

| <b>Decision released from confidential session</b>  |                        |  |                        |
|---|------------------------|--|------------------------|
| <b>Recommendation from (agenda report)</b>  | <b>Date of meeting</b> | <b>Recommendation to (decision-making meeting)</b> | <b>Date of meeting</b> |
|   |                        | Nelson Tasman Regional Landfill Business Unit      | 19 May 2023            |
| <b>Report Title and number</b>  |                        |  |                        |
| NTRLBU Compactor Procurement Report (R27657)  |                        |  |                        |
| <b>Documents released</b>   |                        |  |                        |
| Decision RLBU/2023/014  |                        |  |                        |
| <b>Decision</b>   |                        |  |                        |
| <p>Resolved</p> <p>That the Nelson Tasman Regional Landfill Business Unit</p> <ol style="list-style-type: none"> <li>1. Receives the report NTRLBU Compactor Procurement Report (R27657); and</li> <li>2. Approves the preparation of a Request For Proposals for the purchase of a new waste compactor; and</li> <li>3. Agrees that Report (R27657) and the decision be made publicly available following the completion of the landfill compactor procurement process.</li> </ol> |                        |  |                        |

# CONFIDENTIAL

## Item 1: NTRLBU Compactor Procurement Report



### Nelson Tasman Regional Landfill Business Unit

19 May 2023

---

**Report Title:** NTRLBU Compactor Procurement Report  
**Report Author:** Nathan Clarke - General Manager Regional Sewerage and Landfill  
**Report Number:** R27657

---

#### 1. Purpose of Report

1.1 To approve the proposed strategy for the procurement of a new landfill compactor for the York Valley Landfill.

#### 2. Summary

- 2.1 The current Operations and Maintenance (O&M) contract is not being renewed and the landfill compactor is leased by the landfill O&M contractor.
- 2.2 The current compaction performance has not reached the target density, and the compactor has had significant mechanical issues during its life. NTRLBU does not want to acquire the current compactor.
- 2.3 A new compactor needs to be acquired for the new O&M contract.
- 2.4 The supply of a compactor takes around 12 months from time of order.
- 2.5 NTRLBU is therefore proposing a proactive approach to procuring a new compactor so that a compactor can be available at the commencement of the new O&M contract.

#### 3. Recommendation

***That the Nelson Tasman Regional Landfill Business Unit***

- 1. Receives the report NTRLBU Compactor Procurement Report (R27657); and***
- 2. Approves the preparation of a Request For Proposals for the purchase of a new waste compactor; and***

# CONFIDENTIAL

## Item 1: NTRLBU Compactor Procurement Report

### **3. Agrees that Report (R27657) and the decision be made publicly available following the completion of the landfill compactor procurement process.**

#### **4. Exclusion of the Public**

4.1 This report has been placed in the confidential part of the agenda in accordance with section 48(1)(a) and section 7 of the Local Government Official Information and Meetings Act 1987. The reason for withholding information in this report under this Act is to:

- Section 7(2)(h) To enable the local authority to carry out, without prejudice or disadvantage, commercial activities

#### **5. Background**

5.1 The current landfill operations and maintenance contract is scheduled to end in June 2024. The contract allows for a roll-over of the existing contract for a second five - year term, however a Local Government Act 2002 Section 17(a) review of the contract undertaken during 2022 and approved by the NTRLBU board chair identified that the current contract is not considered appropriate for the future provision of landfill services due to the significant change that is affecting the landfill and solid waste sectors within New Zealand.

5.1 Over the last three years significant changes have occurred to the management of the landfill.

5.2 These changes mean that the current contract specification is no longer appropriate to reflect the needs of the future landfill operations.

5.3 The NTRLBU therefore needs to revise the contract to better meet the future requirements of the landfill operation.

5.4 The primary landfill compactor is currently supplied by the operations and maintenance contractor.

5.5 The current compactor has been leased by the current operations contractor and has had ongoing mechanical issues. NTRLBU does not wish to acquire or take over the lease on the machine.

5.6 NTRLBU will therefore need a new compactor for any new O&M contract.

5.7 The supply of a compactor takes around 12 months from time of order.

5.8 If NTRLBU does not act proactively then it is possible that the landfill will have poor compaction performance and unavailability of a compactor during the first six months to one year of the new operations contract due to the lead time of the compactor.

# CONFIDENTIAL

## Item 1: NTRLBU Compactor Procurement Report

5.9 NTRLBU is therefore proposing a proactive approach to procuring a new compactor so that a compactor can be available at the commencement of the new O&M contract.

### **6. NTRLBU landfill compaction requirements**

6.1 Landfill compaction is a critical part of running a cost effective landfill service.

6.2 The landfill airspace has a considerable value to the community.

6.3 Current landfill airspace of ~1.3 Million m<sup>3</sup> has a sale value of \$230 million at today's landfill prices assuming a density of 800kg/m<sup>3</sup> compacted.

6.4 Landfill life depends on placing and compacting waste to the maximum extent possible within the landfill.

6.5 Communications with managers at other landfills suggest that NTRLBU should be targeting a compaction of 1 ton/m<sup>3</sup>.

6.6 At 1 ton/m<sup>3</sup> the landfill airspace would have a value of \$285 Million.

6.7 NTRLBU has a current target of 0.8 tonnes /m<sup>3</sup> and has not been achieving this target.

6.8 Recent compaction results have been as low as 0.7 tonnes /m<sup>3</sup> over a one month period.

6.9 The low compaction results in a significant loss of airspace to NTRLBU and a consequential loss in value of the landfill.

6.10 NTRLBU propose to purchase a compactor that has the best chance of achieving the highest compaction.

6.11 The compactor procurement will also focus on safety and environmental considerations for the landfill.

### **7. Health and safety and landfill management considerations**

7.1 The NTRLBU York Valley landfill has had four vehicle incidents over the last approximately 18 month period.

7.2 NTRLBU are investigating options for preventing these incidents, and geofencing and vehicle and personnel detection systems are options that can be used as part of a comprehensive strategy to prevent accidents.

7.3 It is important that compactors can be equipped with and are able to integrate these safety feature. This will therefore be a critical part of the evaluation process for any new compactor.

# CONFIDENTIAL

## Item 1: NTRLBU Compactor Procurement Report

### 8. Landfill compactor purchase or hire

- 8.1 A market sounding exercise (without prejudice) has been undertaken with several potential landfill contractors on whether they would be willing to purchase the new compactor from NTRLBU if NTRLBU purchased it prior to the O&M contract.
- 8.2 The exercise also asked whether the contractors whether if they were the successful O&M contractor tenderer would they accept the novation of a compactor lease from NTRLBU if NTRLBU were to lease a compactor prior to the O&M tender.
- 8.3 This exercise has shown that on the basis that the compactor is new, and of a reputable brand, the contractors would be willing to purchase the compactor acquired by NTRLBU if successful in securing the operations and maintenance contract.
- 8.4 The exercise also showed that the contractors spoken to were less accepting of the novation of a lease for a compactor.
- 8.5 It is therefore proposed that NTRLBU begin procurement of the compactor, with the intent that it would be purchased by NTRLBU and then on-sold to the successful new landfill O&M contractor at the start of the contract.
- 8.6 The process proposed is a two stage process where a Request For Information is sent to the market.
- 8.7 Respondents will be asked for information, and to prepare a presentation on their machine, on their backup services including training, maintenance, spare parts, and technological innovations that could support NTRLBU in achieving high compaction efficiency and very high safety standards.
- 8.8 NTRLBU propose to visit and observe the machines in operation, discuss the operation of the machines with operational staff, with owners' management and maintenance staff, and to review compaction performance and waste types on which the machines are working.
- 8.9 Following this process, a Request For Proposals (RFP) would be released to the short listed respondents from the RFI outlining the specific requirements for the supply of the compactor for the respondents to quote on.
- 8.10 Currently NTRLBU officers propose to consider both lease and purchase proposals from the market, however it is recognised that contractors approached have stated a preference for purchasing the equipment rather than taking on a lease.
- 8.11 It is proposed that following receipt and review of the proposals a recommended compactor supplier, the preferred machine and supply

# CONFIDENTIAL

## Item 1: NTRLBU Compactor Procurement Report

package, and preferred financial arrangements will be brought to the board for approval.

### 9. Procurement Options

9.1 A review was undertaken of the options available, and these options are compared in the following table

| <b>Option 1:</b>   |  |
|--|--|
| Advantages   | <ul style="list-style-type: none"> <li>• No capital expenditure</li> <li>• Less work required for NTRLBU staff</li> </ul>  |
| Risks and Disadvantages  | <ul style="list-style-type: none"> <li>• New compactor will not be available at the start for the new contract.</li> <li>• Low compaction will continue to result in wasted airspace</li> <li>• Compaction failures will remain more frequent and will continue to put landfill operations at risk.</li> <li>• Compactor eventually purchased may not be to NTRLBU specification.</li> </ul>   |
| <b>Option 2: Procure a compactor through a lease and novate the lease to the new O&amp;M contractor.</b>     |  |
| Advantages   | <ul style="list-style-type: none"> <li>• No capital expenditure.</li> <li>• New compactor will be available at the commencement of the new operations contract</li> <li>• The new compactor will meet the NTRLBU compactor requirements.</li> </ul>  |
| Risks and Disadvantages  | <ul style="list-style-type: none"> <li>• More work for NTRLBU staff.</li> <li>• The lease cost will include a profit and risk margin so it will be more expensive over the life of the machine.</li> <li>• Some contractors may not be willing to take over the lease from NTRLBU at the commencement of the new O&amp;M contract.</li> <li>• Need to include provision for novation of lease for the new compactor in the new O&amp;M contract tender.</li> </ul> |
| <b>Option 3: Procure a compactor by purchase and on-sell to new O&amp;M contractor ( Recommended Option)</b> |  |
| Advantages   | <ul style="list-style-type: none"> <li>• New compactor will be available at the commencement of the new O&amp;M contract</li> <li>• Compactor procured will meet the NTRLBU compaction requirements.</li> <li>• Some NTRLBU prospective O&amp;M tenderers have indicated that they are willing to purchase the compactor from NTRLBU if they are the successful with the O&amp;M contract.</li> </ul>  |

# CONFIDENTIAL

## Item 1: NTRLBU Compactor Procurement Report

|                         |  |
|-------------------------|--|
| Risks and Disadvantages | <ul style="list-style-type: none"><li>• NTRLBU will likely need to pay the deposit on the compactor prior to the start of the NTRLBU contract.</li><li>• Additional work for NTRLBU staff.</li><li>• Need to include provision for purchase of new compactor in new O&amp;M contract tender.</li></ul> |
|-------------------------|--|

Table 1 – Options for procurement of a new landfill compactor

### 10. Conclusion

- 10.1 The current operations and maintenance contract is coming to an end in June 2024. The NTRLBU has chosen not to consider a roll-over of the contract for a second term.
- 10.2 The current compactor has been leased by the current operations contractor and has had ongoing mechanical issues, whilst also providing below specification compaction levels. NTRLBU does not wish to acquire or take over the lease on the machine.
- 10.3 The landfill therefore needs to acquire a new compactor for the site.
- 10.4 It is proposed that NTRLBU purchase the compactor and then on-sell the compactor to the successful O&M contractor.
- 10.5 Current compaction performance is poor. It is thought that a number of issues contribute to the poor compaction performance including the weight of the compactor.
- 10.6 It is therefore considered appropriate to specify a larger machine.
- 10.7 The lead time for the compactor is around one year and therefore NTRLBU will need to undertake this procurement in advance of the new operations contract being awarded.
- 10.8 It is recommended that a procurement process for the supply of a larger landfill compactor be prepared.
- 10.9 This proposal process will include consideration of both lease and purchase options.
- 10.10 A two stage process is being recommended where suppliers will be asked for information and will be required to present their solution to the evaluation team. Following these presentations, a revised specification will be released to the short listed respondents outlining the proposed scope of supply.

### Important considerations for decision making

#### Fit with Purpose of Local Government

The NTRLBU is a joint committee constituted pursuant to the provisions of Schedule 7 to the Local Government Act 2002 and contributes to the

# CONFIDENTIAL

## Item 1: NTRLBU Compactor Procurement Report

|  |
|--|
| <p>four Local Government well-beings of social, economic, environmental, and cultural.</p>   |
| <p><b>Consistency with Community Outcomes and Council Policy</b></p> <p>The report updates the NTRLBU board on progress toward the actions outlined in the NCC and TDC Annual Plans and the NTRLBU business plan, and sets out ways to ensure that the landfill can operate effectively to deliver the community outcomes.</p>   |
| <p><b>Risk</b></p> <p>This report includes updates on business continuity risks for consideration by the NTRLBU board</p>  |
| <p><b>Financial impact</b></p> <p>This report provides a means of assessing progress against plans and includes options for procurement in alignment with NCC procurement policy to mitigate adverse financial impacts.</p>  |
| <p><b>Degree of significance and level of engagement</b></p> <p>This report provides a means of assessing progress against plans. The report includes options for procurement in alignment with NCC procurement policy to mitigate adverse financial impacts, and is not significant to NCC or TDC financially.</p>  |
| <p><b>Climate Impact</b></p> <p>This report relates to a new operations and maintenance contract with will allow the implementation of additional climate actions within the core NTRLBU operations contract. New compactor – better compaction, stage 4 tier 5 emission management system.</p>  |
| <p><b>Inclusion of Māori in the decision making process</b></p> <p>No engagement with Māori has been undertaken in preparing this report but iwi have representation on the Board.</p>   |
| <p><b>Delegations</b></p> <p>The Joint Committee has the following delegations to consider the Nelson Tasman Regional Landfill Business Unit:</p> <p>5.6.1 <i>Relevant Areas of responsibility:</i></p> <ul style="list-style-type: none"><li>• <i>Landfill, including York Valley landfill and Eves Valley landfill.</i></li></ul> <p>5.6.2 <i>Delegations:</i></p> <ul style="list-style-type: none"><li>• <i>The NTRLBU may without the need to seek any further authority from the councils:</i></li></ul> <p><i>Set fees and charges for waste disposal at the regional landfill facilities by 30 June each year; including the power to apply discounted fees and charges for the disposal of waste in bulk; and may determine</i></p> |



## **CONFIDENTIAL**

### Item 1: NTRLBU Compactor Procurement Report

*other circumstances where discounted fees and charges may be applied. For clarity, the fees and charges shall be included in the draft annual Business Plan that is submitted for Council approval each year.*

#### **Attachments**

Nil

Released from Confidential on 8 February 2024