



Confidential Matter

12.1 TENDER EVALUATION PANEL RECOMMENDATION REGARDING TENDER NO 2053 COIN COLLECTION, COUNTING AND BANKING SERVICES - PARKING MACHINES

The information contained in this Council report is considered to be Confidential Information in accordance with Section 77(2)(a) and Section 89(2) of the Local Government Act 1989 (as amended); as it relates to:

89(2)(d). Contractual matters.



12.1	TENDER EVALUATION PANEL RECOMMENDATION REGARDING TENDER NO 2053 COIN COLLECTION, COUNTING AND BANKING SERVICES - PARKING MACHINES
LOCATION/ADDRESS:	WHOLE OF MUNICIPALITY
GENERAL MANAGER:	FIONA BLAIR, INFRASTRUCTURE & AMENITY
PREPARED BY:	CHARLOTTE WILLIS, TEAM LEADER PARKING SYSTEMS LILI JAMES, MANAGER SAFETY AND AMENITY
TRIM FILE NO:	F16/3
ATTACHMENTS:	Nil

PROPOSAL

To award Council's Coin Collection, Counting and Banking Services Contract No 2053 to the preferred tenderer Streamcorp Armoured Pty Ltd for a three-year period, with two further options of two years each, commencing on 1 July 2017.

I. RECOMMENDATION

That Council:

- 1.1 Awards Contract No. 2053 to provide Coin Collection, Counting and Banking services to Council for a three-year period commencing on 1 July 2017 to 30 June 2020, with the option of two further terms of two years each at Council's discretion.
- 1.2 Notes that the contract sum is estimated at \$1,220,310 exclusive of GST for the seven-year period.
- 1.3 Affixes the Common Seal of the Port Phillip City Council to Contract No. 2053 between Council and Streamcorp Armoured Pty Ltd.
- 1.4 Authorises the CEO to extend the contract at the contract extension milestones.
- 1.5 Report publicly on the contract after the City of Yarra, City of Maribyrnong and City of Melbourne have made decisions about the award of their respective coin collection, counting and banking services contracts.

2. BACKGROUND AND CONTEXT

2.1 Background

The City of Port Phillip has 467-coin operated parking machines across the municipality. The current contract for the Parking Machine Coin Collection Service expired in December 2016 and a ministerial exemption was granted to extend the service until 30 June 2017.

This exemption was sought to enable a collaborative tender with City of Melbourne, City of Yarra and City of Maribyrnong for the provision of parking machine coin collection, counting and banking services. The aim of the collaboration was to increase efficiency and reduce costs for each participating Council. Under the collaborative approach agreed, the Cities of Melbourne, Yarra and Maribyrnong appointed the City of Port Phillip as an agent to conduct the tender on their behalf. Each Council would continue to have its own contract with the preferred service provider. The City of Port Phillip was nominated as the lead Council for the collaborative tender.

Prior to the release of the public tender an independent probity auditor was engaged to oversee the joint procurement process. The Request for Tender (RFT) documentation was structured to meet the operational needs of the four participating Council which make up the City Central Collective (CCC).

The tender was advertised in The Age on Saturday 25 February 2017 and closed on 17 March 2017 at 12 noon.

A LEAN review was undertaken of the coin collection and reconciliation process and identified improvement opportunities, including a coin box scanning solution which would result in significant savings to parking machine upgrades. The tender specification invited tenderers to describe their approach to innovation and technology in regard to making continual improvement gains in performance and standards, and identify any commercial or technical benefits that this may provide to Councils. The coin parking machine collection service is a component of and aligns to the integrated parking technology strategy program.

Each of the CCC members were represented on the Tender Evaluation Panel (TEP), Table I below.





TABLE 1 – COMPOSITION OF TEP	
Name	Title
Charlotte Willis, City of Port Phillip	Chairperson
Lionel Galappathi, City of Melbourne	Member
Paul McKeon, City of Maribyrnong	Member
Grant Kelly, City of Yarra	Member

All TEP members signed the standard form indicating they had no conflict of interest to declare and that they would keep the tender information confidential.

The evaluation criteria and weightings are detailed in Table 2 below.

TABLE 2 – TENDER EVALUATION CRITERIA	
Criteria	Percentage Weighting
Price	40%
Capacity to meet the requirements of the specification.	25%
Relevant experience and track record.	20%
Corporate Social Responsibility (Environmental, Social & Economic Sustainability)	10%
OH&S	5%

Tenders received and Evaluation

All tenders submitted were in conformance with the specifications and contract conditions.

Stage 1

Tenderers were requested to provide pricing for two different pricing models; percentage of revenue collected per meters (preferred by the City of Melbourne) and cost per machine collection (preferred by the City of Port Phillip, City of Yarra and City of Maribyrnong).



Council received four tenders and initially assessed these against the tender evaluation criteria. Details of the initial evaluation and assessment are shown in Table 3 below. The qualitative evaluation was undertaken as a joint evaluation whilst the financial assessment was applied against the individual Councils.

The pricing provided in Table 3 is the total cost of coin collection (per machine) for the full seven year term of the contract for the City of Port Phillip only. Streamcorp Armoured Pty Ltd submitted the lowest price per coin collection which is the City of Port Phillip’s preferred model. Tenderer A submitted a higher price per coin collection however achieved the highest overall tender evaluation score (for the five evaluation criteria).

TABLE 3 – TENDERS RECEIVED			
No.	Tenderer’s Name	\$ Price for City of Port Phillip (Excluding GST)	Score (Out of 1,000) for all four Councils
1.	Tenderer A	\$1,242,844.91	816.00
2.	Tenderer B	\$2,393,134.55	720.28
3.	Tenderer C	\$2,101,272.73	414.07
4.	Streamcorp Armoured Pty Ltd	\$1,099,528.18	773.79

Stage 2

Tenderer A, Tenderer B and Streamcorp Armoured Pty Ltd were shortlisted, interviewed and subsequently requested to provide a best and final offer. Tenderer C was not considered further based on the initial scoring.

The pricing and evaluation scores based on the interviews and Best and Final offer are outlined in Table 4. Tenderers A and B submitted a reduced price. Streamcorp Armoured Pty Ltd achieved the highest evaluation score based on price and the other evaluation criteria. Streamcorp Armoured Pty Ltd were able to provide innovative technical innovations including a coin box scanning solution. Tenderer A’s overall evaluation score dropped post interview in the areas of capacity and experience.

TABLE 4 – BEST AND FINAL OFFER I			
No.	Tenderer’s Name	\$ Price for City of Port Phillip (Excluding GST)	Score (Out of 1,000) for all four Councils
1.	Tenderer A	\$1,227,143.27	770.00
2.	Tenderer B	\$1,925,229.09	791.51
4.	Streamcorp Armoured Pty Ltd	\$1,099,528.18	810.28



Stage 3

After evaluation it was identified that it was not financially beneficial for all of the participating Councils (City of Port Phillip, City of Maribyrnong, City of Yarra and City of Melbourne) to award a contract to the same provider due to the different pricing models. Therefore, after receiving Legal advice, a further evaluation of the price was undertaken, with the three shortlisted tenderers requested to provide a second best and final offer for the City of Port Phillip, City of Yarra and City of Maribyrnong and their best and final offer for the City of Melbourne.

The final weighted evaluation score of the three shortlisted tenderers is included in Table 5. Streamcorp Armoured Pty Ltd submitted the best price and achieved the best overall evaluation score and in comparison to Tenderer A and B. Tenderer B scored highest in the non-financial evaluation criteria, however the price was significantly higher than other two Tenderers. Streamcorp Armoured Pty Ltd achieved the second highest non-financial score and sufficiently demonstrated its capacity, relevant experience, corporate social responsibility, occupational health and safety compliance to provide the parking machine coin collection, counting and banking services for Council. Streamcorp Armoured Pty Ltd provided the best value proposition for the City of Port Phillip and is the recommended contractor for the City of Port Phillip.

TABLE 5 – BEST AND FINAL OFFER 2			
No.	Tenderer’s Name	\$ Price for City of Port Phillip (Excluding GST)	Score (Out of 1,000) for the Cities of Port Phillip, Yarra and Maribyrnong
1.	Tenderer A	\$1,213,857.27	766.04
2.	Tenderer B	\$1,946,076.36	770.28
4.	Streamcorp Armoured Pty Ltd	\$1,220,310.00	830.50

Price

Streamcorp Armoured Pty Ltd provided the second lowest price of \$1,220,310 ex GST. The total cost is based on the cost per machine collection for the City of Port Phillip only, with projected volume of collections to be conducted each month, based on current service levels. Scope to alter the frequency of coin collections is included in the tender submission.

For each subsequent year the price per collection will be adjusted to the rise and fall formula which is based on labour costs (current labour index –ABS), material costs (Consumer Price Index) and transport costs (current transport index –ABS).



Capacity

Streamcorp Armoured Pty Ltd's rating is supported by its commitment to resource the contract with appropriate staffing levels, and the requisite abilities to undertake the services required by the specification. Streamcorp Armoured Pty Ltd demonstrated capacity to supplement its standard resources in peak periods. Streamcorp Armoured Pty Ltd demonstrated its knowledge of the coin collection industry and its significant experience in cash handling.

Relevant Experience

Streamcorp Armoured Pty Ltd's demonstrated its past performance including ability to meet the Key Performance Indicators in the tender specification, in depth knowledge of cash handling and banking, and experience in cash collection.

Corporate Social Responsibility (CSR)

Streamcorp Armoured Pty Ltd completed the CSR questionnaire in full, submitted all requested documentation, have an environmental management system accredited to ISO 14001 and provided a copy of their Corporate Responsibility Policy.

Occupational Health and Safety (OH&S)

Streamcorp Armoured Pty Ltd completed the OH&S questionnaire in full and submitted all requested documentation including a comprehensive OH&S and risk management system. The company demonstrated a commitment to managing the health and safety of employees in the workplace.

Financial Evaluation

A comprehensive financial evaluation was conducted on the preferred tenderer. A report prepared by Council's Financial Compliance Accountant acknowledged an acceptable risk score and that no adverse or legal events were recorded against the company.

Reference Checks

Reference checks were conducted for the preferred tenderer. The reference checks confirmed Streamcorp Armoured Pty Ltd provides high quality service cash collection and counting services and no areas of concern were identified.

3. KEY INFORMATION

- 3.1 The TEP determined that Streamcorp Armoured Pty Ltd had robust processes and systems in place to provide the Coin Collection, Counting and Banking Services with minimal transitional impact to Council. Streamcorp demonstrated the company's significant safety and security measures in place to mitigate risk to Council's income.



4. DISCUSSION

4.1 OPTIONS

- 4.1.1 Council to award the Coin Collection, Counting and Banking contract to Streamcorp Armoured Pty Ltd for three years commencing 1 July 2017 and ending 30 June 2020 with the option of two further terms of two years each. The maximum term of the contract is seven years, at Council's discretion.

4.2 ALIGNMENT TO COUNCIL PLAN

- 4.2.1 The Coin Collection, Counting and Banking service supports and enables Council to deliver the following strategies in the Council Plan 2013-2017:
 - 4.2.1.1 Ensure long-term financial viability through robust financial management and accountability 1.2
 - 4.2.1.2 Promote a culture of good governance and build on Council's reputation for good and transparent practice 1.2

4.3 POLICY IMPLICATIONS

- 4.3.1 NIL

4.4 FINANCE / RESOURCE IMPLICATIONS

- 4.4.1 The expected gross cost of using the preferred contractor over the full seven-year contract term is \$1,220,310 excluding GST.
- 4.4.2 It is projected that Council will save approximately \$220,000 exl GST per annum based on approved budget.
- 4.4.3 The tender from Streamcorp Armoured Pty Ltd provides the best value for Council.

4.5 LEGAL & RISK IMPLICATIONS

- 4.5.1 Streamcorp Armoured Pty Ltd demonstrated its extensive experience in cash handling and that its systems and processes will ensure Council income is managed securely and efficiently.
- 4.5.2 All tenderers complied with the insurance requirements of \$10,000,000 public liability and \$5,000,000 professional indemnity.
- 4.5.3 A probity representative has been involved throughout the process and attended all evaluation scoring meetings and proponent interviews. All tender documentation has been provided for review and a probity report will be issued where no probity issues are expected to be raised.

4.6 BEST VALUE

- 4.6.1 The tender has been assessed in accordance with the Best Value Principles;



- a) the need to review services against the best on offer in both the public and private sectors; and
- b) an assessment of value for money in service delivery; and
- c) community expectations and values; and
- d) the balance of affordability and accessibility of services to the community; and
- e) opportunities for local employment growth or retention; and
- f) the value of potential partnerships with other Councils and State and the Commonwealth governments; and
- g) potential environmental advantages for the Council's municipal district.

5. IMPLEMENTATION STRATEGY

5.1 TIMELINE

- 5.1.1 The recommendation to award the contract to Streamcorp Armoured Pty Ltd and will include a six-week transition period commencing on contract award.

5.2 COMMUNICATION

- 5.2.1 Contract documentation shall be prepared and forwarded to the contractor for execution.
- 5.2.2 The Contracts and Procurement Unit shall notify all unsuccessful tenderers.
- 5.2.3 The Contract Manager shall invite debriefs from all unsuccessful tenderers.

6. OFFICER DIRECT OR INDIRECT INTEREST

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