

Management report to Council

Agenda item 6.5

Sustainable Rewards Program Contract No. 3544

Council

Presenter: Geoff Robinson, Manager Engineering Services

31 May 2016

Purpose and background

1. The purpose of this report is to recommend the awarding of a tender for the provision of a Sustainable Rewards Program for two years with an extension option of up to two years.
2. The contract provides for the provision of an incentivised recycling program that will allow all rate payers, residents and city workers within the City of Melbourne to receive points for recycling or undertaking 'waste awareness challenges'. The objectives of the program are to;
 - 2.1. Provide incentives for our residents to take waste management related actions and change their behaviour
 - 2.2. Communicate with CoM households through informative and relevant content about sustainability
 - 2.3. Provide businesses with a tool to promote their business and increase revenue
3. The program is implemented via a website and mobile app. Participants can register, view their points balance, view available offers, participate in sustainably focussed challenges and redeem points for local business rewards such as vouchers. Currently, nearly 7000 households are signed up to the program with over 2000 challenges completed. On average, 52 rewards are redeemed each week from 70 local business partners currently involved in the program. This generates estimated \$100,000 local revenue annually. A survey of Green Money participants in December 2015 resulted in 467 responses. The feedback was very positive with over 200 participants choosing to provide further comments and suggestions about the program. The program is considered by management to be a viable initiative in supporting awareness and good practice in waste management.
4. This program forms part of the Council endorsed Waste and Resource Recovery Plan. Based on internal consultation with branches including Urban Sustainability, Business and Tourism and CASM, it was determined that there is a need to continue the program. The need pertains to three main areas;
 - 4.1. Ongoing ability to communicate directly with residents in the municipality about resource recovery
 - 4.2. Providing marketing opportunities for local businesses
 - 4.3. Driving positive sustainable actions and attendance at related CoM events

Key issues

5. The new service is to be expanded to include city workers, in addition to existing residents. The program will also continue to operate with broad involvement from several internal City of Melbourne branches including Urban Sustainability, Business and Tourism, Placemaking and Engagement, CityLab, Technology Services and Corporate Affairs and Strategic Marketing.
6. The Tender Evaluation Panel contacted five companies to seek feedback on the Invitation to Tender Documents as there was a high level of interest in the service but only a single tender submission was received. Other business priorities and staffing resources were identified by the respondents as the principal reasons for not tendering.
7. The tender evaluation panel interviewed Green Money Pty Ltd who satisfied the panel that they have the necessary expertise and are capable of performing the service for the price submitted. Positive references were received from nominated referees. The FY2015-16 budget for the program is \$120,048. The cost to Council appointing the recommended tenderer is \$138,000 for the first year, with subsequent years being subject to a specified rise and fall adjustment. The estimated total cost over two years is \$274,120 allowing for two and a half per cent rise and fall in the second year.
8. The recommended tender is the incumbent, Green Money Pty Ltd. The tender price is marginally higher than FY 2016-17 budget provisions and the shortfall of \$18,000 will be funded by Engineering Services operating budget.

Recommendation from management

9. That Council awards the contract for the provision of a Sustainable Rewards Program to Green Money Pty Ltd for a term of two years commencing on 1 July 2016 for a year one contract sum of \$138,000, with an option to extend the term of the contract by a further two years in accordance with the negotiated terms and conditions of contract.

Attachments:

1. Supporting Attachment (Page 2 of 3)

Supporting Attachment

Legal

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

Finance

2. The first year lump sum operating cost of the contract is \$138,000 while the second year lump sum operating cost is \$136,120, inclusive of CPI adjustment of 2.5 per cent. The expenditure amount of \$138,000 is incorporated into the FY 2016-17 operational budget provisions.

Procurement

3. This matter accords with Centre Led Procurement Policy and approved Procurement Plan for this service.

Tender evaluation summary

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

Title and/or company	Generalist or Nominated Speciality	Full / Advisory Member
Waste Management Coordinator, CoM	Specialist (Chair)	Full
Coordinator Engineering Programs, CoM	Specialist	Full
Senior Project Manager – Digital Transformation, CoM	Specialist	Full
Sustainability Officer, CoM	Specialist	Advisory
Coordinator Engineer Contracts, CoM	Generalist	Advisory
Financial Analyst, CoM	Finance	Advisory

All members of the TEP have completed and signed the Disclosable Interests and Confidentiality Declaration.

5. The summary of final scoring for the single tenderer is shown below:

Summary of final scoring				
Company	Price <i>(Refer to Note 1)</i>	Financial score <i>(Refer to Note 2)</i>	Non-financial score	Total score
Green Money Pty Ltd	\$274,120 (Yr 1 Lump Sum: \$138,000)	40.0	51.60	91.60

Note 1: this price applies to the lump sum component of the service for Years 1 and 2 plus CPI adjustment of 2.5% year 2. Year 1 Lump Sum includes annual license and servicing for household platform and office workers platform including set-up and implementation of office workers platform.

Note 2: this score includes an assessment of both lump sum pricing only.

6. The contract will be measured on the following indicators;
 - 6.1. An increase in the number of participants signed up to the program
 - 6.2. The number of households taking waste management related action that had previously not done so or done so less frequently.
7. The weightings of the evaluation criteria were Cost (40 per cent), Plan for Proposed Services (15 per cent) and Experience, Capability and Past Performance (45 per cent). The Cost weighting was reduced in response to advice from Technology Services and Procurement that the tender evaluation criteria should be weighted with more emphasis on Experience, Capability and Past Performance. The tender evaluation summary is contained in Attachment 1.

Conflict of interest

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

Stakeholder consultation

7. Key stakeholder consultation was undertaken with current participants of the program, Urban Sustainability, Business and Tourism, CASM and Placemaking and Engagement to ensure the service is relevant and meets the ongoing business requirements of the respective branches.

Relation to Council policy

8. From the Council Plan 2013 – 2017 the following goals are supported:
 - 8.1. Goal 1: “A City for People”. A Sustainability Rewards Program supports our community to feel rewarded and valued for their sustainability related actions whether that is recycling better, learning about sustainability or taking other ‘green’ actions like saving water at home.
 - 8.2. Goal 3: “A prosperous city”. The program supports and fosters local businesses to promote and market their services and offerings to over 7000 households in the municipality.
 - 8.3. Goal 5: “An eco-city”. The sustainability rewards program is an action of the Waste and Resource Recovery Plan 2015-18. The program will help Council to encourage behaviour change and improve recycling practices.
 - 8.4. Goal 7: “Resources are managed well” The tender submission received for this contract is based on a lump sum and schedule of rates that will deliver value for money to Council in relation to contract management and operational expenditure. The services to be performed and associated expenditure will be in accordance with existing budget constraints.

Corporate social responsibility

9. The development and testing of customised web-based platforms and mobile applications is typically undertaken by specific IT industry experts. As such there can be limited opportunities to invest in social enterprises, however Green Money has provided an insightful self-assessment of their Social Sustainability and Wellbeing including:
 - 9.1. Flexible and innovative working conditions (work from home and / or flexi hours);
 - 9.2. Commitment to Learning and Professional Development (fortnightly development meetings);
 - 9.3. Ethical Working Environment (respect for human rights standards, honesty, trust and safety);
 - 9.4. Community giving (supports Starlight Foundation and sponsors child through Compassion);
 - 9.5. Buy Local (procure products and solutions from local, ethical and fair-trade suppliers);
 - 9.6. Environmental Partnerships (Terracycle, Car Next Door , Ziilch and the Australian Packaging Company), and
 - 9.7. Rewards (staff rewards for team achievements).