

**ORDINARY MEETING OF COUNCIL
24 AUGUST 2009**

7.	CLEANING CONTRACT EXTENSION AT THE SOUTH MELBOURNE MARKET
LOCATION/ADDRESS:	CECIL STREET, SOUTH MELBOURNE
EXECUTIVE DIRECTOR:	SAM HEWETT, EXECUTIVE DIRECTOR, COMMUNITY ASSETS & SERVICES
PREPARED BY:	CLAUDE BAXTER, MANAGER, SOUTH MELBOURNE MARKET
FILE NO.:	TRIM 56/04/43 (CONTRACT 0847)

1. EXECUTIVE SUMMARY

- 1.1 In 2005, Council awarded contract number #847 to CleanEvent Pty Ltd for cleaning services at the South Melbourne Market.
- 1.2 The cleaning contract was awarded for three years plus two 12-month extensions.
- 1.3 In this report, Council is being asked to consider and approve the second and final 12-month extension to that cleaning contract.

2. RECOMMENDATION

That Council:

- 2.1 Approves the final 12-month contract extension for contract #847 for cleaning services at South Melbourne Market to CleanEvent Pty Ltd.

3. BACKGROUND AND CONTEXT

- 3.1 The cleaning contract for South Melbourne Market was awarded to CleanEvent Pty Ltd by Council in September 2005 following public advertising of the tender. The contract was awarded for three years from November 2005 and included two 12-month extensions.
- 3.2 Council awarded the tender to CleanEvent as their price was the cheapest, they offered a cleaning service equal to, or better than their competitors, and offered significantly more hours of service than the previous contract provided.
- 3.3 The current cleaning contract for the South Melbourne Market expires on October 31, 2009 with an option to extend until October 31, 2010. This is the final extension possible as part of this contract.

- 3.4 The following table shows expenditure on cleaning services at the South Melbourne Market as part of this contract.

	Year 1	Year 2	Year 3	Year 4	Year 5
Cleaning Services	\$520,736	\$536,161	\$552,068	\$568,542	\$629,324*

*Includes variations (see Finance/Resource Implications section below)

- 3.5 Monthly contract management meetings are conducted between Clean Event and South Melbourne Market Management. This has resulted in an improved cleaning performance. There are few complaints made about the contractor's performance and the contractor has adapted well to the changing nature of the requirements at the market, in particular cleaning requirements for the upgraded outdoor areas and waterless bathroom facilities.
- 3.6 A review of the cleaning service requirements within the South Melbourne Market will be undertaken during the current financial year to identify and investigate service delivery options. These options may include the option to re-tender the service or combine this service with Council's other cleaning contracts.

4. CONSULTATION AND STAKEHOLDERS

- 4.1 Consultation occurred over the course of the contract with the markets 135 stall holders. The feedback has been largely positive and has resulted in a strong working relationship between market management, stall holders and the contractor.

5. DISCUSSION

5.1 ALIGNMENT TO COUNCIL PLAN

- 5.1.1 Strategy 1.4.4 of the 2009-2013 Council Plan provides that Council maintain council and community assets to a standard that matches industry best practice.
- 5.1.2 Strategy 1.4.2 - Ensure a strong commitment to ethical behavior and a culture of compliance with legislation.

5.2 POLICY IMPLICATIONS PLAN

- 5.2.1 Council's Tendering and Contracts Policy provides that in the case of a contract awarded by the council, the decision as to a contract extension is to be referred to the council. Council initially awarded this contract in September 2005.
- 5.2.2 The policy also provides that a decision not to extend a contract will generally be made because of poor performance by the contractor, in which case, the performance issues should have been discussed with the contractor over a substantial period and fully documented.

5.2.3 There has been no reason identified as to why this contract should not be extended.

5.3 FINANCE / RESOURCE IMPLICATIONS

5.3.1 The price tendered in 2005 for the final year of the work was \$585,324. Once the various contract variation items are included, such as cleaning the Cecil St glass screens and toilet blocks, the cost of cleaning for the final year will be \$629,324. Expenditure related to this contract has been budgeted within the Market's budget for the 2009/2010 financial year.

5.4 LEGAL & RISK IMPLICATIONS

5.4.1 The current contract – and any extension of it – are provided for in detailed contract documentation as part of contract #847

6. IMPLEMENTATION STRATEGY

6.1 TIMELINE

6.1.1 The contractor will be advised by letter of the outcome of Council's decision shortly after a decision is reached.

6.1.2 The period between October 2009 – March 2010 would be used to conduct a management review of the cleaning service for the South Melbourne Market.

6.1.3 In April 2010, options will be made available to Council to decide how best to acquire cleaning services for the South Melbourne Market.

6.2 COMMUNICATION

6.2.1 CleanEvent Pty Ltd will be advised of the contract extension by letter.

7. OFFICER DIRECT OR INDIRECT INTEREST

7.1 No officers involved in the preparation of this report have any direct or indirect interest in the matter.