

**Management report to Council**

**Agenda item 6.5**

**Supply and Maintenance of Cigarette Butt Bins and Associated Services  
Contract 3565**

**Council**

**Presenter:** Jenny Bailey, Manager Engineering Services

**26 June 2018**

**Purpose and background**

1. The purpose of this report is to seek Council approval to enter into a contract for the Supply and Maintenance of Cigarette Butt Bins and Associated Services for a term of three years, with an option to extend the term of the contract by up to four years.
2. The current contract with Envirocorp Group expires on 31 August 2018. The tender was advertised in 'The Age' and Tenderlink on Saturday 17 March 2018. Response to the ITT closed on 10 April 2018.
3. Collaborative procurement was investigated and found to be unsuitable for this service at this time.
4. A summary of the contract service and tender evaluation report is contained in Attachment 1.

**Key issues**

5. The tender assessment process was carried out in accordance with Council's Contract and Procurement process.
6. Envirocorp Group is the preferred tenderer.
7. The primary pricing structure for the contract involves a schedule of rates applying to the majority of the service where an hourly rate or a unit rate is more appropriate.
8. The estimated cost for Year 1 of the contract based on Envirocorp Group's offer is \$154,076. Funding in the 2018–19 budget covers this cost.
9. Envirocorp Group has been providing good service to the Council as the incumbent service provider. Their tender provides Council with a value for money offer as detailed in Attachment 1.

**Recommendation from management**

10. That Council awards the contract for the Supply and Maintenance of Cigarette Butt Bins and Associated Services to Envirocorp Group for three years commencing 1 September 2018 with an option to extend the contract term by up to four years.

Attachment:

1. Supporting Attachment

**Supporting Attachment**

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**Legal**

1. Pursuant to section 186 of the *Local Government Act 1989* (Vic), before a Council enters into a contract for the purchase of goods or services to the value of \$150,000 or more (levels increased by Order in Council dated 7 August 2008), the Council must give public notice of the purpose of the contract and invite tenders from persons wishing to undertake the contract.

**Finance**

2. The Year 1 cost of the service is estimated to be \$154,076 based on Supply and Install on a lease or rental basis of 550 Type A (asset mountable) and 30 Type B (standalone bollard) butt bins per annum.
3. Funding available in Year 1 covers this cost for FY 2018–19.

**Procurement**

4. The tender accords with Council's Centre Led Procurement Policy and Procedures.
5. The business requirement for provision of the services encompasses supply (rental basis), installation and maintenance of cigarette butt bins at various locations within the City of Melbourne, and also the provision of maintenance to cigarette butt bins owned by the City of Melbourne.
6. The contract is generally for the supply of two models of specialised cigarette butt bins, Type A (asset mountable) and Type B (standalone bollard), and installation to existing assets, servicing, maintenance, relocation, replacement and removal.
7. The contract will cover various locations in the City of Melbourne, including but not limited to, the Central Business District (CBD), Docklands, various shopping strips and similar high-activity centres, the Yarra River, Alexandra Park and the Hospital Precincts.
8. The number and location of the butt bins may vary as determined by the Contract Manager during the term of the contract. After initial installation, the Contract Manager shall give the Service Provider two weeks' notice to change the location, or to increase or decrease the number of butt bins installed.
9. A key factor in the packaging of the business requirement was the need to achieve the following objectives:
  - 9.1. Provide a method to divert cigarette butt waste from the litter bin general waste stream. Enabling capture of a dedicated cigarette waste stream and reducing litter bin fires.
  - 9.2. Capture high levels of cigarette butt waste before entering the stormwater drainage network and/or waterways.
  - 9.3. Implementation and advancement of world leading industry best environmental management practices in tobacco waste landfill diversion.

**Tender evaluation summary**

10. The membership of the tender evaluation panel was as follows.

Position	Title
Chairperson (voting)	Team Leader-Urban Services, Engineering Services
TEP member(voting)	Category Manager, Finance & Procurement
TEP member (voting)	Contracts Officer, Parks Property Waterways
TEP member (Advisory, non-voting)	Financial Analyst, Finance and Procurement
TEP member (Advisory, non-voting)	Financial Analysis Officer, Finance and Procurement

Table 1: Evaluation Panel Composition

11. Tender Evaluation Process

Summary of the Financial and Non-Financial scoring for the Envirocorp Group is as below:

Evaluation Criteria	Weighting (%)	Score out of 10	Weighted score
<b>Financial Criteria (Typically 60%)</b>			
***Cost	60		60
<b>Non Financial Criteria (Typically 40%)</b>			
Experience, Capability & Past Performance	15	8	12
Plan for Proposed Services Supply	25	8	20
Supplier Compliance Management	0	Compliant	Compliant
<b>TOTAL</b>	<b>100</b>		<b>92.00</b>

Table 2: Summary of Envirocorp Group's Financial and Non-Financial Scoring

**Conflict of interest**

12. No member of Council staff, or other person engaged under a contract, involved in advising on or preparing this report has declared a direct or indirect interest in relation to the matter of the report.

**Stakeholder consultation**

13. The tender was advertised in the Age newspaper and Tenderlink on Saturday 17 March 2018.

**Relation to Council policy**

14. Council aims to deliver quality services that are responsive to business and community expectations, are demonstrably cost-effective and are subject to public accountability. The Maintenance of Cigarette Butt Bins and Associated Services has been market tested through a public tender process. The tender evaluation process has been undertaken with the highest levels of probity and fairness and is compliant with CCMS procurement procedures and processes.

15. The Council's strategic goals and objectives are detailed in the 2017-2021 Council Plan. The provision of this service will directly support the achievement of Council's long-term community goals, in particular:

15.1. **Goal 1:** "A city that cares for its environment". Cigarette litter is the most common form of litter in Australia and it has significant impact on the environment. Cigarette filters are made from cellulose acetate, a highly absorbent plastic designed to capture the toxic chemicals present in tobacco products. When dry they float, once in the waterways cigarette butts absorb water and become neutrally buoyant making them very difficult to capture. The separation of cigarette waste from litter bin general waste allows for landfill diversion. Exploration of recycling techniques promotes environmental sustainability by linking businesses to new initiatives and key sustainability projects.

Furthermore, separation of cigarette waste from litter bin general waste reduces the occurrence of litter bin fires, resulting in improvements in liveability, health and wellbeing.

- 15.2. **Goal 2:** “A city for people”. A clean and presentable city provides a social benefit to the City of Melbourne’s many visitors, tourists, residents and workers. The key objective to reduce street litter and air polluting litter bin fires increases access, inclusion and participation of all people in public spaces.
- 15.3. **Goal 3:** “A creative city”. The separation of cigarette waste from litter bin general waste generates a clean single waste stream suitable for the exploration of new creative techniques and enterprises.
- 15.4. **Goal 4:** “A prosperous city”. The separation of cigarette waste from litter bin general waste generates a clean single waste stream allowing for innovation and invention through citizen, academic and business participation.
- 15.5. **Goal 5:** “A knowledge city”. The data recorded during the servicing process of the cigarette butt bins combined with GPS technologies allows for the establishment of open data and/or heat maps to identify locations and behaviours of Melbourne’s many visitors, tourists, residents and workers who choose to smoke cigarettes. This in turn strengthens collaboration between industry and tertiary institutions as well as other providers beyond our municipality.

### **Corporate social responsibility**

16. Envirocorp Group will provide the environmental sustainability initiatives detailed above.