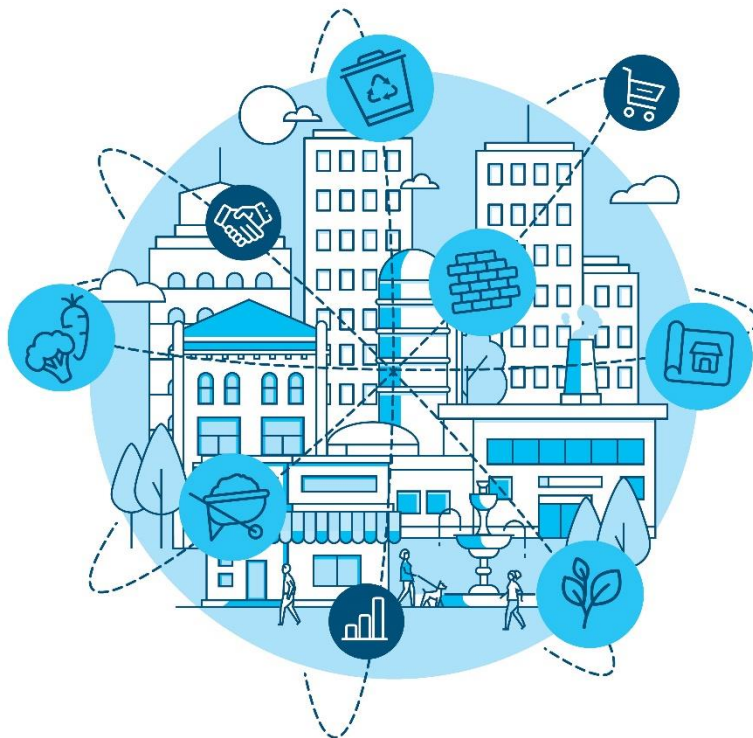




PROCUREMENT CASE STUDY IN MIKKELI: WASTE TRANSPORTATION SERVICES WP 3

Mikkeli Development Miksei Ltd.




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Abstract	This report describe tool 6. Procurement guidelines for OW products -case study: waste transportation services in city of Mikkel.
Keywords	Procurement; sustainability; circular economy; waste transportation
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1. Background information

This report describes the CityLoops case study considering a tender for waste transportation in the city of Mikkeli. The subject of the reportable acquisition was both the emptying and transportation of mixed waste at the properties of the City of Mikkeli, Mikalo Ltd, Mikkelin Asumisoikeus Ltd and MOAS Ltd and in sparsely populated areas of Mikkeli, as well as the emptying of recyclable waste in the entire Metsäsairila Ltd operating area.

Metsäsairila Ltd is a waste management company owned by the City of Mikkeli, which operates the area's sorting and recycling center and small waste stations. The company arranges the recycling of non-hazardous waste, hazardous waste management, separately collected biowaste and composting of sludge, regional waste collection and the operation and maintenance of ecopoints, as well as waste transportation. In addition, the company's tasks include waste management planning, development and coordination, as well as giving out advice and information.

Mikalo Ltd is a rental housing company of the City of Mikkeli, Mikkelin Asumisoikeus Ltd is a company owned by the City of Mikkeli and MOAS Ltd is a company that manages student housing in the city.

Waste transport system (at the time of the tendering)

The City of Mikkeli has made a decision that in the sparsely populated area and in the agglomerations of Haukivuori and Suomenniemi, municipal waste transport operates in accordance with section 36 of the Waste Act and therefore has entrusted Metsäsairila Ltd with the implementation of waste management and tendering there. The City of Mikkeli, Mikkelin Asumisoikeus Ltd, Mikkeli Student Homes (MOAS Ltd) and Mikalo Ltd have commissioned Metsäsairila Ltd to tender for the emptying and transportation of waste from their own properties.

The emptying of waste bins and the transport of waste are entrusted to the contractor on the basis of tenders. Metsäsairila Ltd handles invoicing and customer service for customers in the contract areas.

The services to be tendered where:

- Waste transportation of the properties of the City of Mikkeli and Mikkeli's Asumisoikeus Ltd, as well as companies, housing associations and households requesting service from Metsäsairila Ltd in the Mikkeli agglomeration.
- Waste transportation of Mikalo Ltd's properties in the Mikkeli agglomeration
- Waste transportation of MOAS Ltd's properties in the Mikkeli agglomeration

2. Outline the stages of the procurement process

OUTLINE THE STAGES OF THE PROCUREMENT PROCESS

- Tender planning process
- Pre-competitive decision-making process
- Procurement planning
 - Market dialogue
 - Choice of procurement procedure
 - Absolute eligibility requirements for suppliers
 - Mandatory requirements for providing the service
 - Propulsion requirements and specification
 - Selection of competition criteria
- Putting up for tender
- The contract period began on 1.1.2020

3. Motives for the tender planning

The main factors influencing the tender planning were:

- the requirements of the Clean Vehicles Directive (EU 2019/1161) on the addition of low-emission vehicles in public transport
- Strategic priorities and investments of the City of Mikkeli in biogas production and utilization of biogas to reduce the use of fossil fuels
- biofuel was defined as a partial propulsion requirement on the basis of the above
- due to the propulsion requirement, the contract period must be long so that the investment costs of the equipment do not become unreasonable for the service providers (long payback period)
- At the same time, information and a clear signal will be given to the market that the propulsion requirements will continue to be part of the Group's transport and logistics-intensive tenders, based on both the city's strategic goals and the applicable laws.

4. Decision making process before tender out

The decision-making process took place in the limited liability company in accordance with established practice. As the end of the old contract approached, a review of the company's management team's current status and the principles of the next tender was performed. The management team authorized the appointed experts to start the preparation of the procurement and obliged the preparers to inform the management team about the progress and the outcome of the preparation.

5. Procurement planning

5.1. Market dialogue

The procurement market dialogue was organized by publishing a request for information in the national public procurement notification service HILMA. The request for information invited companies interested in the procurement to comment on the subscriber's preliminary procurement documents and the requirements and criteria contained therein. The draft request for information was accompanied by a draft invitation to tender, a contract program for the implementation of the service and a description of the propulsion requirement (biogas). Only one response was received to the request for information.

5.2. Procurement procedure

An open procedure was chosen as the procurement procedure. The procurement notice was published on 19 June 2019 (EU notice, Special Procurement Act). The question / answer phase following the procurement notice was actively used by the market participants. The dialogue took place through an electronic tendering system (Cloudia).

5.3. Absolute eligibility criteria

The subscriber defined the following absolute eligibility requirements for the service provider:

- the company must meet the criteria and conditions set out in the Subscriber Liability Act
- on request, the contractor sets an acceptable sum of guarantee equal to 20% of the estimated invoicing value of the first year of the contract (reference price)
- The contractor undertakes to comply with Finnish laws and regulations
- the contractor act as an independent entrepreneur within the meaning of the Occupational Safety and Health Supervision Act. The contractor is therefore responsible for the safety of his or her own work and that of his subcontractors work as well as making the necessary notifications involved in work safety. Metsäsairila Ltd has the right to supervise the work of the subcontractor and the compensation paid for it.
- the selected contractor must have a reference for at least one similar municipal contract.
- a report on the available vehicle fleet used for the contract and the car traffic permits. Also of the personnel and the notification of activities in accordance with the Waste Act to the Waste Management Register concerning the professional waste vehicle fleet.
- a statement of the collective agreements used in the company or which collective agreement is complied with in the activities of its subcontractors and what it means in terms of salary level and other obligations if it is not clear from the applicable collective agreement.

5.4. Mandatory requirements for the provision of the service

- The subscriber defined the following mandatory requirements for the service provider:
- The tender must be submitted for either the total area contract or sub-contracts 1-10, for the contracts specified by the tenderer
- The equipment used must meet at least the Euro 5 emission class standards at the beginning of the contract period
- after a transitional period of up to twelve (12) months from the date of signature of the contract, the packaging waste transport equipment must be powered by low-emission biogas under the following conditions):
- if the winning bid is a total regional area contract, after the above-mentioned 12-month transition period, at least one packing waste transport vehicle must be powered by transport biogas. After this time limit, in order to increase the experience of using the equipment, a familiarization period of three (3) months has been set, after which the rest of the packaging waste transport equipment in the contract area must be biogas-powered within a maximum of the next twelve (12) months.

- from the date of signing the contract, all packing waste transport equipment operating in the contract area must therefore be biogas-powered after 12 + 3 + 12 months at the latest.
- if an individual service provider wins 1 to 10 individual contract areas, the requirement for the introduction of transport biogas is 12 months from the signing of the contract
- The prices offered must be valid until the end of 2020. The price review will take effect in January of each calendar year, so that the first price review will be on January 1, 2021. Prices are compared to changes in the cost index for lorry traffic (medium and heavy lorries) maintained by Statistics Finland. The June figure of the previous year is always used as a reference figure.
- the contractor will prepare a proposal to revise the prices on the basis of the index change by the end of August of that year. The change is at most the size of the index change. The price change is agreed in a negotiation between the contractor and the customer
- In addition to the Waste Act and Decree and other legislation, the City of Mikkeli's waste management regulations and general instructions must be complied with.
- The collection trucks permitted for organized waste transport are defined in the City of Mikkeli's current waste management regulations, as well as the location of the collection facilities and the maximum permitted emptying interval.
- the waste containers of the contract must be emptied in accordance with the emptying times permitted by the waste management regulations of the City of Mikkeli.
- The contractor's task is to transport all waste fractions included in the contract to Metsäsairila's sorting and recycling center in Mikkeli.
- The glass, small metal, cardboard and biowaste collection containers of the properties and ecopoints must be emptied and transported separately as their own loads to Metsäsairila Sorting and Recycling Center or another location designated by Metsäsairila Ltd, which is located at a similar distance from the Mikkeli Market Square.
- Drivers must be able to speak in Finnish, skilled and trained for their job.
- A truck (s) is used for waste collection, which must be registered in Finland and approved. The vehicle fleet must be technically in good condition. Vehicles must have valid traffic permits and the necessary equipment for operation.
- The lorries must include a sufficient number of packing or otherwise enclosed refuse collection vehicles with the possibility of emptying devices for mechanical emptying as defined in the waste management regulations, such as plastic containers, express containers, deep and surface collection containers and bulk waste.
- Metsäsairila Ltd has the right to affix stickers or other markings to the sides of the car's load compartment (the entire load compartment). The affixing of the signs is agreed with the contractor separately.

- Collection vehicles must be equipped with an electronic driving control system. The service provider must acquire the necessary equipment for the cars at his own expense and bear the costs of using them. Metsäsairila Ltd transfers the software license to the contractors use.
- Metsäsairila Ltd has its own operating system (quality and environmental system). The contractor must have its own quality or environmental system at its disposal, or the contractor must undertake to act in accordance with Metsäsairila Ltd's operating system in these respects as well.

5.5. Clarification of the propulsion requirement

With regard to the propulsion requirement, the contracting authority specified the invitation to tender with the following requirements:

- The use of traffic biogas must be able to be verified afterwards at the request of the subscriber. The customer must be provided with a summary for the calendar year of fuel consumption and mileage on standard routes by contract area.
- a summary of the driving kilometers of the standard routes must also be delivered to the customer at the beginning of the contract period no later than one (1) month after the start of the contract period.
- for exceptional reasons accepted by the subscriber (eg equipment breakdown, etc.) the use of propulsion other than transport biogas may be temporarily accepted. Penalty model: if less than three of the vehicles are powered by biogas. However, the price reduction of 7,5% for the non biogas vehicle, will not be used if the delay in getting gas-powered vehicles into service is due to the availability of gas.

5.6. Tendering criteria

It was decided to choose either the sub-sector reference price (several service providers) or the total offer reference price (one service provider) as the tender evaluation criterion. The subscriber reserved the right to choose the most advantageous option.

- Reference price: unit prices for emptying waste bins

The total unit price is 100% of the valuation.

6. Putting up for tender

The bidding process proceeded as follows:

- Open procedure, EU tendering, Most economically advantageous tender (price)
- Request for information: HILMA, published on 13.3.2019
- Prior notice: HILMA published on 5 February 2019
- The EU procurement notice HILMA was published on 19.06.2019
- Additional information questions by 14.06.2019 at 16:00 (via the tendering system)
- Questions were answered no later than 18.00 on 18 June 2019 (via the tendering system)
- 4 companies submitted a tender
- Lassila & Tikanoja Ltd was chosen as the winner

7. Contract period

The contract period is five (5) years from 1.1.2020 to 31.12.2024. An option is included in the contract period. The contract can be extended with a different contract for 1 + 1 year.

8. Additional information

The second year of the contract is now underway and the service will be provided under the conditions described in the call for tenders. All three refuse collection trucks are powered by biogas. There have been no problems and the quality of service is at the required level. All collected biowaste is delivered to the biogas plant as a raw material for biogas production.

What was learned?

The scarcity of business feedback in the context of the market dialogue (request for information) was surprising. In connection with the next competition, special attention must be paid to this



CityLoops is an EU-funded project focusing on construction and demolition waste (CDW), including soil, and organic waste (OW), where seven European cities are piloting solutions to be more circular.

Høje-Taastrup and Roskilde (Denmark), Mikkeli (Finland), Apeldoorn (the Netherlands), Bodø (Norway), Porto (Portugal) and Seville (Spain) are the seven cities implementing a series of demonstration actions on CDW and OW, and developing and testing over 30 new tools and processes.

Alongside these, a sector-wide circularity assessment and an urban circularity assessment are to be carried out in each of the cities. The former, to optimise the demonstration activities, whereas the latter to enable cities to effectively integrate circularity into planning and decision making. Another two key aspect of CityLoops are stakeholder engagement and circular procurement.

CityLoops runs from October 2019 until September 2023.



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