers - Lease, Supply and Delivery. This contract involves the combination of two separate non maintained operating lease agreements for a staggered delivery of the nine trailers to replace similar trailers that have reached the end of their leases and are no longer viable.

The combined cost for the two lease agreements is \$2,764,191 (including GST). The estimated cost to Council after return of GST Input Credits is \$2,512,901. Council was able to leverage the panel of prequalified vehicle suppliers under Municipal Association of Victoria Procurement (MAVP) NPN1.15 Specialised Trucks and Bodies (Council Contract 2016/91) to obtain quotes for the supply and lease of these trailers, satisfying the requirements of Section 186 of the *Local Government Act. 1989*.

Confidential information is contained in **Attachment 1**, as circulated in the confidential section of the agenda attachments, in accordance with Section 89(2) of the *Local Government Act 1989*, as the information relates to contractual matters and premature disclosure of the information could be prejudicial to the interests of Council or other persons. This item has been included in the public agenda to facilitate transparency and accountability in Council's decision making.

If discussion of the confidential information in the attachments to this report is required in order for Council to make a decision, this item will be deferred to the confidential section of the agenda.

### Officers' recommendation

That Council resolve:

1. To award Contract No. 2019/136, 9 x 60m<sup>3</sup> Waste Transfer Trailers - Lease, Supply and Delivery, to be as follows:
  - 1.1. **Batch 1**

The supply of four trailers from Wastech Engineering Pty Ltd (ABN 52 059 404 152) under a ten year (120 months) non maintained leasing term and at a cost for the four trailers of \$1,228,529 (including GST). The estimated cost to Council after the return of the GST Tax Input Credits is \$1,116,845.
  - 1.2. **Batch 2**

The supply of five trailers from Wastech Engineering Pty Ltd (ABN 52 059 404 152) under a ten year (120 months) non maintained leasing term and at a cost for the five trailers of \$1,535,662 (including GST). The estimated cost to Council after the return of the GST Tax Input Credits is \$1,396,056.

The associated lease contracts for the nine trailers is a non maintained operating lease to be provided by Toyota Finance Australia Limited (ABN 48 002 435 181).

Under this Contract arrangement the new nine 60m<sup>3</sup> Waste Transfer Trailers will be subject to a staggered delivery spread across a period of up to seven months. Subject to manufacturer's build of the trailers, it is anticipated that four trailers will be delivered to Council during May 2020 ('Batch 1') and the remaining five trailers during December 2020 ('Batch 2').

2. To authorise the Director Environment and Infrastructure to execute the contract lease agreements with the above contractor.
3. To note that expenditure under this contract in 2019-20 is marginally above Council's adopted budget which will be referred to the full year forecast for review and expenditure in future years will be in accordance with the approved budget allocations.

**Responsible director: Charles Turner**  
**Acting Director Environment and Infrastructure**

---

## 1. Purpose

The purpose of this report is for Council to give consideration to the awarding of Contract No. 2019/136, 9 x 60m<sup>3</sup> Waste Transfer Trailers - Lease, Supply and Delivery.

## 2. Policy implications and relevance to community plan and council plan

This contract aligns with the following themes and strategies in the Boroondara Community Plan (2017 -27) and Council Plan (2017- 21):

### **Theme 1: Your Community, Services and Facilities**

**Strategic objective:** Community services and facilities are high quality, inclusive and meet a variety of needs now and into the future.

**Strategy 1.6** Create and maintain public areas, facilities, amenities, footpaths and spaces that are inviting, clean and appropriately lit to increase social connection and improve perceptions of safety.

### **Theme 3: The Environment**

**Strategic objective:** Our natural environment is healthy and sustainable for future generations.

**Strategy 3.2** Reduce the amount of waste generated and disposed in landfill through initiatives to prevent, reduce, recycle and reuse waste.

This procurement process has been carried out in accordance with the requirements of Council's Contracts and Tendering Probity Policy and Council's Procurement Policy.

## 3. Background

Council requires 9 x 60m<sup>3</sup> waste transfer trailers, to replace its existing fleet of 9 x 60m<sup>3</sup> trailers which are beyond economical repair. The trailers are to be used primarily to move general and green waste material from Council's Waste Transfer Station located at Riversdale Depot, Camberwell to waste disposal sites around Melbourne. The trailers will need to have adequate ground clearance that enables access to tip faces and will need to be configured and able to connect with the Riversdale Depot Waste Transfer Station compactors and the current and new prime movers.

All non-warranty servicing and maintenance of the trailers will be undertaken by Council's Operations Centre, located at the Riversdale Depot, Camberwell.

### **3.1 Municipal Association of Victoria Procurement (MAVP) (Contract NPN1.15 Specialised Trucks and Bodies (Council Contract 2016/91)**

The National Procurement Network (NPN) is an alliance of state and territory local government association procurement organisations including Municipal Association of Victoria Procurement (MAVP).

In May 2011 Council formally appointed MAVP to act as the Council's tendering agent on a NPN initiated tender for the establishment of a 'Preferred Supplier Arrangement' for the supply of Trucks, Vans and Omnibuses. Thirty one other Victorian Councils participated in this publically advertised tender as well as councils from all other states except Western Australia.

Compliance with section 186 of the Local Government Act has been met by Council through this arrangement.

The subsequent tender led to the establishment of a panel of prequalified suppliers under MAVP Contract NPN1.15 Specialised Trucks and Bodies (Council Contract 2016/91). In most instances a truck supplier that has been empaneled under these MAVP contracts will nominate a local dealership to respond to a Council's Request for Quotation.

## **4. Council Request for Quotation No. 2019/136**

In accordance with Council's procurement procedures and Section 186 of the *Local Government Act 1989*, Council issued a Request for Quotation for Contract No. 2019/136, 9 x 60m<sup>3</sup> Waste Transfer Trailers - Lease, Supply and Delivery, to five prequalified body manufacturers under Contract NPN1.15. The manufacturers were selected on the basis of their ability to meet the minimum requirements outlined within the contract specifications as well as to meet the required delivery times set with in the tender documentation.

The Request for Quotation was issued on Wednesday 15 May 2019 via the MAVP's Vendor Panel online quotation portal with a closing date for submissions of Friday, 14 June 2019.

In response to the advertisement, Council received one submission:

- Wastech Engineering Pty Ltd

## **5. Outline of key issues/options**

Compliance with *section 186 of the Local Government Act* has been met by Council having formally appointed MAV Procurement as the contract management agent in advance of the original NPN tender being issued. That tender led to the establishment of the panel of prequalified vehicle suppliers under Contract NPN1.15.

By consolidating the requirements of many local councils into a single purchasing arrangement, this contract provides significant savings to participating councils. The cost of trailers under the Contract NPN1.15 are at a very significant discount to the Manufacturers' Published Government List Prices and it is considered that Council would be most unlikely to better this pricing through running its own, standalone tender.

Although only one submission was received for this service, the Panel was satisfied that the proposed pricing offered was in line with the current market value and in line with estimated values analysed by the Business.

## 6. Consultation/communication

The operation and maintenance of the waste transfer trailers is the responsibility of Parks and Infrastructure Department staff, including the drivers and operators that have been fully involved throughout this Request for Quote process. The procurement process was facilitated by officers from Commercial and Property Services whose participation has ensured transparency and probity. No other internal consultation/communication has been considered necessary.

## 7. Financial and resource implications

Council's 2019-20 adopted budget contains a total allocation of \$65,699 for this new contract award.

Due to the manufacturing lead time associated with the trailers, the leases for the first four trailers (Batch 1) are not expected to commence until May 2020 (table 7.1) and the leases for the remaining five trailers (Batch 2) are not expected to commence until December 2020 (table 7.2).

Prices in table 7.1 exclude GST and indicates the estimated cost above budget will be referred to the full year forecast for review.

<b>Budget 2019-20</b>	<b>(ex. GST)</b>
<b>Allocated Budget</b>	<b>\$65,699</b>
Lease payments for existing 4 trailers - 10 Months	\$54,749
2 Months - 4 replacement Leases	\$18,614
Total Budget Required Estimated Lease Cost 2019-20	\$73,363
<b>Funding Deficit</b>	<b>\$7,664</b>

Table 7.1

Prices in table 7.2 exclude GST and indicates the proposed cost of the leasing based on the delivery times of these trailers.

<b>Trailers</b>	<b>Trailers</b>	<b>2019-2020</b>	<b>2020-2021</b>
Batch 1	4 x trailer leases anticipated delivery May 2020	\$18,614	\$111,684
Batch 2	5 x trailer leases anticipated delivery December 2020		\$81,436
	<b>Total Estimate Budget Required</b>	<b>\$18,614</b>	<b>\$193,121</b>

Table 7.2

The existing 4 x 60m<sup>3</sup> Trailers will remain in use during the commencement of the food waste and garden waste program. These will remain in service until such a time that organics are received and a better understanding of the impact of waste volumes

Prices in table 7.3 exclude GST and indicates the proposed cost of new and existing leasing over the 2021-22 financial year. It should be noted the increase in future years shall be accommodated in the Long Term Financial Strategy (LTFS).

<b>Budget 2021-22</b>	(ex. GST)
9 x 60m <sup>3</sup> Trailers annual lease payments	\$251,289
4 x 60m <sup>3</sup> Trailers - existing	\$65,699
<b>Funding Deficit</b>	<b>\$185,591</b>

**Table 7.3**

## 8. Governance issues

The implications of this report have been assessed in accordance with the requirements of the Victorian Charter of Human Rights and Responsibilities.

The officers responsible for this report have no direct or indirect interests requiring disclosure.

This quotation process has been carried out in accordance with the requirements of Council's Contracts and Tendering Probity Policy and Council's Procurement Policy.

## 9. Social and environmental issues

The leasing of the trailers subject to this contract will ensure a continuation of Council's high quality waste transfer services.

## 10. Evaluation and review

The evaluation report is provided as **Confidential Attachment 1**.

As a result of the Request for Quotation evaluation, the evaluation panel recommends that Contract No. 2019/136, 9 x 60m<sup>3</sup> Waste Transfer Trailers - Lease, Supply and Delivery be awarded as follows:

### 10.1. Batch 1

The supply of four trailers from Wastech Engineering Pty Ltd (ABN 52 059 404 152) under a ten year (120 months) non maintained leasing term and at a cost for the four trailers of \$1,228,529 (including GST). The estimated cost to Council after the return of the GST Tax Input Credits is \$1,116,845.

### 10.2. Batch 2

The supply of five trailers from Wastech Engineering Pty Ltd (ABN 52 059 404 152) under a ten year (120 months) non maintained leasing term and at a cost for the five trailers of \$1,535,662 (including GST). The estimated cost to Council after the return of the GST Tax Input Credits is \$1,396,056.

The associated leasing contract for the nine closed trailers is a non-maintained operating lease to be provided by Toyota Finance Australia Limited (ABN 48 002 435 181).

The contract is being awarded to the Respondent who submitted the only submission but whose trailer met all key specification criteria as issued by Council.

**Manager:** George Batsakis, Acting Group Manager Parks and Infrastructure

**Report officer:** Wes Gunn, Coordinator Waste Operations, Parks and Infrastructure