



12.3 **CONTRACT 2131 AMENITY TREE MAINTENANCE TENDER AWARD**

EXECUTIVE MEMBER: **FIONA BLAIR, GENERAL MANAGER, INFRASTRUCTURE AND AMENITY**

PREPARED BY: **MARK FUSCO, COORDINATOR PARKS SERVICES**
LUKE RAINES, PROJECT MANAGER
ANTHONY TRAILL, MANAGER OPEN SPACE AND RECREATION

1. PURPOSE

1.1 To present the report of the Tender Evaluation Panel (“TEP”) for the Amenity Tree Maintenance Contract and to recommend awarding of contract number 2131.

2. EXECUTIVE SUMMARY

2.1 The City of Port Phillip offers a diverse Urban Forest with approximately 45,000 trees throughout our municipality. Ranging from our iconic foreshore palms, indigenous vegetation and historically listed trees.

2.2 In 2017, Council adopted the Greening Port Phillip Street Tree Planting program 2017-2022 to continue delivery of Greening Port Phillip – An urban forest approach strategy.

2.3 The Greening Port Phillip vision is;

“The City of Port Phillip will have a healthy and diverse urban forest that uses innovative greening solutions to enhance the community’s daily experience, ensuring environmental, economic, cultural and social sustainability for the future generations.”

2.4 Our current tree population in streets and parks accounts for 19% total canopy coverage across the entire municipality. Our Council Plan target for tree canopy is 22% by 2020/21

2.5 Our community have high expectations of our role as land manager and we receive over 3,000 tree related customer requests annually. Community satisfaction with parks and open space in our most recent survey was 94% with the top two performing service areas of Council being recreation facilities and appearance of public space that includes trees.

2.6 The current contract 1589 for Tree Maintenance Services expire as of 31 August 2018 and a public tender process has been undertaken to request Amenity Tree maintenance services from 1 September 2018.

2.7 To ensure best value for our community an organisation-wide review of the current contract specifications was undertaken and a new contract specification was developed that considers and reflects the current and future community expectations of our City.



- 2.8 Contract 2131 was publicly advertised on 12 May 2018 and this report is presenting the recommendation of the Tender Evaluation Panel (TEP) to award this important contract.

3. RECOMMENDATION

That Council:

- 3.1 Awards contract number 2131 to Citywide Service Solutions Pty Ltd for an initial term of two years and seven months commencing on 1 September 2018 with an option to extend for three years and a further two years (totalling seven years and seven months).
- 3.2 Notes the contract term anniversaries are being aligned to neighbouring Councils to provide City of Port Phillip the opportunity for joint procurement in future years.
- 3.3 Notes the lump sum contract value of \$1,745,000 excluding GST per annum in year one, with an approximate cost of \$4,603,068 excluding GST over the initial term of two years and seven months.
- 3.4 Notes the schedule of rates contract value of \$1,423,653 excluding GST per annum in year one, with an approximate cost of \$3,755,399 excluding GST over the initial term of two years and seven months.
- 3.5 Notes the capital improvements and renewals with project funding up to \$6,330,867 excluding GST over the initial term of two years and seven months.
- 3.6 Notes the total contract expenditure of up to \$14,689,333 excluding GST over the initial term of two years and seven months and up to \$45,890,324 excluding GST over the full life of the contract including extensions (seven years and seven months).
- 3.7 Notes on the anniversary of this contract the lump sum, schedule of rates and day rates will increase by All Groups Consumer Price Index, Melbourne.
- 3.8 Reviews contract number 2131 during the initial term of two years and seven months to determine if an extension period of three years be exercised.
- 3.9 Reviews contract number 2131 during the second term at five years and seven months to determine if a final extension period of two years be exercised.
- 3.10 Delegates to the CEO the power to determine if contract extensions are to be exercised and to execute contract extensions as required.
- 3.11 Affixes the Common Seal of Port Phillip City Council to Contract 2131 between Council and Citywide Service Solutions Pty Ltd
- 3.12 Extends its gratitude to all Tenderers that made submissions to this public tender process.



4. KEY POINTS/ISSUES

Contract Information

- 4.1 In September 2011, Citywide Service Solutions Pty Ltd (“Citywide”) was awarded contract 1589 for Tree Maintenance services for a period of five years plus an extension of period of two years.
- 4.2 Since July 2017 a project team has been reviewing the current specifications, consolidating and developing a new set of specifications that meet the needs of our community expectations and modern legislative requirements by;
 - 4.2.1 benchmarking Council’s Tree maintenance contracts, particularly in relation to service standards, with other comparable local governments such as Melbourne, Stonnington, Casey, Bayside and Sydney.
 - 4.2.2 aligning our current specifications to the current Council Plan and reviewing current service standards against community request feedback themes
 - 4.2.3 reviewing Council’s provisional works program and ten-year financial program
 - 4.2.4 reviewing updated legislative and occupational health and safety requirements
 - 4.2.5 Consultation with key internal stakeholders that manage services within our open space network.
- 4.3 The project team and consultation process identified the following service enhancements to meet contemporary expectations:
 - 4.3.1 improved compliance with Energy Safe Victoria regulations.
 - 4.3.2 improved measurement of tree canopy and tree auditing
 - 4.3.3 increased levels of qualifications for staff to improve quality and community safety.
 - 4.3.4 no Glyphosate use for weed management
 - 4.3.5 implementation of a more intense formative pruning program for young trees (to ten years of age) to improve canopy development
 - 4.3.6 improved frequency of pruning Canary Island Date Palms on Acland Street and the Upper Esplanade and other trees in shopping Precincts



Tender Evaluation

- 4.4 Tenders were invited for Amenity Tree maintenance services for a period of two years and seven months with options of a further three year and two year extensions (total of seven years and seven months).
- 4.5 The contract term anniversaries are being aligned to neighbouring Councils to provide Port Phillip the opportunity for joint procurement in future years.
- 4.6 Tender was advertised in The Age and TenderLink on 12 May 2018 and closed on 6 June 2018.
- 4.7 A Tender Evaluation Panel (“TEP”) was initiated whose members are listed in *Table 1*

Table 1

Name	Title
Anthony Traill (Manager Open Space and Recreation, Contract management expertise)	Chairperson
Luke Raines (Project Services, Project Manager expertise)	Member
Mark Fusco (Coordinator of Parks Services, Technical expertise)	Member
Greg Mitchell (Senior Arborist, Technical expertise)	Member
Graham Millar (Contract and Procurement Advisor)	Member
George Kompos (Senior Financial Advisor)	Technical Reference Group

- 4.8 Pitcher Partners Pty Ltd was appointed as an independent probity adviser. A probity plan was prepared for the tender process. Pitcher Partners observed and advised throughout the entire evaluation process including but not limited to submission reviews, interview process and review of this report to ensure compliance to our tender evaluation and probity plans.
- 4.9 Prior to the tender being advertised, the TEP established the evaluation criteria and weightings. The details are shown in Table 2.



Table 2

Criteria	Measures
1. Third Party Accredited Occupational Health and Safety Management System Conforming to AS/NZS 4801	Pass / Fail
2. Third Party Accredited Quality Management System Conforming to ISO 9001	
3. Third Party Accredited Environmental Management System Conforming to ISO 14001	
Criteria	Weighting
Price	50%
Capacity to meet the requirements of the technical specification, including methodology	30%
Experience and track record	10%
Corporate Social Responsibility	5%
Contract Transition Plan	5%

4.10 Tender closed on 6 June 2018 and three tenders were received. Table 3 shows the tender prices.

Table 3

No.	Tenderers name	Lump sum price (Excl GST)	Schedule of Rate (Excl GST)
1	Citywide	\$ 1,775,000	\$1,423,653
2	Tenderer B	\$ 2,426,311	\$ 2,058,339
3	Tenderer C	\$ 2,319,844	\$ 1,801,564

4.11 All TEP members, the financial advisor and the probity adviser signed standard forms for conflicts of interest and confidentiality for this tender.

4.12 The TEP identified two possible perceptions of conflicts of interest:

- two TEP members had been employed by a tenderer fourteen (14) years ago



- 4.13 Given the length of time since the TEP members were employed it was considered the perception of a conflict of interest was negligible. It was determined the Chair and probity advisors would enforce strict governance principles and compliance to the pre-tender selection criteria.
- 4.14 All TEP members reviewed and assessed every submission for compliance and, in accordance with our filter criteria, allocated a score based on the demonstrated evidence to the selection criteria.
- 4.15 A TEP meeting was held to discuss individual assessments and determine consensus scores for each criteria. All scores and pricing were assessed against the selection criteria weightings to give a best value score out of 1,000.
- 4.16 Table 4 summarises the evaluation scores.

Table 4

No.	Tenderers name	Tender Evaluation Panel Score (Out of 1,000)
1	Citywide	905
2	Tenderer B	682
3	Tenderer C	512

- 4.17 One tenderer, Citywide, was shortlisted to interview to further clarify details within their submission.
- 4.18 The interview was held on 25 June 2018. The tenderer had an opportunity to present to the TEP and then respond to various clarifying questions in accordance with the selection criteria.
- 4.19 Tender clarifications on various items were followed up in writing to understand any potential price adjustments and technical elements.
- 4.20 Tenderer presented well, demonstrated a good understanding of the specifications and what value they could provide to the City of Port Phillip. The TEP post interview assessment concluded the submissions did not require amendment.

Best and Final Offer

- 4.21 The shortlisted tenderer was given the opportunity to provide a best and final offer prior to completing our assessment.



4.22 Citywide offered;

- a \$30,000 excluding GST reduction in lump sum, through efficiencies, if they were successful in Open Space (2130) and Amenity Tree (2131) maintenance contracts

Financial assessment

4.23 A detailed financial and performance assessment of Citywide was undertaken utilising the corporate scorecard.

4.24 The report highlighted Citywide is trading in a profitable manner and the size of its annual revenue indicates that the contract values in question are within appropriate capacity and risk-based thresholds.

Reference Checks

4.25 Referee checks were undertaken 27 June 2018 to seek feedback on the performance of Citywide. Two referees provided feedback; Bayside City Council (Open Space Arborist) and City of Whitehorse (Senior Arborist).

4.26 Feedback received included;

- 4.26.1 high quality and timely delivery of services in accordance with the specification
- 4.26.2 continuous high community satisfaction scores through overall appearance of Council trees
- 4.26.3 demonstrated ability to meet (and at times exceed) required contractual performance measures
- 4.26.4 demonstrated proactive approach to providing strategic solutions for service delivery, and have a 'can do' attitude in regard to taking on additional services outside their primary contract
- 4.26.5 a strong focus on occupational health and safety
- 4.26.6 it was noted at times staffing levels fluctuated due to other contractual commitments

Recommendation

4.27 The TEP recommend Citywide as the tender submission that provides best value to Council.

4.28 The submission demonstrates the required experience and service plan to deliver the required specifications to the quality expected.



- 4.29 The price submitted is within the available budget and delivers the increased contract requirements and specification in full.

5. CONSULTATION AND STAKEHOLDERS

- 5.1 Community feedback on parks and open space services is received through the annual local government City of Port Phillip resident survey. The most recent community satisfaction with Parks and Open Space was 94%. Community feedback themes were considered in the development of the new specifications.
- 5.2 An internal staff survey was undertaken in August 2017 to help inform the future Open Space and Amenity Tree maintenance contracts and to receive feedback on current service provisions.
- 5.3 Working group meetings with critical stakeholders was undertaken to determine areas where services can be improved or reduced to provide better community outcomes.

6. LEGAL AND RISK IMPLICATIONS

- 6.1 There are no foreseen legal or risk management implications in awarding this contract.
- 6.2 A filter criterion required submissions to have third party accredited Occupational Health and Safety (AS/NZ 4801), Quality Management (ISO 9001) and Environment Management (ISO 14001) systems in place to be a conforming submission.
- 6.3 Council provides a depot facility for this contract at 477 Graham Street, Port Melbourne. This site has been identified as the preferred site for the development of a secondary school by the Victorian Government.
- 6.4 It is expected at some stage during the initial term the depot will be required to be relocated when construction of the school is ready to commence. The relocation costs were sourced for gifted land or alternate sites, sourced by the contractor, as provisional sums during the tender process.

7. FINANCIAL IMPACT

- 7.1 The price submitted is within the available allocated budget for this service.
- 7.2 The tender submission value submitted is delivering our increased service level expectations to the same value of our previous contract conditions.
- 7.3 The contract value will increase annually by All Groups Consumer Price Index (CPI), Melbourne.
- 7.4 The lump sum of \$1,745,000 per annum which equates to \$4,603,068 over the initial term of two years and seven months assuming a rate increase of 2.5% per annum.



- 7.5 The schedule of rates value is \$1,423,653 per annum which equates to \$3,755,399 over the initial term of two years and seven months assuming a rate increase of 2.5% per annum.
- 7.6 Council also delivers capital improvements and renewals in accordance with the schedule of rates and day rates up to the value of \$2,400,000 per annum which equates to \$6,330,867 over the initial term of two years and seven months assuming a rate increase of 2.5% per annum.
- 7.7 The total estimated contract expenditure is up to \$14,689,333 excluding GST over the initial term of two years and seven months and up to \$45,890,324 excluding GST over the full life of the contract including extensions (seven years and seven months).

8. ENVIRONMENTAL IMPACT

- 8.1 The contract specifications have been aligned to our Council Plan environmental objectives.
- 8.2 A filter criterion required submissions to have third party accredited Environment Management (ISO 14001) system in place to be a conforming tender.
- 8.3 Tenderers were asked as part of the tender process to demonstrate their environmental initiatives as an organisation.
- 8.4 Contract specifies that no Glyphosate is to be used by the contractor for weed management in parks and open space, including roads and laneways.
- 8.5 Contractor will be required to deliver this contract with energy, water and waste reduction initiatives, including reporting. Some example initiatives that will be delivered as part of this contract are:
 - Fuel use reduction through the use of electric chainsaws
 - Green waste from tree pruning is processed and used as mulch in Port Phillip's parks and open spaces
 - Dumped waste is assessed at a transfer station for re-use or recycling through partnership with Outlook Environmental
 - Asphalt recycle program for all asphalt removed for tree root and tree planting works
- 8.6 The Citywide submission committed to provide their staff a training program to equip them to better manage environmental risks to achieve Council and Citywide organisation goals.



9. COMMUNITY IMPACT

- 9.1 The delivery of contract aims to maintain current community feedback with parks and open space at greater than 90% community satisfaction.
- 9.2 Tenderers were asked to demonstrate their corporate, social responsibility initiatives as a selection criterion.
- 9.3 Citywide has committed to working with Community and Friends Groups through National Tree Day and other organised planting days.

10. ALIGNMENT TO COUNCIL PLAN AND COUNCIL POLICY

- 10.1 The maintenance of trees is an integral and significant service contribution to *Direction 3: We have smart solutions for a sustainable future* and *Direction 4: We are growing and keeping our character* in the City of Port Phillip Council Plan 2017-27
 - Direction 3.1 – A greener, cooler and more liveable City. We will work towards this outcome by increasing canopy cover and diversity of tree species across our streets and open spaces.
 - Direction 4.2 – A City of diverse and distinctive neighbourhoods and places. We will work towards this outcome by enhancing the environmental and recreational qualities of the foreshore.

11. IMPLEMENTATION STRATEGY

11.1 TIMELINE

- 11.1.1 Prepare Contract documentation and send 5 July 2018
- 11.1.2 Commence Transition Planning 9 July 2018.
- 11.1.3 Contract Commencement 1 September 2018.

11.2 COMMUNICATION

- 11.2.1 Unsuccessful Tenderers will be notified in writing of the tender outcome and be provided an opportunity to receive feedback on their tender submission.

12. OFFICER DIRECT OR INDIRECT INTEREST

- 12.1 Panel members Mark Fusco and Greg Mitchell declared a perceived conflict of interest that was managed during the assessment by the TEP Chair and probity advisors.
- 12.2 No officers involved in the preparation of this report have any direct or indirect interest in the matter.

TRIM FILE NO: 14/01/2131

ATTACHMENTS Nil

ORDINARY MEETING OF COUNCIL – 04 JULY 2018

