Procurement Strategy

New Material Recovery Facility

This project **Procurement Strategy** sets out sourcing options aligned to Council procurement compliance and policy. It outlines how we source opportunities and the processes available to procure the best market solutions.

GENERAL INFORMATION

Project Name	New Regional Materials Recovery Facility		
Description	The purpose of this procurement strategy is to describe the procurement options available to Council for the sourcing of the new Materials Recovery Facility (MRF) and provide a recommendation for a preferred sourcing approach best optimises our ability to source the best market responses to the identified need, whilst ensuring our process aligns to Councils procurement policy.		
Capital Plan (CP) Code	CP0007200 New Waste Facilities (WM)	Project (T1) Code	001248 New Waste Facilities
Project Manager	Sophie Mander	Accountable Manager	Brent Pearce

SUMMARY RECOMMENDATION

This Procurement Strategy for a new Regional Materials Recovery Facility (MRF) aligns the procurement processes with QLDC goals and policies, as well as considering the wider macro market environments. Based on these factors, a two-stage procurement process (EOI-RFP) is recommended to be the most optimal sourcing approach for MRF services, to generate a quality market shortlist, followed by tightly defined final option/solution.

PROJECT BACKGROUND

Queenstown Lakes District Council has a Materials Recovery Facility (MRF) for processing of mixed recyclables collected from residents and businesses throughout the district. The MRF is located at 110 Glenda Drive, Frankton. The facility is at end of life and no longer fit for purpose and as such a new processing solution is required which can accommodate the projected growth in recyclable volumes over a 2o year period, is reliable, flexible, and adaptable to future demands.

The MRF replacement project first commenced in 2018 with the development of a business case driven by the deteriorating condition of the MRF plant and its capacity constraints. The business case recommended that a new facility be developed on land adjacent to the Shotover wastewater treatment plant. This option was further explored, and a concept design was developed for the new facility. The Shotover site was later abandoned when the land was identified as a future requirement of managing the districts wastewater needs.

In 2019, a new contract for solid waste services was awarded to WM New Zealand for an initial term of 7.5 years with option to extend three times by 2.5 years, for up to 15 years. This contract included the ongoing operation of the Glenda Drive MRF until such time as a new MRF could be constructed, which was expected to be operational in two to three years.

Kerbside collection changes adopted in 2019 meant that glass was separated at kerbside from mixed recyclables. This reduced the volume of material received at the MRF and consequent wear and tear on the equipment from the abrasive glass. The reduced material throughput has helped to keep the MRF operational. Until 2019, mixed recyclables from the Central Otago District Council (CODC) were also

processed at the Glenda Drive MRF. However, due to the deteriorating condition of the MRF and prioritisation of QLDC and local commercial recyclables processing, the MRF was no longer able to process CODC recyclables. CODC were required to landfill their recyclables when this occurred. To provide certainty of recyclables processing, CODC established a new contract to take their recyclables to the Timaru District Council's MRF via CODC's contractor EnviroNZ.

Now, more than five years later, the Glenda Drive MRF continues to process mixed recyclables from QLDC's kerbside collection and the commercial sector. However, WM New Zealand's operating costs have risen steeply from $540,000 in 2018/19 to $880,000 in 2023/24 (an increase of 60%). Council have also had to invest $1.3 million in major maintenance and equipment replacements in the last five years, over and above the planned maintenance included in WM New Zealand's operating cost. Despite proactive and reactive maintenance, the MRF remains at significant risk of failure. If a prolonged failure were to occur, recyclables would have to be landfilled (at a current disposal rate of $200 per tonne), until a repair could be affected or new MRF constructed. There are no other MRFs in the lower South Island that currently have the capacity to accept QLDC's recyclables.

Councils long term plans for 2021-31 and 2024-34 signalled that due to population growth and subsequent recyclables and waste material volume increases the district's waste facilities require significant investment. In 2024, Morrison Low completed a detailed options assessment report which considered multiple sites for the new MRF. Consolidating and transporting recyclables out of the district (prior to sorting and processing at an out of District MRF was also considered. The options assessment 'Regional Materials Recovery Facility Options Assessment' (attached) was presented to the Council Infrastructure Committee for discussion and feedback in November 2024. The Committee requested, that due to the lack of a clear preferred way forward, Council undertake a broad procurement process that would allow the market to guide the solution through an open, competitive procurement process.

PROJECT SCOPE & SCALE

Due to ageing plant and increasing demand on the districts waste and recycling facilities $70M is allocated for investment across the district in the QLDC 2024-2034 Long Term Plan. This budget is intended to include significant upgrades at the Wakatipu Refuse Transfer Station (RTS) in addition to providing for improved recyclables processing services.

To ensure reliable, flexible and future fit MRF services are secured for the district, the options assessment considered 12 options using a defined criteria and scoring method. The initial focus of the assessment was to determine the best site for the development of a new MRF to process the recyclables from the QLDC and CODC areas. An out of district option was later introduced as a comparison which would not require significant capital investment.

The options were developed from the actual quantity of recyclables generated in the Queenstown Lakes and Central Otago Districts in 2023/24 and projected to 2044/45 based on anticipated population projections. The volume of material processed through the MRF is expected to double in this period. The options assessment included the following short-listed options (in no order):

- Wanaka - QLDC owned land on Ballantyne Road
- Cromwell - CODC owned land adjacent to the CODC transfer station
- Cromwell - Privately owned land on McNulty Road
- Gibbston Valley - Privately owned land 'The Yards'
- Out of district MRF facility (e.g. Timaru or Dunedin)

The scoring for the identified options was very close. The options evaluation was undertaken based on the information available at the time, noting that additional information and/or subsequent developments associated with any of the options could change the scoring undertaken for the 2024 report.

The options assessment and accompanying recommendation report were taken to the Infrastructure Committee meeting, held 28 November 2024. Due to the close ranking of options, the feedback received was to widen the solution catchment beyond the known options and present the opportunity to the open market to present a solution, thereby giving all parties with a suitable MRF related option a pathway to submit their offering/options for consideration by Council.

Additional information and progress (on the site options) has been presented since undertaking the options assessment in 2024. If the options assessment were undertaken with this information (and other progress updates/additional information), the scoring may change.

The procurement process will provide a more refined process to differentiate options rather than undertaking a revised options assessment. In going to open market, Council will generate comprehensive User Needs requirements and supply relevant background data to assist bidders with supplementary and complementary input. This will help ensure the market understands what Council requires and why.

POLICY AND COMPLIANCE

Council has both a Procurement Policy and Procurement Guideline. Both documents are clear on the requirement to source through a contestable process, goods, works and services above $10,000 unless a unique, defendable rationale can be made that also demonstrates value for money.

Councils default provision to source goods, works and services is through the Government Electronic Tender portal (GETs). Council can also direct message potential parties and encourage then to access the GETs portal if they believe they have a useful offering that addresses our User Needs.

Council also has a well-developed selection of 'Request for Proposal' document collateral that is used to source requirements through GETs, including Procurement Plans, Expression of Interest and Request for Proposal templates etc.

DELEGATED FINANCIAL AUTHORITY

Due to the potential value of contracts resulting from the RFP, full Council approval will be required to run the procurement process and thereby approach the market. At the time of seeking Council approval for the procurement, delegated authority will be sought for the Chief Executive to execute the resulting contract/s.

PROCUREMENT CRITICAL SUCCESS FACTORS

Council is seeking to achieve several critical success factors through this procurement exercise. These span waste minimisation goals, optimised sourcing compliance and best value outcomes. The critical success factors (CSF) provide a base alignment to the preferred MRF solution where the CSF guide our evaluation choices.

At a broad level, these critical success factors comprise:

Process critical success factors

- Compliance and legislation (procurement rules / QLDC policies / MBIE) met.
- Council approvals and Council process for delegation met.
- Identification of contract model with minimised QLDC risk.
- Clear procurement requirements, through RFx templates.
- Whole of life cost estimates are included in submissions enabling robust benchmarking, assessment and confidence of financial commitment.
- Robust options assessment on the procurement approach used and endorsement of the approach accordingly.
- Transparent and defendable procurement process outlined and agreed.
- Fairness and equality as to appointment process.
- Risk ownership clarified through build, operations and ownership.
- Procurement process and outcome, strategically aligned with the Waste Management and Minimisation Plan (WMMP) 2018 objectives and Draft WMMP 2025 guiding principles

Product critical success factors

- These are described in detail in the next section (attributes).

MARKET APPROACH

The potential MRF solutions are wide ranging. Therefore, in approaching the market Council must clarify precisely what is regarded as a minimum viable requirement and expand out from there as to options and features that may or may not warrant investment. The best way to determine the criticality and prioritisation of our user needs is using the MoSCoW method.

The benefit of illustrating our requirements through the MoSCoW lens is that it directs market suppliers / respondents to concentrate on our 'must haves' as well as offering adjunct and related features that fall into the 'should have' and 'could have' arena.

The MoSCoW method is a prioritisation technique often used in project management, business analysis, and software development. It helps teams and stakeholders categorize tasks or requirements based on their importance and urgency. The acronym stands for:

- **Must-have**: Critical requirements that are non-negotiable for the success of the project.
- **Should-have**: Important but not essential; these can be delayed if necessary.
- **Could-have**: Desirable features that can be included if time and resources allow.
- **Won't-have (this time)**: Agreed-upon items that are not a priority for the current scope but may be revisited later.

This method is particularly useful in managing expectations and ensuring that the most critical elements are addressed first. It's also a strong fit for agile frameworks, where flexibility and iterative progress are key.

The way MoSCow works is that points are assigned to each requirement, where a conforming 'Must-have' = 10 / 'Should-have' = 6 / 'Could-have'= 3. The more 'Must-haves' achieved - the better and stronger the bid. Our research to date (pre-market testing) describes these categories as follows in the table below:

MoSCoW	Attributes
Must Have	**Provides for Recycling Certainty for the next 20 years** – Projected volumes of recyclable material in 20 year horizon can be diverted from landfill for the Queenstown Lakes District. – Reliable acceptance for all current product streams at the facility. – Ensuring high quality products that meet or exceed re-processors' acceptance criteria across all commodities (manages risk of product rejection). – Embedded processes that drive reduced contamination levels. – Enables removal of reliance on the existing Glenda Drive facility in the shortest possible timeframe. – If out of District option – provides for consolidation of materials prior to transport. **Advanced sorting and processing technology** – Automated sorting systems: Optical sorters, eddy current separators, air classifiers, and robotics enhance sorting accuracy and efficiency. **Health & Safety** – Operator health and safety follows best practice, with ergonomics and wellbeing prioritised. – Customer points of interaction (if any) ensure that safety while onsite is prioritised. **Flexibility and Resilience:** – Ability to handle complex and diverse materials. – Modular and scalable design: Adaptable to changing waste streams and future expansion. – Ability to incorporate future technologies and best practice as technology evolves. – Offers contingency solutions for material management during natural disasters, asset failure or constrained asset access e.g. stockpiling and storage or access to alternative processing. **Compliance:** – Regulatory compliance and certifications: Adherence to environmental and legislative standards including Waste Minimisation Act 2008 and Waste Minimisation (Information Requirements) Regulations 2023, Resource Management Act 1991 (RMA) and Natural & Built Environments and Spatial Planning Acts, Health and Safety at Work Act 2015.
Should Have	**Provides for Recycling Certainty for the next 20 years** – Projected volumes of recyclable material in 20 year horizon can be diverted from landfill for Central Otago District. – Secured, reliable, and sustainably ethical end markets for all commodities accepted. **Value for Money:** – Solution delivers value for money for consumers across the full recycling journey (from kerbside to market) alongside broader socio-economic and environmental impacts. **Environmental Sustainability:** – Carbon footprint reduction: Solution demonstrates optimized logistics and reduced emissions. – Energy efficiency: Renewable energy sources and energy efficient equipment. **Policy Alignment and Advocacy:** – Enables extended producer responsibility (EPR), making manufacturers accountable for end-of-life product management. – Encourages design for recyclability by setting market demands for recyclable products.

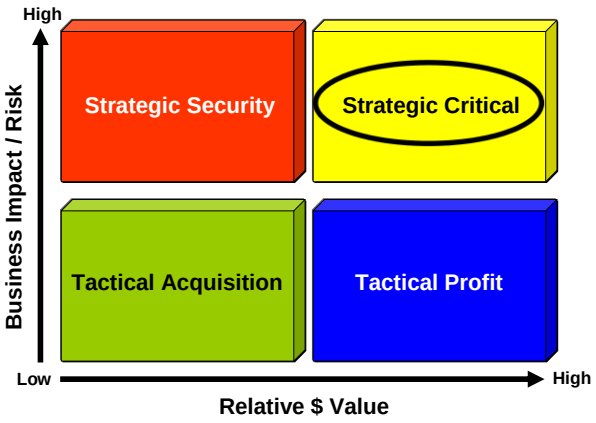
Could Have	**Data-Driven Operations:** – Real-time monitoring and analytics: Optimize operations, maintenance, and material recovery rates. – Smart waste management: Predictive maintenance, AI-driven decision-making, and inventory control. – AI and machine learning: Real-time identification and adaptive sorting based on material composition. **Unlocks Other Diversion Opportunities:** – Collocated processing facility for organic waste (noting QLDC has committed to introducing a kerbside organics service in the coming years) – Collocated processing facility for Construction and Demolition waste – Common consolidation points for recycling and organics **Education and Awareness:** – Community outreach and recycling education programmes that raise awareness and bring about behaviour change. – Hands-on learning opportunities to engage in sustainability practices. – Educational programmes and learning opportunities on waste minimisation, recycling practices and sustainability. **Circular Economy Leadership and Economic Development:** – Skilled green jobs opportunities in sorting, processing, engineering, data analysis, and management. – Promotion of local economies by supporting businesses that utilize recycled materials. – Offers opportunities for small and medium enterprises (SMEs) in reuse, recycling, upcycling, and innovation. – Collaboration with local businesses e.g. partnerships creating demand for recycled products. – Becomes a hub for innovation in recycling technologies and sustainable practices. – Attracts investment and research in circular economy solutions. **Resource Conservation and Circularity:** – Support for upcycling e.g. through repair, refurbishment, reuse, repurpose, or recycle: Facilities for repurposing and transforming materials into higher-value products. – Solution drives onshore re-processing options where possible. – Supports a closed-loop system where products are continuously reused, reducing waste. – Water conservation: Water recycling systems if proposed for cleaning and processing materials. – Material traceability: Digital tracking from collection to final recycling, ensuring transparency.
Won't have	– Emerging, untried and untested technology that is not yet considered industry best practice or lacks track record in New Zealand or Australia.

COUNCIL MARKET POSTIONING

Understanding our **market positioning** influences the degree of sourcing risk we can manage.

The business impact and risk in the delivery of the required goods/services, based on the following supply positioning matrix, is considered **strategic critical.**

Supply position	Value	Impact/risk
Strategic security	Low	High
Strategic critical	**High**	**High**
Tactical acquisition	Low	Low
Tactical profit	High	Low

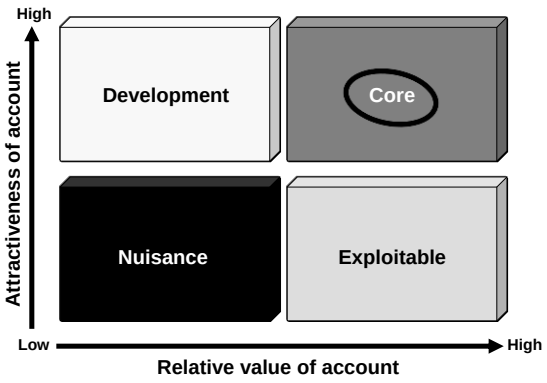


Buyer's priority	Description	Approach	Arrangement
Strategic security (security of supply)	• Low-cost goods/services • Strategically important • Shortage of reliable suppliers	Ensure supply	• Long term contracts • Build reserve of stock • Consider alternative products
Strategic critical (security of supply at a good price)	• **High costs specialist works, goods/services** • **Limited number of suppliers** • **Broad supply chain for all-inclusive supply of works and services.**	**Active manage of suppliers. Strong Relationship Management.**	• **Long term contract for certainty of critical supply** • **Contingency planning**
Tactical acquisition (purchasing efficiency)	• Routine purchases • Low-value/low-risk goods/services • Many potential suppliers	Minimal attention	• One-off contracts/purchase orders • E-purchasing • Procurement cards
Tactical profit (improving profit through costs savings)	• High-cost/low-risk goods/services • Many potential suppliers	Drive savings	• Short term contracts • Ongoing active sourcing for competitive price

Supplier Preferencing

The value of Council as a buyer and the attractiveness of our business to the supplier have been assessed through the supplier preferencing matrix below.
The MRF solution is a long-term investment with opportunity for upstream and downstream added features. This matrix indicates the level of willingness or reluctance of the supplier to meet our needs. Based on the matrix, for the MRF solution Council is seen as **core**. This means this supply requirement is seen as **attractive, core business**. This work is also seen as attractive for its profile, and continuity of (almost) guaranteed supply of processing material (with a potential for revenue stream for valuable by-product).

Supplier's view	Value ($)	Attractiveness
Nuisance	Low	Low
Development	Low	High
Exploitable	High	Low
Core business	**High**	**High**



Quadrant	Description	Action
Nuisance	• Low-value • Little profit	Withdraw
Development	• Low-value • But still attractive	Get further business
Exploitable	• High-value • But not attractive	Maximise profits
Core	• **High-value** • **Highly attractive** • **Supplier's core business**	**Retain and expand**

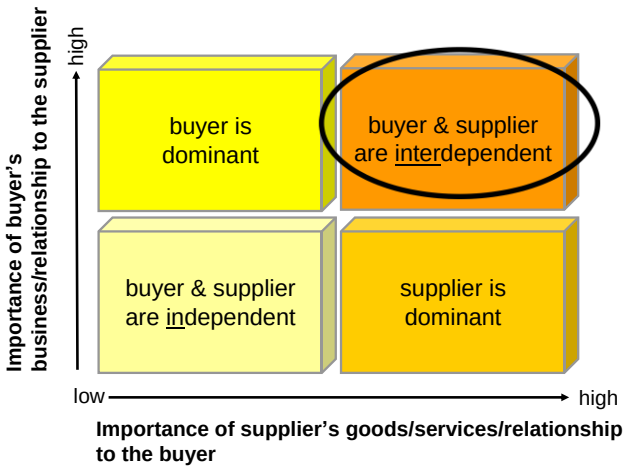
Buyer Supplier Relationship

The matrix below assesses the levels of power and dependency between Council and the supplier. This matrix shows the buyer and supplier **are interdependent.** This means we need to choose the right partner at the sourcing stage so that both parties can enjoy mutual benefit, i.e. value through codependency over the long term. This requires focus on evaluation criteria and communicating expectations through both EOI & RFP stages.

Given the proposed length of the contract (this could be up to 20 years), the level of desired trust and communication with the supplier and the approach to managing risk, Council will seek a long-term relationship with the supplier based on a strategic collaborative relationship.

Our objective is to streamline the supply to minimise transaction costs, reduce administration effort and ensure a transfer of risk equal to each party's skill, expertise and resource base. In the negotiations, this

means that we will set out the desired future state improvements necessary to enter any extension of new term.



SOURCING RISKS

The following represents the current understanding of risk which will be updated in the development of the procurement plan.

Risk: Sourcing to market too narrow and shortcuts wider market offerings.
Reduce risk by:

- Take a wide sourcing option (two stage) to best capture market options.
- Hold communication sessions and open forum once RFx is released.
- Social media and websites utilised to get RFx visibility as wide as possible.
- Direct reach to marginalised end users and interest groups

Note, a project specific Risk Management Template will be compiled once an agreed MRF Solution is agreed.

SWOT

Sourcing our MRF solution

The SWOT table is developed as an initial opportunity to consider high level opportunities to mitigate weaknesses and threats and leverage the strengths and opportunities of this procurement.

STRENGTHS	WEAKNESSES
• Without going to market, we already have several potential attractive options. Opening this solution pool will further strengthen the possibilities of sourcing a model / solution that meets our user needs as well as meeting government procurement rules. • QLDC brand name can lead to better negotiations as suppliers will want to use the relationship as a qualification to other prospective customers • Good internal knowledge of market conditions and options • Momentum already underway. Solid LTP commitment and increased budgets – attractive entry.	• Rapidly declining current state MRF facility that may fail before we secure a new facility (meaning we need an out of district interim solution) • Final solution and user needs are not completely defined ('you don't know what you don't know) • P&I team resources stretched and available 'bandwidth' for the project is limited • Demand analysis immature. Requires greater definitive selection of total MRF package options (market access will help with this) • Variable success with in-district MRF Solutions Agreements in the past
OPPORTUNITIES	**THREATS**
• Comprehensive go to market sourcing plan with well defined, expansive user needs. • Apply more research and industry awareness, education and conference participation. Become smarter buyers. • Suppliers seeking 'intelligent clients' where collaboration and innovation can thrive • Wide codependent 'wrap -around' MRF related services that drive cost efficient recycling as wells reaching the widest possible market • Note, the Project Manager will compile a detailed Risk Management plan once we have a solution for implementation.	• A fewer number of suppliers can decrease the ability to achieve favourable pricing due to their own higher supplier power • Lack of readiness in our user requirements / demand profiles delaying investment and returns • Variable performance even with large suppliers • Internal capacity and capacity to best manage the full sourcing, thru selection to build and operate phases.

OPPORTUNITY ANALYSIS

The following opportunities are identified:

	Opportunity	Description	Pro +	Con -
Strategic Sourcing / Category Management	Define User Needs between Core (Must Have) Desirable (Should Have) Useful (Could Have).	Delineate the criticality between the user needs	Enables the prioritisation and scoring models to arrive at the best weighted model	Requires consensus and agreement to arrive at delineation and is difficult between different stakeholders with different drivers (i.e., social Vs engineering)
	Optimise Procurement and Sourcing approach	Thorough assessment of sourcing models (see below)		
	Improve Contract and Performance Management	Improve compliance through more effective reporting, monitoring (KRA/KPI and dashboard)		
	Leading edge technology	The intent of the processing methodology is to sort recycled kerbside material effectively and efficiently into commodity types at a quality that satisfies market requirements and maximises value of the product. Critical to the success of the sorting operation is control of contamination that degrades the product quality and has the potential to prevent the sale of sorted commodities.	Sequentially Optimised OCC, Glass and Fibre processing enabling best possible end markets attractiveness	Cost to process higher than material value gains. Specialized operations needing skilled labour to optimise the processing.
	Target end markets for higher value by products	Through research and market responses, determine the feasibility of high quality / higher value by product separation.	Revenue streams to offset costs.	Processing costs exceed value.
	Bring together collocated, coordinated wrap-around opportunities, agencies and stakeholders	Collocated waste stream recycling stakeholders able to share and innovate collectively to generate value, lower costs and improve community awareness.	Win-Win for community. improved learning, awareness and understanding.	Ability to recognise trade off costs vs returns and valuing social return as well as hard $ROI

SOURCING APPROACH & OPTIONS

Council has several sourcing methods available. Based on the Market Positioning, Risks, SWOT and Opportunity Analysis, we can narrow down the best applicable sourcing options from the range of sourcing options.

Choosing between **Registration of Interest (ROI)**, **Expression of Interest (EOI)**, and **Request for Proposal (RFP)** depends on the project's objectives, the level of detail we require, and the stage of your procurement process.

1. Registration of Interest (ROI):

- **Purpose**: Acts as a preliminary screening tool to identify suppliers or contractors who meet basic eligibility criteria.
- **When to Use**: Early in the procurement process when you need to create a pool of qualified candidates for a more focused evaluation later.
- **Output**: A shortlist of vendors who meet minimum standards for the project.

2. Expression of Interest (EOI):

- **Purpose**: Explores the market to gauge interest and identify suppliers who can meet your broader project needs.
- **When to Use**: When you're seeking to understand market capabilities or innovative solutions and want to narrow down potential participants.
- **Output**: A list of interested parties who demonstrate their ability and approach to meet the project's requirements.

3. Request for Proposal (RFP):

- **Purpose**: Solicits detailed proposals for specific solutions to clearly defined project requirements.
- **When to Use**: When the project scope is well-defined, and you're ready to evaluate detailed solutions, pricing, and timelines.
- **Output**: Comprehensive proposals from vendors, allowing for in-depth comparison and selection.

Factors to Consider:

- **Stage of the Process**: ROI and EOI are suited for early exploration, while RFP is ideal for more developed, specific projects.
- **Level of Detail Needed**: If you need general market insights, use ROI or EOI. For tailored, detailed solutions, go for RFP.
- **Time and Resources Available**: ROI and EOI are less resource-intensive compared to the effort required to draft, distribute, and evaluate RFPs.
- **Risk and Complexity**: The higher the stakes and complexity, the more you'll benefit from an RFP's detailed proposals.

Based on the project objectives, risk profile, critical success factors, and Souring Options Analysis (Appendix 1) this project best supports a **two stage EOI-RFP process**.

The EOI-RFP option is best matched to our needs as it provides a strong early options screening followed by a robust narrowed selection. The benefits of this approach include:

Efficient Screening: The EOI stage helps identify and shortlist capable suppliers or vendors early on, saving time and resources by focusing only on qualified candidates during the RFP stage.

Market Insights: The EOI phase allows organizations to gauge market capabilities and gather valuable input, which can refine the scope and requirements for the RFP.

Enhanced Competition: By narrowing down the pool of bidders, the RFP stage fosters a more competitive environment among pre-qualified participants, leading to better proposals.

Risk Mitigation: This approach reduces the risk of engaging with unqualified vendors, ensuring that only those with the necessary expertise and resources proceed to the detailed proposal stage.

Cost-Effectiveness: The two-stage process minimizes wasted effort and resources by focusing on serious contenders, ultimately leading to more efficient procurement.

The EOI will be deliberately wide reaching to narrow down to the RFP stage with the best possible combination of features. At EOI stage, options received can be partial as well as a full-service offering and evaluated on their own merits i.e. offers that are partial but fit in the Must-have' score high. Bids that offer most/all 'Must-have' score very high.

This allows the RFP stage to encourage consortia and/or allows Council to choose more than one solution. It also encourages consortia to generate solutions that bring as many 'Must-haves' together in a single package.

RFx WORKFLOW: TWO STAGE EOI-RFP

The workflow to enable a two stage EOI – RFP is described below:

Procurement Plan compiled.

Verified and endorsed to proceed with the Tender Process 'Go to Market'

EOI compiled and released to the open market for all contenders to consider.

Core criteria with a wide solution catchment described.

Encourage a broad range of associated solutions to be considered, tested and evaluated into a short list who receive the final RFP.

At this stage, options can be partial as well as full service offering. This allows the RFP stage to encourage consortia and/or allows Council to choose more than one solution

No pricing required at EOI stage as focus on options that could fit user requirements.

RFP compiled and released to the shortlist.

Tightly defined scoring criteria based on the primary User Needs coupled with the EOI results.

Allows for more than one solution to be chosen and encourages consortia to generate solutions that bring as many 'Must-haves' together in a single package

May include interactive tendering, and presentations to verify offerings and solutions.

Appointment of final and best solution.

Indicative RFx Timeline

Procurement Strategy	Procurement Plan	Procurement Process (EOI)	Procurement Process (RFP)	Negotiation	Appointment
June 2025 Infrastructure Committee workshop	July 2025 Council endorsement to go to market	August – Nov 2025	Nov - March 2025	April - June 2026 Negotiate with preffered supplier(s)	July 2026 Appointment of final and best solution

CONTRACT MODEL

The preferred contract model will follow a two stage EOI-RFP process. Contract models span traditional Design, *then* Build (DB), Design *and* Build (D&B), Design-Build-Own-Operate-Transfer (DBOOT) or just a services model 'MRF as a Service').

The traditional **Design-then-Build (DB)** contract model separates the design and construction phases into distinct processes, usually handled by different parties.
The key features include:

- **Sequential Workflow**: The project starts with a detailed design phase managed by a design team (often architects and engineers). Once finalized, construction begins, based on the completed design.
- **Fixed Scope**: The design is completed and approved before the construction starts, resulting in a clear, fixed scope of work.
- **Tendering Process**: After the design is finalized, the construction contract is tendered, allowing contractors to bid based on detailed specifications.
- **Client Control**: The client retains significant control during the design phase, influencing the project's final specifications and aesthetics.
- **Responsibility Separation**: Design and construction are handled by separate entities, reducing potential conflicts of interest but requiring strong coordination between teams.
- **Predictability**: Because the design is finalized before construction, there is less uncertainty during the build phase, making budgeting and scheduling more predictable.
- While this model can offer clarity and control, it often leads to longer project timelines compared to integrated approaches like Design-Build.

The **Design and Build (D&B)** contract model integrates the design and construction phases into a single process, managed by one entity. This approach streamlines the project delivery and offers some unique advantages.
The key features include:

- **Single Point of Responsibility**: One contractor is accountable for both designing and building the project, reducing potential conflicts and simplifying communication.
- **Time Efficiency**: Overlapping the design and construction phases can accelerate project delivery, making this model particularly suitable for time-sensitive initiatives.
- **Cost Certainty**: Since the design and construction are handled by the same party, there is often a guaranteed maximum price agreed upon early in the project.

- **Integrated Collaboration**: Designers and builders work closely from the outset, ensuring constructability and reducing the risk of design errors.
- **Client Involvement**: While clients have less control over detailed design compared to traditional models, they benefit from a more streamlined process and reduced coordination efforts.
- **Flexibility in Scope**: The contractor has the flexibility to adjust the design within the agreed-upon budget and objectives to address unforeseen challenges efficiently.
- This approach often results in faster delivery and smoother execution but does require clients to relinquish some control over the specifics of the design.

The **Design-Build-Own-Operate-Transfer (DBOOT)** contract model is a type of Public-Private Partnership (PPP) arrangement. It involves several stages where responsibilities are shared between the public and private sectors.
The key options and features include:

- **Design**: The private sector is responsible for designing the infrastructure or facility according to agreed specifications.
- **Build**: The private entity constructs the project, ensuring it meets the required standards and timelines.
- **Own**: Ownership of the asset remains with the private sector during the operational phase, allowing them to manage and generate revenue.
- **Operate**: The private partner operates and maintains the facility for a specified period, ensuring its functionality and efficiency.
- **Transfer**: At the end of the contract term, the ownership and operation of the asset are transferred back to the public sector.

This model is often used for large-scale infrastructure projects including MRFs, where private sector expertise and investment are leveraged to deliver public services. It provides flexibility in financing and operational management while ensuring the public sector ultimately regains control of the asset.

The final contract model to consider is the **MRF as a Service** type offering. This model is often referred to a **Utilities as a Service (UaaS)** contract model being an innovative approach to managing utility needs, particularly for industrial and commercial facilities such as a MRF.
The key features include:

- **End-to-End Management**: A single contractor handles the design, construction, operation, and maintenance of utility infrastructure, providing a comprehensive solution.
- **Cost Efficiency**: By outsourcing utility management, Councils can focus on the rest of their requirements while benefiting from optimized utility production and reduced operational costs.
- **Sustainability Focus**: UaaS providers often incorporate state-of-the-art technologies and best practices to enhance energy efficiency and reduce carbon emissions.
- **Flexibility**: The model allows for tailored solutions to meet specific utility needs, such as cooling, heating, compressed air, or steam, ensuring reliability and efficiency.
- **Regulatory Compliance**: UaaS providers manage compliance with environmental and safety regulations (meeting Consent conditions), alleviating the burden on the client.
- **Long-Term Partnership**: Contracts typically span 20-40+ years, fostering a collaborative relationship between the provider and the client.
- This model is particularly appealing for organizations aiming to achieve sustainability goals while maintaining operational efficiency.

The final contract model will depend entirely on the MRF solution chosen.

SUMMARY & RECOMMENDATION

This Procurement Strategy aligns our procurement processes with organizational goals and policies, as well as considering the wider macro market environments. Based on these factors, a two-stage procurement process (EOI-RFP) is proposed as the optimal sourcing approach to generate a quality market shortlist, followed by tightly defined final option/solution. The two-stage EOI-RFP procurement process benefits, for this complex and high-value project comprises:

1. Enhanced Market Engagement

- Allows early engagement with a broad range of potential market suppliers or partners spanning social-through technical and property options.
- Encourages innovative solutions from the industry before finalizing the scope thereby capturing value elements not presently known.

2. Improved Competitive Tension

- The EOI stage helps shortlist the most suitable bidders, ensuring strong competition in the RFP phase.
- Ensures that only capable and qualified participants proceed to the final stage.

3. Risk Reduction

- Helps identify potential risks early in the procurement cycle. Can capture those risks and reflect in the RFP stage.
- Reduces the likelihood of engaging unqualified or unsuitable vendors first up.

4. Better Scope Definition

- Allows refinements to the project scope and specifications based on industry input before issuing the RFP.
- Helps align expectations and requirements with market capabilities.
- Optimises and concentrates the parameters for the MoSCow attributes for the RFP.

5. Efficient Resource Allocation

- Saves time and effort by filtering non-viable candidates before the detailed proposal stage.
- Enables procurement and business unit team to focus on serious contenders rather than evaluating a large volume of proposals.

6. Stronger Alignment with Strategic Goals

- Provides flexibility to assess bidders against broader organizational objectives.
- Supports alignment with sustainability, innovation, and long-term strategic priorities.

7. Transparent and Fair Process

- Complies with Councils procurement guidelines and policy.
- Ensures clarity in selection MoSCow criteria and expectations across multiple stages.
- Demonstrates due diligence and governance in procurement decisions.

APPENDIX ONE: Sourcing Option Analysis

RFx Options	Looks like	So that	Pro +	Con -	Notes
Request for information **RFI**	Via the market - solicits wide range of information relevant to the MRF solution criteria	Collects options and interest from the market. No promises or guarantees and no shortlisting for any next stage	Very broad open solicitation of interest and ideas.	Time-effort-admin. Can solicit large number of non-contenders and partially related advice / options tenuously related to our needs. Covered better by EOI/RFP options	Useful for informing and gauging general interest, new options and ideas without any commitment. Helps Council to gauge the level of interest in a project, product, or service, providing related data for decision-making.
Registration of Interest **ROI only**	Tighter criteria solicit registrations of interest where a Pass/Fail may qualify a response for any next round of procurement. Narrower range of requirements sought through description of requirements.	Contained group of potential market options that meet a threshold close to matching most of our criteria	High level registrations that can be scored if they meet our broad criteria - for a short list to next stage	Time-effort-admin. RFPs are often complex and costly to develop for a project of this size and scale. As a submitter, you are entering a contest with many others. Covered better by EOI/RFP options	Similar to RFI with scoring but remains very high level and broad.
Request for Proposal **RFP Only**	Would need to include as much other potential (and yet unknown) outline as possible – but Council has yet to test the market to better understand the offerings available.	Leads to an evaluation, shortlisting and negotiated outcome	Quick single stage process	Can be to tight and narrow and eliminates potential fringe options, that if developed more – may be feasible and more attractive. 'We don't know what we don't know'	Single Stage RFP is quicker than 2 Stage EOI-RFP, but diminishes the early divergent channel of offerings and often generates many responses with many on the periphery that won't be suitable.

RFx Options	Looks like	So that	Pro +	Con -	Notes
Expression of Interest **EOI – Shortlist- RFP** **EOI = 8 weeks to market.** **RFP + 8 weeks (to an agreed shortlist)**	Similar to above but even tighter criteria. Use a MoSCow Scoring set or a SCRUM-Agile scoring set*. Might have by default the 'top 4' options already agreed broadly EOI first, would encourage and call out all the known 'related elements' (adding to the 'top 4') Require tight defined scoring criteria so defendable shortlist can be assessed Likley to require broad cost criteria QLDC set out minimum viable criteria and must have CSF	2 Stage approach clears out non - contenders early and allows concentration on 'most favoured' options that best meet project CSF -Top 4 options -Room for new options to be captured (and scored) -Very clear eval criteria required. -Anchored scoring criteria At EOI stage, options can be partial as well as a full-service offering and evaluated on their own merits (i.e., those offers that are partial but fit in the Must-have' score high. Those that offer most/all 'Must-have' score Very High. This then allows the RFP stage to encourage consortia - and/or allows Council to choose more than one solution and encourages consortia to generate solutions that bring as many 'Must-haves' together in a single package.	Benefits: ▪ Streamlined approach. ▪ Enhanced Clarity ▪ Improved Proposal Quality ▪ Focused Evaluation ▪ Encourages Innovation ▪ Minimised Risk ▪ Cost effective	Requires solid User Needs / Principals Requirements broad enough to encourage a wider range than existing 'Top 4 MLow Options' – yet narrow enough to meet our definitive needs.	Criteria for arriving at final preferred must be well supported and designed w/defendable scoring through well prescribed anchored scoring. Use of MoSCoW + Scrum Agile question sets. Enter negotiations with highest scoring options. Consider a wide TET of vested and interested impartial parties

Attachment B: Materials Recovery Facility Procurement Plan

Materials Recovery Facility (MRF) Solution

Procurement Plan Final

Date: 9 July 2025

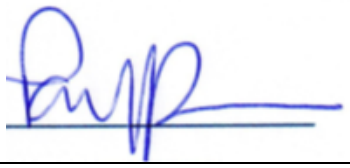
QUEENSTOWN LAKES DISTRICT COUNCIL

PROJECT MANAGEMENT OFFICE

DOCUMENT DEVELOPMENT CONTROL

Prepared by:	Sophie Mander, QLDC Strategy Planning Manager, Waste Minimisation and Management
	Paul Rogers, Commercial and Procurement Advisor, Spire Consulting
Business unit:	Property and Infrastructure
Document version:	Final 9 July 2025

APPROVALS

Authorisation	Name & Role	Signature	Date
Prepared By:	Paul Rogers *Commercial & Procurement Advisor*		09/07/25
Recommended By:	Sophie Mander *Strategy Planning Manager Waste Minimisation and Management*		10/07/25
Endorsed By:	Pamela Parker *Procurement Manager*		14/07/25
Endorsed By:	Brent Pearce *Strategy and Infrastructure Planning Manager Property & Infrastructure*		11/07/25
Endorsed By:	Tony Avery *General Manager, Property & Infrastructure*		10/07/25
Approved By:	Mike Theelen *Chief Executive Officer*		

NB. MINOR AMENDMENTS TO THIS PROCUREMENT PLAN, INCLUDING CHANGES THAT DO NOT MATERIALLY AFFECT THE SCOPE, BUDGET, OR RISK PROFILE, MAY BE APPROVED BY THE CHIEF EXECUTIVE WITHOUT REQUIRING FURTHER COUNCIL RESOLUTION.

FINANCIAL SUMMARY

The whole of life costs for the range of new local MRF options, and the alternative out-of-district option were estimated in the options assessment 2024 and are presented in the table below. This also shows the difference in cost structure for the two different 'types' of options:

Estimated 20-Year Whole of Life Costs ($'000)	**New build option (across range of options)**	**Existing out-of-district facility (e.g. Timaru/Dunedin MRF)**
Operational Cost	$42,600 - $52,000	$123,200
Capital Investment	$38,500 - $48,800	$4,800

Combined 20-year Whole of Life Costs	**$81,100 - $100,800**	**$128,000**

Cost code:	Capex - CP0007200 New Waste Facilities (WM)
Delegation	This procurement plan seeks approval of delegated authority for any of the following scenarios: ***Build only contract:*** $50M (capex) ***Build and operate contract (up to 20 year term):*** $50M (capex) $55M (opex) ***Services contract (up to 20 year term):*** $130M (opex)

CONTENTS

EXECUTIVE SUMMARY

Queenstown Lakes District Council has a Materials Recovery Facility (MRF) for processing of mixed recyclables collected from residents and businesses throughout the district. The MRF is located at 110 Glenda Drive, Frankton. The facility is at end of life and no longer fit for purpose and a new processing solution is required which is reliable, flexible, and adaptable to future demands. The MRF renewal project first commenced in 2018 with the development of a business case driven by the deteriorating MRF plant.

Council's long term plans 2021 and 2024 signalled that due to population growth, subsequent volume increases and demand on the plant and infrastructure that waste facilities require significant investment. In 2024, Morrison Low completed a detailed options assessment report which considered multiple sites for a new MRF. Consolidating and transporting recyclables out of the district (prior to sorting and processing at an out of District MRF) was also considered. The options assessment 'Regional Materials Recovery Facility Options Assessment' was presented to the Council Infrastructure Committee for discussion and feedback in November 2024. The Committee requested, that due to the lack of a clear preferred way forward, Council undertake a wide procurement process that would allow the market to guide the solution through a compliant, open, competitive tender sourcing procurement process, whilst ensuring Council's core MRF requirements could be met.

Council reviewed the wide range of known sourcing options recognising that the potential MRF solutions are wide ranging. Therefore, in approaching the market Council must clarify precisely what is regarded as a minimum viable requirement (or the 'Must Haves') and expand out from there as to options and features that may or may not warrant investment.

Council has several sourcing methods available. Based on the assessments undertaken, Council has narrowed down the best applicable sourcing option to be a two-stage procurement approach commencing with an Expression of Interest (EOI) to the open market and followed by a Request for Proposal (RFP) to an invited short list of potential Suppliers.

INTRODUCTION

The purpose of this procurement plan is to recommend an approach to procuring a new MRF facility in the district. The recommended procurement approach considers:

1. Council Procurement Policy and Guidelines
2. Councillors' Recommendations
3. Project scope, cost, schedule and risk.
4. Delivery model options.
5. Market Analysis.
6. Tender evaluation method and evaluation criteria.
7. Contract management.

BACKGROUND

Queenstown Lakes District Council has a Materials Recovery Facility (MRF) for processing of mixed recyclables collected from residents and businesses throughout the district. The MRF is located at 110 Glenda Drive, Frankton. The facility is at end of life and no longer fit for purpose and as such a new processing solution is required which can accommodate the projected growth in recyclable volumes over a 20 year period, is reliable, flexible, and adaptable to future demands.

The MRF replacement project first commenced in 2018 with the development of a business case driven by the deteriorating condition of the MRF plant and its capacity constraints. The business case recommended that a new facility be developed on land adjacent to the Shotover wastewater treatment plant. This option was

further explored, and a concept design was developed for the new facility. The Shotover site was later abandoned when the land was identified as a future requirement of managing the district's wastewater needs.

In 2019, a new contract for solid waste services was awarded to WM New Zealand for an initial term of 7.5 years with option to extend three times by 2.5 years, for up to 15 years. This contract included the ongoing operation of the Glenda Drive MRF until such time as a new MRF could be constructed, which was expected to be operational in two to three years.

Kerbside collection changes adopted in 2019 meant that glass was separated at kerbside from mixed recyclables. This reduced the volume of material received at the MRF and consequent wear and tear on the equipment from the abrasive glass. The reduced material throughput has helped to keep the MRF operational.

Until 2019, mixed recyclables from the Central Otago District Council (CODC) were also processed at the Glenda Drive MRF. However, due to the deteriorating condition of the MRF and prioritisation of QLDC and local commercial recyclables processing, the MRF was no longer able to process CODC recyclables. CODC were required to landfill their recyclables when this occurred. To provide certainty of recyclables processing, CODC established a new contract to take their recyclables to the Timaru District Council's MRF via CODC's contractor EnviroNZ.

Now, more than five years later, the Glenda Drive MRF continues to process mixed recyclables from QLDC's kerbside collection and the commercial sector. However, WM New Zealand's operating costs have risen steeply from $540,000 in 2018/19 to $880,000 in 2023/24 (an increase of 60%). Council have also had to invest $1.3 million in major maintenance and equipment replacements in the last five years, over and above the planned maintenance included in WM New Zealand's operating cost. Despite proactive and reactive maintenance, the MRF remains at significant risk of failure. If a prolonged failure were to occur, recyclables would have to be landfilled (at a current disposal rate of approx. $260 per tonne inclusive of ETS obligations), until a repair could be affected or new MRF constructed. There are no other MRFs in the lower South Island that currently have the capacity to accept QLDC's recyclables.

Council's long term plans for 2021-31 and 2024-34 signalled that due to population growth and subsequent recyclables and waste material volume increases the district's waste facilities require significant investment. In 2024, Morrison Low completed a detailed options assessment report which considered multiple sites for the new MRF. Consolidating and transporting recyclables out of the district (prior to sorting and processing at an out of District MRF was also considered. The options assessment 'Regional Materials Recovery Facility Options Assessment' (attached) was presented to the Council Infrastructure Committee for discussion and feedback in November 2024. The Committee requested, that due to the lack of a clear preferred way forward, Council undertake a broad procurement process that would allow the market to guide the solution through an open, competitive procurement process.

BUSINESS CASE

This procurement plan builds upon the Waste Facilities Business Case completed in 2018 and updated in 2020. A Procurement Strategy was completed in May 2025 and presented to the Infrastructure Committee 4 June 2025.

PROJECT SCOPE

Due to ageing plant and increasing demand on the district's waste and recycling facilities $70M is allocated for investment across the district in the QLDC 2024-2034 Long Term Plan. This budget is intended to include significant upgrades at the Wakatipu Refuse Transfer Station (RTS) in addition to providing for improved recyclables processing services.

To ensure reliable, flexible and future fit MRF services are secured for the district, the options assessment considered 12 options using a defined criteria and scoring method. The initial focus of the assessment was to determine the best site for the development of a new MRF to process the recyclables from the QLDC and CODC areas. An out of district option was later introduced as a comparison which would not require significant capital investment.

The options were developed from the actual quantity of recyclables generated in the Queenstown Lakes and Central Otago Districts in 2023/24 and projected to 2044/45 based on anticipated population projections. The volume of material processed through the MRF is expected to double in this period. The options assessment included the following short-listed options (in no order):

- Wanaka - QLDC owned land on Ballantyne Road
- Cromwell - CODC owned land adjacent to the CODC transfer station
- Cromwell - Privately owned land on McNulty Road
- Gibbston Valley - Privately owned land 'The Yards'
- Out of district MRF facility (e.g. Timaru or Dunedin)

The scoring for the identified options was very close. The options evaluation was undertaken based on the information available at the time, noting that additional information and/or subsequent developments associated with any of the options could change the scoring undertaken for the 2024 report.

The options assessment and accompanying recommendation report were taken to the Infrastructure Committee meeting, held 28 November 2024. Due to the close ranking of options, the feedback received was to widen the solution catchment beyond the known options and present the opportunity to the open market to present a solution, thereby giving all parties with a suitable MRF related option a pathway to submit their offering/options for consideration by Council.

Additional information and progress (on the site options) has been presented since undertaking the options assessment in 2024. If the options assessment were undertaken with this information (and other progress updates/additional information), the scoring may change.

The procurement process will provide a more refined process to differentiate options rather than undertaking a revised options assessment. In going to open market, Council will generate comprehensive User Needs requirements and supply relevant background data to assist bidders with supplementary and complementary input. This will help ensure the market understands what Council requires and why.

PROCUREMENT VALUE

The procurement value encompasses the costs of a replacement MRF/provision of materials processing services.

Based on the five options assessed previously, the range of direct nominal Capital and Operational Costs span:

Funding 20-Year WoL	**Low - High**
Capex Range ($'000)	$4,000 - $50,000
Opex Range ($'000)	$42,000 – $124,000

This reflects the difference between a proposal that might include Council purchasing land – building the infrastructure and then funding renewals and replacement over a 20 Year period Vs a leased model, where Council pay a gate fee for the processing of recyclables.

The NPV for the range of new local MRF options, and the alternative out-of-district option were estimated in the options assessment 2024 and are presented in the table below. This also shows the difference in cost structure for the two different 'types' of options:

Estimated 20-Year NPV	**New build option (across range of options)**	**Existing out-of-district facility (e.g. Timaru/Dunedin MRF)**
Operational cost NPV ($'000)	$17,700 - $21,700	$50,900
Capital Investment ($'000)	$31,900 - $36,800	$2,800
Combined 20-year NPV	**$52,700 - $54,600**	**$53,700**

PROGRAMME

The table below outlines the key estimated project milestones:

Task	Estimated Duration	Estimated Start	Estimated Finish
Approval to proceed to open Market for the MRF Facility solution	25 days	June 2025	31 July 2025 (Council meeting approval)
EOI Phase (complete - release to market - evaluation)	90 - 120 days	August 2025	In Market by September 2025. Close October 2025. Evaluate and have RFP short list by November 2025.
RFP Phase (complete - release to market - evaluation)	120 - 150 days	December 2025	In Market by December 2025 Close February 2026. Evaluate and have preferred Supplier, by March 2026. Appoint Supplier from July 2026.

DELIVERY MODEL ASSESSMENT

A range of contract packaging and delivery models are applicable to this project. These span the traditional Design *then* Build, Design *and* Build (D&B), Design-Build-Own-Operate-Transfer or just a service ('on demand') model 'MRF (Utilities) as a Service'/UaaS). The final Contract model will depend entirely on the MRF solution chosen.

Design-then-Build

The traditional **Design-then-Build contract model** separates the design and construction phases into distinct processes, usually handled by different parties.

The main features include:

1. **Sequential Workflow**: The project starts with a detailed design phase managed by a design team (often architects and engineers). Once finalized, construction begins, based on the completed design.
2. **Fixed Scope**: The design is completed and approved before the construction starts, resulting in a clear, fixed scope of work.
3. **Tendering Process**: After the design is finalized, the construction contract is tendered, allowing contractors to bid based on detailed specifications.
4. **Client Control**: The client retains significant control during the design phase, influencing the project's final specifications and aesthetics.
5. **Responsibility Separation**: Design and construction are handled by separate entities, reducing potential conflicts of interest but requiring strong coordination between teams.
6. **Predictability**: Because the design is finalized before construction, there is less uncertainty during the build phase, making budgeting and scheduling more predictable.

Design and Build (D&B)

While this model can offer clarity and control, it often leads to longer project timelines compared to integrated approaches like Design-Build. The **Design and Build (D&B)** contract model integrates the design and construction phases into a single process, managed by one entity. This approach streamlines the project delivery and offers some unique advantages.

The key features follow:

1. **Single Point of Responsibility**: One contractor is accountable for both designing and building the project, reducing potential conflicts and simplifying communication.
2. **Time Efficiency**: Overlapping the design and construction phases can accelerate project delivery, making this model particularly suitable for time-sensitive initiatives.
3. **Cost Certainty**: Since the design and construction are handled by the same party, there is often a guaranteed maximum price agreed upon early in the project.
4. **Integrated Collaboration**: Designers and builders work closely from the outset, ensuring constructability and reducing the risk of design errors.
5. **Client Involvement**: While clients have less control over detailed design compared to traditional models, they benefit from a more streamlined process and reduced coordination efforts.
6. **Flexibility in Scope**: The contractor has the flexibility to adjust the design within the agreed-upon budget and objectives to address unforeseen challenges efficiently.

This approach often results in faster delivery and smoother execution but does require clients to relinquish some control over the specifics of the design.

Design-Build-Own-Operate-Transfer (DBOOT)

This contract model is a type of Public-Private Partnership (PPP) arrangement. It involves several stages where responsibilities are shared between the public and private sectors.

The key options and features:

1. **Design**: The private sector is responsible for designing the infrastructure or facility according to agreed specifications.
2. **Build**: The private entity constructs the project, ensuring it meets the required standards and timelines.

3. **Own**: Ownership of the asset remains with the private sector during the operational phase, allowing them to manage and generate revenue.
4. **Operate**: The private partner operates and maintains the facility for a specified period, ensuring its functionality and efficiency.
5. **Transfer**: At the end of the contract term, the ownership and operation of the asset are transferred back to the public sector.

This model is often used for large-scale infrastructure projects including MRFs, where private sector expertise and investment are leveraged to deliver public services. It provides flexibility in financing and operational management while ensuring the public sector ultimately regains control of the asset.

Utilities as a Service (UaaS)

The final contract model to consider is the MRF as a Service type offering. This model is often referred to a **Utilities as a Service (UaaS)** contract model being an innovative approach to managing utility needs, particularly for industrial and commercial facilities such as a MRF.

The key features include:

1. **End-to-End Management**: A single contractor handles the design, construction, operation, and maintenance of utility infrastructure, providing a comprehensive solution.
2. **Cost Efficiency**: By outsourcing utility management, Councils can focus on the rest of their requirements while benefiting from optimized utility production and reduced operational costs.
3. **Sustainability Focus**: UaaS providers often incorporate state-of-the-art technologies and best practices to enhance energy efficiency and reduce carbon emissions.
4. **Flexibility**: The model allows for tailored solutions to meet specific utility needs, such as cooling, heating, compressed air, or steam, ensuring reliability and efficiency.
5. **Regulatory Compliance**: UaaS providers manage compliance with environmental and safety regulations (meeting Consent conditions), alleviating the burden on the client.
6. **Long-Term Partnership**: Contracts typically span 20-40+ years, fostering a collaborative relationship between the provider and the client.

MRF Solution Models

Choosing the preferred model will be dependent on the market response and options available. Using a two stage EOI-RFP will allow Council some flexibility on settling on the best contract model following the evaluation of tenders and selecting the best viable solution through the evaluation process.

The potential MRF solutions are wide ranging. Therefore, in approaching the market Council must clarify precisely what is regarded as a minimum viable requirement and expand out from there as to options and features that may or may not warrant investment. The best way to determine the criticality and prioritisation of our user needs is using the MoSCoW method.

The benefit of illustrating our requirements through the MoSCoW lens is that it directs market suppliers / respondents to concentrate on our ‘must haves’ as well as offering adjunct and related features that fall into the ‘should have’ and ‘could have’ arena.

The MoSCoW method is a prioritisation technique often used in project management, business analysis, and software development. It helps teams and stakeholders categorize tasks or requirements based on their importance and urgency. The acronym stands for:

- **Must-have**: Critical requirements that are non-negotiable for the success of the project.
- **Should-have**: Important but not essential; these can be delayed if necessary.
- **Could-have**: Desirable features that can be included if time and resources allow.

- **Won't-have (this time)**: Agreed-upon items that are not a priority for the current scope but may be revisited later.

The full MoSCoW set of criteria is set out below.

Solution	Must Haves	Physical Assets & Operational requirements
Minimum Viable Solution Criteria (Must have these features)	**Provides for Recycling Certainty for the next 20 years** - Projected volumes of recyclable material in 20 year horizon can be diverted from landfill for the Queenstown Lakes District - Reliable acceptance for all current product streams at the facility - Ensuring high quality products that meet or exceed re-processors' acceptance criteria across all commodities (manages risk of product rejection) - Embedded processes that drive reduced contamination levels - Enables removal of reliance on the existing Glenda Drive facility in the shortest possible timeframe - If out of District option – provides for consolidation of materials prior to transport **Advanced sorting and processing technology** - Automated sorting systems: Optical sorters, eddy current separators, air classifiers, and robotics enhance sorting accuracy and efficiency. **Health & Safety** - Operator health and safety follows best practice, and ergonomics and wellbeing prioritised - Customer points of interaction ensure safety while onsite is prioritised **Flexibility and Resilience:** - Ability to handle complex and diverse materials. - Modular and scalable design: Adaptable to changing waste streams and future expansion. - Ability to incorporate future technologies and best practice as technology evolves - Offers contingency solutions for waste management during natural disasters, asset failure or constrained asset access. **Compliance:** - Regulatory compliance and certifications: Adherence to environmental and legislative standards.	MRF Processing Facility (leased or owned or access agreement/contract) of size and scale to process the forecasted demand profile for the next 20 years. Proven MRF operator able to demonstrate world class operation. Next generation sorting technology that maximises revenue streams from byproduct. Advanced design-build-operations that maximise productivity and sustainability functions.
Should have these features	**Provides for Recycling Certainty for the next 20 years** - Projected volumes of recyclable material in 20 year horizon can be diverted from landfill for Central Otago District. - Secured, reliable, and sustainably ethical end markets for all commodities accepted. - Consolidation points for recycling and organics. **Value for Money:** - Solution delivers value for money for consumers across the full recycling journey (from kerbside to market) alongside broader socio-economic and environmental impacts. **Environmental Sustainability:**	**As above PLUS** Stronger sustainability and de-carbonisation technologies. Procured within budgets allocated.

	- Carbon footprint reduction: Solution demonstrates optimized logistics and reduced emissions. - Energy efficiency: Renewable energy sources and energy efficient equipment. **Policy Alignment and Advocacy:** - Enables extended producer responsibility (EPR), making manufacturers accountable for end-of-life product management. - Encourages design for recyclability by setting market demands for recyclable products.	
Could have these features	**Data-Driven Operations:** - Real-time monitoring and analytics: Optimize operations, maintenance, and material recovery rates. - Smart waste management: Predictive maintenance, AI-driven decision-making, and inventory control. **Provides for Recycling Certainty for the next 20 years** - Provides a recycling solution for a broader geographic area. **Unlocks Other Diversion Opportunities:** - Collocated processing facility for organic waste (noting QLDC has committed to introducing a kerbside organics service in the coming years) - Collocated processing facility for Construction and Demolition waste - Common consolidation points for recycling and organics **Circular Economy Leadership and Economic Development:** - Skilled green jobs opportunities in sorting, processing, engineering, data analysis, and management. - Promotion of local economies by supporting businesses that utilize recycled materials. - Offers opportunities for small and medium enterprises (SMEs) in reuse, recycling, upcycling, and innovation. - Collaboration with local businesses e.g. partnerships creating demand for recycled products. - Becomes a hub for innovation in recycling technologies and sustainable practices. - AI and machine learning: Real-time identification and adaptive sorting based on material composition. - Attracts investment and research in circular economy solutions. **Education and Awareness:** - Community outreach and recycling education programmes that raise awareness and bring about behaviour change. - Hands-on learning opportunities to engage in sustainability practices. - Educational programmes and learning opportunities on waste minimisation, recycling practices and sustainability. **Resource Conservation and Circularity:** - Support for upcycling e.g. through repair, refurbishment, reuse, repurpose, or recycle: Facilities for repurposing and transforming materials into higher-value products. - Water conservation: Water recycling systems if proposed for cleaning and processing materials. - Supports a closed-loop system where products are continuously reused, reducing waste.	**As above PLUS** Organic waste processing facility. Processing facility for Construction and Demolition waste. Recycling centre able to distribute utilize recycled materials. Learning and education facility - environments.

	- Solution drives onshore re-processing options where possible - Material traceability: Digital tracking from collection to final recycling, ensuring transparency.	
Won't have these features	– Untried and untested technology that is not yet considered industry best practice or lacks track record in New Zealand or Australia.	

By working through a two stage EOI-RFP process gives Council the best possible chance of securing the widest range of 'Must Haves – Could Haves range' user requirements. Further detail as to the split of MoSCoW criteria is captured in the EOI-RFP approach below.

MARKET ANALYSIS

Supply Side

The size and scale of this project is anticipated to generate significant market interest from Regional and out of region suppliers.

The range and type of Suppliers include (but are not limited to)

1. WM NZ
2. Enviro NZ
3. WasteCo Group Ltd
4. Green Gorilla Recycling
5. JJ Richards New Zealand
6. Smart Environmental
7. EcoCentral
8. Wastebusters
9. Recycle South
10. Reclaim
11. AllWaste

This list outlines the traditional suppliers of MRF operations, and we anticipate (and encourage) opportunities for consortia and alliances to be formed around different permutations of landowners – MRF operators, cartage and haulage functions etc.

South Island Material Recovery Facilities

The demand side of the Otago regional market is narrow and includes the following South Island MRFs:

1. Christchurch City Council (EcoCentral)
2. Timaru District Council (EnviroNZ)
3. Dunedin City Council
4. Queenstown Lakes District Council (WMNZ)
5. WasteNet (located in Invercargill)

Some of these facilities may also demonstrate interest in supplying QLDC with MRF functions.

KEY STAKEHOLDERS / ROLES & RESPONSIBILITIES

The RACI chart below is indictive of the primary stakeholders involved in the sourcing and selection of a MRF solution.

MRF R1

		Business Unit						Legal, Risk and Assurance	H&S	Iwi Liaison	Finance
		General Manager	Ops Manager / SIP Manager	Project Manager	Asset owner / recipient of service	Procurement Specialist / Advisor	P&I Tender Secretary	QLDC Legal	HSW	Iwi	Accounts Payable
Strategy and management	Procurement Planning & Design	C	C	A	C	R	S	I			
	Procurement Strategy	C	C		C	R	S	S/C		C	
Plan / Initiate	Confirm budget and project assigned in CPMS	C	A	R	C	I				C	
	Initiate engagement with stakeholders and Iwi liaison team, if culturally significant		I	A	C	I			C	R	
	Establish project probity, governance and management framework		A	C	C	R		C		C	
	Clarify objectives and agree procurement approach and contract type		C	A		R		C		C	
	Identify and confirm procurement team		C	A		R					
	Review previous procurements for lessons learnt		A	R		C				C	
	Risk identification		A	R		C		C			
	Undertake supply market analysis		C	A	C	R					
	Create requirements specification		C	A/R	C	C				C	
	Confirm Tender Evaluation Team (TET)		C	A	C	R	I			C	
	Finalise and approve procurement plan	A	C	R	C	R	I	C			
	Create procurement documents (EOI -RFP)		A	C		A/R	I				
	Combine service specification into procurement documents			A		R	C				
	Review and accept procurement documentation						S				
	Complete contract management planning		A		I	R					
	Establish supplier relationship management structure		A		I	R					
Source	Release documents to the market or direct to preferred suppliers					I	R				
	Facilitate supplier briefing (if required)				S	S				C/S	
	Manage tender queries and publish responses					S	R				
	Prepare evaluation panel instruction and briefing				S	S					
	Receive, distribute submissions				I	I	R				
	Evaluate tenders (price and non-price)		S	S	S	A/R	I	S			
	Complete due diligence of the preferred supplier					A/R		S			
	Prepare evaluation report					R		C			
	Obtain approval from the contract owner		A								
	Notify shortlist/recommended supplier and debrief unsuccessful participants			S		S	R				
	Determine if a transition plan is required and complete		A	S	C	I	I			I	
	Develop KPIs/Service levels		C	S	S	R				C	
	Tender negotiations and finalise contract terms		A	R		S		C			
	Award the contract		A	R		S	I				
	Compile contract documentation			S		R	S	A			
	Circulate contract documentation for execution					S	R				
	Obtain activation approval					S	R				
	Review and approve permanent suppliers						R/S				
	Set up supplier in Tech1						S/R				R
	Create purchase order if required										S
Manage	Implement transition plan if required			A	C	S	I			C	
	Implement supplier relationship management structure			S	S	R				C	
	Control changes to scope and/cost			A	C	S	I				
	Proactively manage performance and delivery against the contract			A		S					
	Check and validate supplier invoices and variations			A		S	I				
	Create payment claim						R				
	Send payment claim for approval						R				
	Attach payment with claim and issue to AP and supplier						R				I
	Process payment claim in Tech1										A/R
	Process supplier invoice in Tech1										
	Pay supplier										A/R
	Track contract spend		A								
	Purchase order maintenance										I
	Check contract renewal dates and initiate renewal if required		A			S					
Review and close	Review contract performance		C	A	C	S				C	
	Obtain as built drawings and asset data			A	C	S					
	Issue certificate of completion			A	C		I				
	Release contract retentions (in stages)						R				S
	Close contract and undertake lessons learnt for future reference		A				S				
	Issue final retention certificate						I				
	Issue quarterly retentions released report to contractors										A
	Conduct transition and handover to incoming supplier (if applicable)		A		S						

TENDERING PROCESS

TYPE OF TENDER

A range of procurement approaches are possible for this contract. The Procurement Strategy sets out these options which have been evaluated and assessed, where the two stage EOI-RFP option is considered the best fit for the diverse market options available. The analysis summary for this option is described below.

The benefits of this approach are:

1. **Efficient Screening**: The EOI stage helps identify and shortlist capable suppliers or vendors early on, saving time and resources by focusing only on qualified candidates during the RFP stage.
2. **Market Insights**: The EOI phase allows organizations to gauge market capabilities and gather valuable input, which can refine the scope and requirements for the RFP.
3. **Enhanced Competition**: By narrowing down the pool of bidders, the RFP stage fosters a more competitive environment among pre-qualified participants, leading to better proposals.
4. **Risk Mitigation**: This approach reduces the risk of engaging with unqualified vendors, ensuring that only those with the necessary expertise and resources proceed to the detailed proposal stage.
5. **Cost-Effectiveness**: The two-stage process minimizes wasted effort and resources by focusing on serious contenders, ultimately leading to more efficient procurement.

The EOI is deliberately wide reaching so Council can narrow down to the RFP stage with the best possible combination of features. At EOI stage, options received can be partial as well as a full-service offering and evaluated on their own merits (i.e., those offers that are partial but fit in the Must-have' then score high. Those bids that offer most/all 'Must-have' score Very High.

This then allows the RFP stage to encourage consortia - and/or allows Council to choose more than one solution and encourages consortia to generate solutions that bring as many 'Must-haves' as well as wider benefits captured through the 'Should and Could Haves' to the solution and all together in a single package.

MARKET ENGAGEMENT

This contract opportunity is included within QLDC's 2024-34 LTP.

A Notice of Intent will be published in early August 2025 ensuring suppliers can plan to resource their response to the tender. This should also encourage parties to collaborate and form consortia arrangements to support the delivery of a total solution to Council. Both EOI and RFP will be advertised and managed through GETS. Supplier briefing sessions will be offered at EOI release, including opportunities to meet with individual suppliers online or in person depending on interest and availability of contractor personnel.

EVALUATION TEAM

A cross-functional team will be involved in the evaluation of bids and recommending the preferred supplier.

Role	Name	Organisation
Chair of evaluation panel (TET):	Paul Rogers	Spire Consulting. Independent Procurement & Commercial Advisory Support (TBC)
Commercial support	Geoff Mayman	QLDC
Administrative support:	Administrator, Project Management Office	QLDC
Financial analyst:	TBC (intended to	QLDC

	utilise QLDC in-house financial expertise)	
Legal advisor:	TBC (QLDC in-house counsel supported by panel firms if required)	QLDC/panel firms
Probity auditor:	TBC (appointed prior to EOI release)	TBC

Table 1: Voting members (up to 4)

Role	Name	Organisation
Technical Lead (TET)	TBC	TBC
Technical Support (TET)	TBC	TBC
Technical Support (TET)	TBC	TBC
Technical Support (TET)	TBC	TBC

PROPOSED TIMELINE

The proposed timeline for the procurement is developed based on approval to proceed at the 31 July 2025 Council meeting. An extended Post Tender Clarification and Contract Negotiation period is included due to the scale of the project, the multi-contract evaluation model, and the time commitments required to complete similar activities for recent contracts tendered by the Project Management Office (PMO).

Task Name	Dates
Tender	
NOI Issue	6 August 25
EOI Tender Open	1 Sept 25
Open Forum Presentation	8 Sept 25
Last date for questions	1 Oct 25
Last date for NTTs and question responses	6 Oct 25
Tender Closed	13 Oct 25
Tender Evaluation & RFP Short List Agreed	17 Nov 25
RFP Tender Open	28 Nov 25
Last date for questions	2 Feb 25
Last date for NTTs and question responses	9 Feb 26
Tender Closed	16 Feb 26
Tender Moderation Meeting 1	23 Feb 26
Interactive	2 - 6 March 26
Post Tender Clarifications	2 - 27 March 26
Tender Evaluation Complete	April 26
Cost estimate reviewed	April 26
Contract Negotiations	April - May 26

Tender Recommendation Report approved	End May 26
Tenderers Notified (awarded / declined)	End June 26
Tender Recommendation Approved	End June 26 Appointment from 1 July 26

EVALUATION METHODOLOGY

EVALUATION METHOD – STAGE ONE EOI

The best appropriate criteria for evaluating the first stage Expression of Interest (EOI) tender are based on our specific MRF objectives.

The EOI objective is to select the top 3 – 4 shortlisted suppliers based on 100% attributes, comprising -

A. 40% Proposed Solution
B. Pass/Fail. All 'Must Have' Criteria (modelled on the 'Proposed Solution') must be met (Passed).
C. 60% Relevant Experience & Track Record (demonstrated experience in MRF operations)

The successful EOI candidates proceed to RFP stage, whereby the RFP evaluation criteria narrow down a preferred supplier based on best proposed solution and associated whole of life pricing.

The summary of previous options as descried in the 2024 Morrison Low report will be made available with a covering note stressing that these options are only supplied as a guide and are not to be relied upon or be seen as any shortlist of options.

Part A: Proposed Solution (40%)

Based on our all our background data – describe your proposed MRF solution. At a minimum:

1. The solution must encompass all the MoSCoW 'Must Have' criteria. Note, ALL MoSCoW criteria shared at EOI stage to enable prospective respondents to understand the importance of all criteria elements. At RFP Stage, Respondents that can demonstrate their ability to meet as many of the MoSCoW criteria as possible will score highest.
2. The solution must demonstrate when full recyclable flows can be diverted from the existing Glenda Drive site, and a commitment to achieving this programme. Proposals that remove reliance on the existing facility sooner will score more favourably.

Your solution at a minimum must set out and describe Concept Design – Process & Workflow – Volumes – Throughput - Size & Scale. It should set out:

Solution Overview

- The general nature of the solution, including a description of process flows from kerbside collections (by others) to end market for recovered recyclables.
- Description of where site(s) are located, or proposed to be located (including any consolidation points necessary) Description of Company structure (e.g. single entity, consortia, mix?)
- Description of proposed/preferred ownership structure and payment mechanisms (e.g. QLDC owned facility with contracted operations, supplier owned with gate fee, ownership transfer model)

Basic Infrastructure

- High level layouts of sites and description of facilities to enable an understanding of infrastructure proposed. Level of detail expected to be sufficient to provide confidence that the proposal is sufficiently sized, considers essential services & traffic flows, provides areas for product storage (if applicable) and is sympathetic to and appropriate for the environment.

Operational Essentials

- Description of proposed sorting systems/technologies.

- Description of collection & transport arrangements – considers the full system for receiving recyclables from local sources, consolidating for bulk haulage (where and when required) and transporting processed materials to end markets. This requires a linkage and alignment to QLDC's existing kerbside collections, minimising additional costs for the kerbside service (including potential consolidation points).
- Description of Health, Safety and Wellbeing Measures.
- Description of how the proposed solution can adapt to reflect changes in product types or quantities as well as technological advancements.
- Description of contingency provisions.

Environmental & Compliance Factors

- Description of environmental controls (stormwater, litter controls, management of noise, vermin etc).
- Consideration of necessary planning permissions and description of proposed consenting strategy (if consents are required and not secured).
- Confirmation that the proposed solution meets (and will meet) all legislative requirements.

Respondents who demonstrate evidence of robust site/facility access arrangements (land, and or land and facilities with Consents in place) at EOI stage will be viewed more favourably and score higher than those Respondents who have an aspirational approach but lower levels of certainty at EOI stage.

	Part B: MoSCoW Criteria (Pass/Fail) Must Have **Whereby the Proposed Solution can meet the following criteria**	**Minimum Conforming EOI Pass. P/F** You must verify how your proposed Solution is able to fulfil ALL the 'Must have' criteria with demonstrated evidence.
1	**Provides for Recycling Certainty for the next 20 years** **(Land + MRF option that meets the following minimum criteria)**	
	- Projected volumes of recyclable material in 20 year horizon can be diverted from landfill for the Queenstown Lakes District.	
	- Reliable acceptance for all current product streams at the facility.	
	- Ensuring high quality products that meet or exceed re-processors' acceptance criteria across all commodities (manages risk of product rejection).	
	- Embedded processes that drive reduced contamination levels.	
	- Enables removal of reliance on the existing Glenda Drive facility in the shortest possible timeframe.	
	- Provides for consolidation of materials prior to transport.	
2	**Advanced sorting and processing technology** - Automated sorting systems: Optical sorters, eddy current separators, air classifiers, and robotics enhance sorting accuracy and efficiency.	
3	**Health & Safety** - Operator health and safety follows best practice, and ergonomics and wellbeing prioritised.	
	- Customer points of interaction ensure safety while onsite is prioritised.	
4	**Flexibility and Resilience:** - Ability to handle complex and diverse materials.	
	- Modular and scalable design: Adaptable to changing waste streams and future expansion.	
	- Ability to incorporate future technologies and best practice as technology evolves.	

	- Offers contingency solutions for waste management during natural disasters, asset failure or constrained asset access.	
5	**Compliance:** - Regulatory compliance and certifications: Adherence to environmental and legislative standards.	

Relevant Experience & Track Record (RE/TR) (60%)
Council would prefer suppliers who can reference up to two (2) relevant MRF examples, completed within the last 2 - 10 years to evidence the Respondent's previous experience of providing MRF solutions (in NZ) under this EOI and the Respondent's performance in providing MRF facilities/services. However, Council acknowledges that this may not be applicable for a 'service only' proposal. In these situations, Council would accept one example of RE/TR but would require at least two client references to be provided.
Specific Details
Client/Customer Name
Scale of the MRF Provide detail of the value of the works/projects Size/scale throughput and operating parameters
Time of the project Start and completion dates of the project/contract
Commercial/Procurement Model The contract structure and tender process used
Relevance Fully describe the relevance of this work to the scope of this contract. Provide details of how the work illustrates your experience and ability as a company to provide the expertise required to successfully supply a MRF solution.
Client Include the name and telephone number of a contact person. Council reserves the right to contact the Client provided to seek a reference.
Innovation/Value Add opportunities Provide details of any innovative ideas or value add opportunities you proposed that were implemented during the delivery of the MRF solution that could be beneficial to this project.
Compliance Provide details of any non-compliance with any applicable laws or standards (including details of any fines, revocation of accreditation, warnings or prosecutions arising from non-compliance) such as Health and Safety, Resource Management Act etc.

Demonstration of track record
(A) Demonstrate the following:
• The company's ability to
  ○ Complete the MRF solution on time, to specified outcomes.
  ○ engage and manage stakeholders
  ○ pro-actively manage financial contract risk
  ○ provide value-for-money
  ○ develop a sustainable workforce through apprenticeships, training etc
(B) OR – already has an 'Out of District built solution able to take the material tonnage forecast for the minimum time periods required.

The top 3 – 4 suppliers who meet all the 'Must Have' criteria and score highest in the 100% scoring will progress through to the RFP section.

The Non-Price scoring approach is based on the following requirements.

Category	**Scoring Approach**
40% Proposed Solution	Anchored Scoring for each attribute.
Pass/Fail. All 'Must Have' Criteria (modelled on the 'Proposed Solution')	Must evidence conclusive example of how each criteria attribute is encompassed in the Proposed Solution. Pass/Fail.
60% Relevant Experience & Track Record (demonstrated experience in MRF operations)	Anchored Scoring for each attribute. Must evidence conclusive demonstrated example of how each criteria attribute is answered.

EVALUATION METHOD – STAGE TWO RFP

The Stage Two RFP will progress all Stage One successful EOI candidates (top 3 – 4 evaluated candidates).

At this next RFP stage further and final criteria will be applied, as well as pricing to arrive at a preferred group for final review and evaluation.

The RFP Evaluation Methods, where price now becomes key factor include the following noting relevance and suitability:

- At RFP stage, whole of life pricing becomes a significant factor.
- Price as a factor at RFP stage will be based on a weighted attribute model.

RFP EVALUATION CRITERIA AND WEIGHTINGS

Each supplier must meet the following pre-conditions before its bid will be considered for evaluation on its merits.

Pass Fail Commercial Pre-Conditions

A. 50% Final Developed Solution (Part A) and (Part B) all 'Should Have' – 'Could Have' Criteria additional features)
B. 50% Whole of Life Cost

PRE-CONDITIONS

#	Pre-conditions
1.	Acceptance of RFP and Contract terms.
2.	The Respondent can provide insurances spanning Public Liability of $25M and Professional Indemnity of $10M.
3.	The Respondent has SiteWise accreditation score of 85% or a health and safety pre-qualification of equal or higher standard.
4.	The Respondent is ISO 9001 (Quality), ISO 14001 (Enviro) and ISO 45001 (H&S) certified.
5.	The Respondent and any nominated sub-contractors have the capacity and capability to deliver the contract(s)

Having met all the preconditions qualifying bids will be evaluated on their merits using the following evaluation criteria and weightings.

NON-PRICE EVALUATION

Part A Final Developed Solution Outline (verified through Comprehensive Supplier Performance Commitments)

Confirm your solution

1. Encompasses all the MoSCoW 'Must Have' criteria (and ideally a wide range of the 'Should' and 'Could Haves')
2. The solution must demonstrate when full recyclable flows can be diverted from the existing Glenda Drive site, and a commitment to achieving this programme. Proposals that remove reliance on the existing facility sooner will score more favourably.
3. Your solution at a minimum must set out and describe Preliminary Design – Process & Workflow – Volumes – Throughput - Size & Scale. It should set out:

Solution Overview

a. Confirmed Location and Land access (and that all permits and ownership/leases etc are confirmed. If not confirmed, Respondent must provide evidence of approval documentation / workflow etc to provide Council with assurance that any application for land acquisition, consenting etc is a formality rather than a proposition.

b. Supporting Supplier Performance Commitments. The Supplier Performance Commitments document must provide clarity in design, operation, and compliance for the proposed solution. At a minimum, the document would be expected to address the following (full requirements will be established during RFP drafting):

1. ***Introduction***
    - *Purpose and Scope*
    - *Definitions and Terminology*
    - *Regulatory and Compliance Overview*
2. ***Strategic Objectives***
    - *Sustainability and Circular Economy Alignment*
    - *Efficiency Targets and Performance Metrics*
    - *Integration with Existing Waste Management Infrastructure*
3. ***Design and Construction Standards***
    - *Site Selection Criteria*
    - *Facility Layout and Workflow Optimization*
    - *Asset Management Data / Digital Twin*
    - *Renders*
    - *Equipment and Technology Requirements*
4. ***Operational Requirements***
    - *Material Input and Sorting Protocols (includes potential transport, haulage, consolidation points, etc)*
    - *Processing Efficiency and Throughput Targets*
    - *Staffing and Workforce Training*
5. ***Environmental and Safety Compliance***
    - *Waste Diversion Targets*
    - *Hazardous Material Handling Procedures*
    - *Occupational Health and Safety Standards*
6. ***Performance Monitoring and Reporting***
    - *Key Performance Indicators (KPIs)*

- *Audit and Inspection Protocols*
- *Continuous Improvement Framework*

7. ***Procurement and Supplier Management***
   - *Vendor Selection Criteria*
   - *Supply Chain Sustainability Standards*
   - *Contracting and Performance Reviews*
8. ***Financial and Economic Considerations***
   - *Whole-of-Life Costing Model*
   - *Revenue Generation and Circular Economy Integration*
   - *Funding and Investment Opportunities*
9. ***Future Adaptability and Expansion***
   - *Innovation and Emerging Technologies*
   - *Scalability and Modularity in Facility Design*
   - *Long-Term Strategic Vision*
10. ***Appendices and References***
    - *Regulatory Frameworks*

Part B All 'Should Have' – 'Could Have' Criteria.

In addition to the Must Have criteria, points are offered for as many of the 'Should Have' – 'Could Have' Criteria. The responses must verify with demonstrated evidence how these features are supplied/met.

SHOULD HAVE
Provides for Recycling Certainty for the next 20 years: - Projected volumes of recyclable material in 20 year horizon can be diverted from landfill for Central Otago District. - Secured, reliable, and sustainably ethical end markets for all commodities accepted.
Value for Money: - Solution delivers value for money for consumers across the full recycling journey (from kerbside to market) alongside broader socio-economic and environmental impacts.
Environmental Sustainability: - Carbon footprint reduction: Solution demonstrates optimized logistics and reduced emissions. - Energy efficiency: Renewable energy sources and energy efficient equipment. - Water conservation: Water recycling systems if proposed for cleaning and processing materials.
Resource Conservation and Circularity: - Reduces the need for virgin raw materials, conserving natural resources. - Supports a closed-loop system where products are continuously reused, reducing waste. - Material traceability: Digital tracking from collection to final recycling, ensuring transparency. - Makes recycling convenient to empower local communities to develop local solutions for diverting resources away from landfill and back into their own communities.
Policy Alignment and Advocacy: - Enables extended producer responsibility (EPR), making manufacturers accountable for end-of-life product management. - Encourages design for recyclability by setting market demands for recyclable products.

Could Have
Data-Driven Operations: - Real-time monitoring and analytics: Optimize operations, maintenance, and material recovery rates. - Smart waste management: Predictive maintenance, AI-driven decision-making, and inventory control.
Provides for Recycling Certainty for the next 20 years: - Provides a recycling solution for a broader geographic area.
Unlocks Other Diversion Opportunities: - Collocated processing facility for organic waste (noting QLDC has committed to introducing a kerbside organics service in the coming years) - Collocated processing facility for Construction and Demolition waste - Common consolidation points for recycling and organics
Circular Economy Leadership and Economic Development: - Skilled green jobs opportunities in sorting, processing, engineering, data analysis, and management. - Promotion of local economies by supporting businesses that utilize recycled materials. - Offers opportunities for small and medium enterprises (SMEs) in reuse, recycling, upcycling, and innovation. - Collaboration with local businesses e.g. partnerships creating demand for recycled products. - Becomes a hub for innovation in recycling technologies and sustainable practices. - AI and machine learning: Real-time identification and adaptive sorting based on material composition. - Attracts investment and research in circular economy solutions.
Education and Awareness: - Community outreach and recycling education programmes that raise awareness and bring about behaviour change. - Hands-on learning opportunities to engage in sustainability practices. - Educational programmes and learning opportunities on waste minimisation, recycling practices and sustainability.
Resource Conservation and Circularity: - Support for upcycling e.g. through repair, refurbishment, reuse, repurpose, or recycle: Facilities for repurposing and transforming materials into higher-value products. - Water conservation: Water recycling systems if proposed for cleaning and processing materials. - Supports a closed-loop system where products are continuously reused, reducing waste. - Solution drives onshore re-processing options where possible. - Material traceability: Digital tracking from collection to final recycling, ensuring transparency.

The 20% allocation for the Should Have' – 'Could Have' Criteria is based on as many of these features able to be supplied within the Developed Solution being present.

Price Attribute.

50% Whole of Life Cost (WoL) attribute.

Whole-of-life pricing for the MRF refers to the total cost of owning, operating, and maintaining the asset throughout its entire lifecycle—from initial investment to decommissioning. This approach helps Council evaluate the long-term financial implications beyond just upfront capital costs.

As set out in the background to this Plan, there are several permutations and options Council may receive for the MRF solution. This includes a traditional Design-Build as well as a fully leased solution. In determining WoL costs, consideration to these permutations must be accommodation.

Key Components:

1. **Capital Costs** – The initial expense of designing, procuring, and constructing the asset.
2. **Operational & Maintenance Costs** – All costs associated with the operation of the solution, including but not limited to transportation costs, staffing, repairs and maintenance, electricity, fuel, consumables, compliance etc. A fully leased option may also expense the facility (land, plant, depreciation).
3. **Replacement & Refurbishment Costs** – Any expenses for asset upgrades or part replacements required over the assessment period.
4. **Decommissioning & Disposal Costs** – Costs for dismantling and environmental remediation at end-of-life.

By considering whole-of-life pricing, Council can optimize long-term value over short-term expenditure, ensuring sustainability and efficiency. This approach is especially critical in infrastructure planning, where decisions impact economic, environmental, and social factors.

EVALUTATION SCORING

The RFP scoring approach is based on the following requirements.

Category	Scoring Approach
50% Final Developed Solution + Should/Could	Anchored Scoring for each attribute.
50% Whole of Life Cost	Financial Model based on Whole of Life, Total Cost of Ownership over a specified timeline

Anchored scoring is a structured evaluation method used in tender assessments to ensure consistency, transparency, and fairness in scoring proposals. It works by establishing predefined reference points (anchors) that the evaluators will use to assign scores based on objective criteria.

The probity auditor will also be engaged to ensure that a robust evaluation process is followed.

DUE DILIGENCE

The following verification checks will be used as part of the evaluation and due diligence process.

1. Reference checks.
2. Presentation by tenderers.
3. Site / reference visits by Council to inform the evaluators of the Developed Solution.

ADDITIONAL PROCESS

Following the evaluation of tenders, clarification may be sought from the tenderers to confirm tags, personnel and processes, or any other information required to ensure the preferred tender will satisfy the client requirements.

Tenderers are encouraged in the RFP process to submit a clean bid with no tender tags other than assumption clarifications.

Respondents shall be requested to detail any tags separately from the non-price and price submissions. Technical and commercial tags will also be requested as separate items. The evaluation of technical and commercial tags will happen in parallel at the start of the evaluation for all respondents and factored into the recommendation. Respondents' tags will be assessed and treated either by negotiating the tag, assigning a monetary value (which will affect the price scoring), requesting the tag be removed, or by rejecting the tender.

During the non-price evaluation period, the TET Chair will be responsible for clarifying assumptions and tags that may have a commercial impact on a proposal. This includes resolving any contractual tags. Support will be provided by the Commercial and Procurement Manager and external legal support.

Upon completion of the non-price evaluation at the second TET meeting, the pricing information can be revealed by the Chair and will include any clarifications/adjustments agreed with the respondents through the Chair's prior commercial discussions and formal Post Tender Clarification processes.

NEGOTIATIONS

After identification of the preferred Respondent, a without prejudice letter will be sent to confirm:

- They are the preferred respondent.
- The scope and tendered price with any agreed adjustments.
- The terms of the contract.

If the preferred respondent is unable to confirm these items, then negotiations may be required. Final negotiations will begin with the preferred respondent with the intention to reach agreement.

Through best endeavors, if agreement cannot be achieved within a ten (10) working day period from the date of notification of the preferred status, QLDC may commence negotiations with the next highest scoring respondent. Noting the period for negotiation with the preferred party may be extended by mutual agreement.

Furthermore, any changes to the evaluated price resulting from the negotiation period shall be checked through the weighted attribute scoring methodology to check the preferred respondent remains the highest scoring. If their ranking does change, then QLDC may begin negotiations with the new preferred respondent.

All agreed outcomes of negotiations shall be documented in writing between the parties.

After the preferred tenderer(s) are selected the tendered price needs to be compared to the funding available.

If the price (with contingency allowances appropriate for any residual risk) exceeds available funding or areas of the pricing require further clarification, then negotiations will be conducted in good faith with the Tenderer.

During this time, a pre-prepared (by quantity surveyor) cost estimate will be used as a basis for price negotiation. Once completed, if the price still exceeds the available funding, QLDC will be required to seek internal and external approval of the contract price and contingency.

This process will take an estimated four (4) weeks in addition to proposed tender programme.

RECOMMENDATION & AWARD

Following negotiations, a Procurement Recommendation Report (PRR) will be developed by a member of the TET for consideration by the delegated authority.

The PRR must be approved by the delegated authority before the associated contract can be awarded.

- The delegated authority may, at their discretion, reject any recommendation provided and/or request additional information.
- Once approval is obtained, the successful respondent will be sent a letter to confirm award of the contract along with the contract documentation for signing.

At this time, unsuccessful respondents will be sent a letter of regret.

CONTRACT TYPE

To be confirmed with final preferred supplier. Will depend on final negotiated position. Options include:

Solution Model finally adopted	Contract format
Design & Build	NZS 3916
Design & Build. Operate	NZS 3916 + NZS 3917
Lease (where facility is inclusive of the Developed Solution)	Bespoke Services Agreement
DBOOT	Bespoke Services Agreement

VALIDITY PERIOD

An extended quotation validity period of 180 days shall be requested from the respondents.

This will allow sufficient time to undertake the tender evaluation, finalise the Implementation Business Case, and seek additional funding (if required) and obtain full Council sign off (if required).

COST ESCALATION

The duration of the contract means that some materials and equipment are likely to be subject to cost escalation. QLDC could pay the contractor a lump sum premium for this risk. An alternative approach is to agree the method by which cost escalation will be paid and on what materials and equipment.

MANAGING IMPLEMENTATION

The responsibility for managing delivery under the contract and supplier relationship management will be dependent on the final option/solution chosen.

A traditional Design-Build type solution will be overseen by a dedicated project manager within the Infrastructure Delivery team for works design and delivery, prior to the ongoing operational component being transitioned to the Solid Waste Operations team. A service or lease type arrangement will likely transfer directly to Solid Waste Operations team.

The Project/Contract Manager may be supported by the Engineer to Contract, Assistant to the Engineers Representative, Professional Quantity Surveyor, and Construction Monitoring Representative.

RISK ASSESSMENT

Overall, this procurement is deemed to be high value with a medium to high risk profile.

Key risks have been assessed against the risk framework detailed at Appendix 2. They have been assessed based on likelihood (L) and consequence (C).

The key for the following risk tables is:

- likelihood (L): R = rare U = unlikely P = possible L = likely A = almost certain
- consequence (C): N = negligible L = low M = moderate H = high E = extreme.

Table 2: Key risks in the procurement process.

Risk	L	C	Rating	Mitigation action
Lack of Tenderers (Un-competitive)	**R**	**L**	Low	2 Stage Open tender through GETS with pre notices
Non-Conforming Tenders	**R**	**L**	Low	Reject via validation of pre-conditions by tender chairperson.
Pricing influence on attributes score	**R**	**L**	Low	Sensitivity analysis completed to confirm the final pricing offer.
Delay awarding contract due to protracted negotiations with preferred tenderer	**P**	**M**	Moderate	Tender chair, w/Legal Support to assess all commercial tags and assumptions upon receipt of tenders and will issue PTCs to attempt to resolve critical tags in advance of the first tender moderation meeting.
Multi-contract scoring method poorly managed resulting delays or misunderstanding during the evaluation	**U**	**L**	Low	Tender chair to simulate tender process with commercial and procurement manager to test evaluation process prior to tender closing.

Risk	L	C	Rating	Mitigation action
Safety incident	**P**	**M**	High	SSSP and method statements required as part of Contract Works. Suitably qualified and experienced contractor and personnel required for the contract. Minimum pre-requirement for SiteWise registration and 85% score. Audits and site supervision by designer, project manager and the Engineer.
Environmental incident	**U**	**M**	Moderate	Environmental Management Plan in place and SQEP required as part of contract works
Variations - Increased cost	**L**	**M**	High	Managed through 3910:2013 Contract and negotiations of Commercial Departures.

				The design has been reviewed internally by the designer, and by QLDC as part of the acceptance process. The proposed draft schedule of quantities has been reviewed by the designer.
Poor Quality of work	**P**	**L**	Moderate	Requirements detailed in project specification. Quality plan required as part of Contract Works. CM3-4 construction monitoring by Engineer. Ensure minimum criteria included for key personnel and RFP regards tenderers based on relevant experience and skillsets of nominated personnel.
Construction of project (if a construction project) is delayed	**L**	**M**	High	Tenderers to confirm capacity and capability to construct the pipeline using multiple crews working concurrently. Methodologies with the shortest practical durations will be evaluated favorably.
Poor Community Perception	**L**	**L**	Moderate	Engagement via multiple means of communication. Assess tenderer stakeholder management proposals during tender process and monitor implementation in construction.

PROBITY MANAGEMENT

It is essential that the agency demonstrates ethics and integrity in its procurements.

This means:

- acting fairly, impartially, and with integrity
- being accountable and transparent
- being trustworthy and acting lawfully
- managing conflicts of interest
- protecting the supplier's commercially sensitive and confidential information.

Probity in this procurement will be managed by:

- engaging an Independent Probity Auditor
- ensuring compliance with the agency's code of conduct
- ensuring that financial authority for the procurement is approved before proceeding to tender
- ensuring everyone involved in the process signs a confidentiality agreement and declares any actual, potential or perceived conflict of interest
- identifying and effectively managing all conflicts of interest
- ensuring that all bids are opened at the same time and witnessed
- numbering copies of suppliers' tenders and returning them to the panel chair once the tender process ends
- retaining one copy of each supplier's tender and destroying the remaining copies once the tender process ends
- treating all suppliers equally and fairly
- providing each supplier with a comprehensive debrief at the end of the tender process.

APPENDIX 1: SPECIFICATION OF REQUIREMENTS

The requirements will be as per the Contract Specification and will be included with the EOI - RFP and Response Form. Includes all the MRF demand forecast parameters for the next 20 Years. The demand profile is based upon the following description.

The table below provides the volume of recyclables generated in the Queenstown Lakes and Central Otago Districts in 2023/24 and projected out to 2044/45. The volume of material processed through the MRF is expected to double in this period. Any new MRF solution must be sized, or able to accept the volumes listed below.

District/Material	Volume 2023/24[1]	Volume 2044/45[2]
Queenstown Lakes District		
Wanaka (40%)		
Mixed Recyclables	1,122	2,531
Glass	1,034	2,331
Sub-total Wanaka	***2,156***	***4,863***
Whakatipu (60%)		
Mixed Recyclables	1,683	3,797
Glass	1,551	3,497
Commercial OCC	907	2,047
Commercial mixed recyclables	612	1,381
Commercial glass	1,070	2,413
Sub-total Whakatipu	***5,823***	***13,135***
Central Otago District		
Mixed Recyclables	1,654	2,398
Glass	1,169	1,696
Sub-total Wanaka	***2,823***	***4,094***
Total Glass	4,823	9,937
Total OCC	907	2,047
Total Mixed Recyclables	5,072	10,107
Contamination to landfill (17%)	862	1,718
Recyclables to market	4,209	8,389
Throughput (tonnes/hr)	***2.4***	***4.9***

Notes:

1. Based on operation 8hrs per day, 5 days per week, 52 weeks per year
2. Based on 3.9% growth in the Queenstown Lakes District and growth in Central Otago of 2.1% growth in years 1-9 then 1.5% in years 10-20

MRF throughput parameters include:

1. The new MRF will not process glass, which will continue to be handled separately, consolidated at transfer stations and transported to Visy glass furnace in Auckland, via Christchurch.

APPENDIX 2: RISK FRAMEWORK

Key risks have been assessed using this risk analysis framework.