



13.3 TENDER AWARD UPDATE - COMMERCIAL BUILDING SERVICES (MINOR CAPITAL WORKS)

EXECUTIVE MEMBER: LACHLAN JOHNSON, GENERAL MANAGER, CUSTOMER, OPERATIONS AND INFRASTRUCTURE

**PREPARED BY: TONY MCGANN, EXECUTIVE MANAGER CONSTRUCTION CONTRACTS AND OPERATIONS
KAREN MILLER, HEAD OF PROJECT DELIVERY
DANNY EDMUNDS, SENIOR PROJECT MANAGER
ARRAN MACLEAN, ASSET PORTFOLIO PLANNER - PUBLIC SPACE**

1. PURPOSE

1.1 To advise Council of the outcomes of the public tender process for Request for Tender 000196, Panel of Suppliers – Commercial Building Services (Minor Capital Works).

2. EXECUTIVE SUMMARY

2.1 To present the report of the Tender Evaluation Panel (TEP) for *Request for Tender 000196, Panel of Suppliers – Commercial Building Services (Minor Capital Works)* and to advise of the successful tenders that were appointed onto the Panel, namely:

- a) Total Construction & Maintenance Solutions
- b) Johnson Building & Maintenance Pty Ltd
- c) Symmetry Commercial Pty Ltd
- d) Urban Maintenance Systems Pty Ltd

2.2 This procurement process was conducted in accordance with the Report presented to Council on 7 December 2022, which endorsed the recommendation to increase the Chief Executive Officer's delegation limit from \$1.0M (Inc. GST) to \$32.5M (Inc. GST), to enable the Chief Executive Officer to approve contracts with preferred tenderers during Council's non-sitting period from 9 December 2022 until Council resumed in February 2023.

2.3 The Request for Tender 000196, Panel of Suppliers – Commercial Building Services (Minor Capital Works) was advertised in The Age on 19 November 2022 and closed on 12 December 2022.

2.4 Following the completion of the procurement assessment under delegation, organisations have been appointed under a Deed of Standing Offer arrangement for an initial term of four (4) years commencing on 20 February 2023 with two (2) potential extensions of two (2) x two (2) year terms at Council's discretion.

2.5 The purpose of this panel contract is for Council to establish a panel of suitably qualified and experienced contractors with the necessary resources to undertake activities on and around Council's building assets. These services may include, but are not limited to;

- a) Furniture and fixture improvement services
- b) Window and flooring renewals
- c) Fit out services



- d) General carpentry, electrical and plumbing services
- 2.6 Services undertaken by this Panel will be delivered via Council's individual capital delivery budgets. This change to Council's Minor Capital Work delivery method will support the outcomes of the Enterprise Asset Management Plan 2022-32 and Asset Management Policy 2021 are achieved.
- 2.7 The establishment of a panel for building services provides for a more agile and expedited mechanism to deliver these services whilst ensuring best value through a competitive market process. The panel will provide a pool of appropriately vetted, credentialed and value for money assessed suppliers for Council to draw upon to deliver these services.
- 2.8 Council officers explored opportunities for collaboration with other councils on this procurement but ultimately decided against it due to the complexity of other council requirements, and the resourcing required to align with other councils. There remains opportunities for collaboration in this space and this will continue to be assessed through other procurement.

3. RECOMMENDATION

That Council:

- 3.1 Notes the Council Report presented on 7 December 2022, which endorsed the recommendation to increase the Chief Executive Officer's delegation limit from \$1.0M (Inc. GST) to \$32.5M (Inc. GST), to enable the Chief Executive Officer to approve contracts with preferred tenderers during Council's non-sitting period from 9 December 2022 until Council resumed in February 2023.
- 3.2 Notes that under delegation, the assessment and procurement of the panel of contractors has been completed and that the following organisations have been engaged under a Deed of Standing Offer (RFT000196), based on the rates submitted:
- a) Total Construction & Maintenance Solutions
 - b) Johnson Building & Maintenance Pty Ltd
 - c) Symmetry Commercial Pty Ltd
 - d) Urban Maintenance Systems Pty Ltd
- 3.3 Notes that the Deed of Standing Offer commences on 20 February 2023, for an initial contract term of four (4) years, with two potential extensions of two (2) x two (2) year terms at Council's discretion.
- 3.4 Notes that although no funding is guaranteed to any recommended tenderer, the projected expenditure of this contract is \$32.5M (Inc.GST) over the full eight-year term including extensions and that this workload is subject to Council's annual budget process.
- 3.5 Notes that the contract value will continue to adjust annually by All Groups Consumer Price Index (CPI), on the contract anniversary each year.
- 3.6 Approves the recommendation that the Chief Executive Officer will have delegated authority to determine if the contract extensions are to be exercised and to execute those contract extensions as required.



4. KEY POINTS/ISSUES

- 4.1 Council is the custodian of over 100 buildings across the municipality. These valued community assets are utilised to provide over 150 services. As part of Council's role, these assets are upgraded to be kept fit for purpose through a significant annual capital investment program.
- 4.2 In accordance with Council's Procurement Policy, services to upgrade these assets are procured through competitive pricing from the market. To date, the practice has often involved the utilisation of panel contracts and/or sole supplier arrangements that encompass both maintenance and capital services elements.
- 4.3 This approach has proved problematic with the difficulty of predicting, and signalling to the market, the quantum of works to be procured when they represent a combination of proactive maintenance, reactive maintenance and capital work upgrades. As such, the decision was made to establish a dedicated capital works panel to facilitate this work.
- 4.4 The panel has been established under a Deed of Standing Officer arrangement with suitably qualified and experienced Contractors with the necessary resources to undertake activities on and around Council's building assets.
- 4.5 This Panel is to be utilised to deliver a variety of capital works programs and projects. The dedicated panel for capital works delivery will help to expedite the delivery of these vital works. This change to Council's Minor Capital Work delivery method will support the outcomes of the Enterprise Asset Management Plan 2022-32 and Asset Management Policy 2021 are achieved.
- 4.6 The establishment of a capital services panel for building works provides for a more agile and expedited mechanism to deliver these services whilst ensuring best value through a competitive market process. The panel will provide a pool of appropriately vetted, credentialed and value for money suppliers for Council to draw upon to deliver these services.
- 4.7 It is anticipated that the establishment of this building panel will provide the following benefits:
 - a) Formal separation of maintenance and capital works
 - b) Agile procurement through a market tested panel ensuring best value
 - c) Pre-qualified contractors to meet required licensing and insurance requirement
 - d) Improved data to support strategic decisions for future years programs
- 4.8 Council undertakes an annual program of minor capital works across a broad range of building assets. Some examples of services to be undertaken include:
 - a) Furniture and fixture improvement services
 - b) Window and flooring renewals
 - c) Fit out services
 - d) General carpentry, electrical and plumbing services
- 4.9 Where practicable, Council seeks to collaborate with other councils in order to take advantage of economies of scale, explore service design best practice and shared service opportunities. Council officers explored opportunities of collaborative procurement for this Request for Tender early in the development phase and due to



conflicting priorities around tender timing and resource capacity the arrangement was not able to be progressed at this time. Discussions will occur again for future tender opportunities to assess where we can collaborate.

- 4.10 The establishment of the panel does not guarantee a provider, or all providers, a certain workload. It is simply a mechanism that enables Council to draw upon panel members to undertake Services throughout the term of the Deed of Standing Offer. Whilst the total anticipated spend of the panel is \$32.5M (Inc. GST), over the total potential term of eight (8) years, the amount of investment in the building assets, and therefore the work arising, is determined each year through the annual budget process.

TENDER EVALUATION AND OUTCOMES

- 4.11 The Request for Tender 000196, Panel of Suppliers – Commercial Building Services (Minor Capital works) was advertised in The Age 19 November 2022 and closed on 12 December 2022.
- 4.12 The proposed Deed of Standing Offer term is an initial term of four (4) years commencing on 20 February 2023 with two (2) potential extensions of two (2) x two (2) year terms at Council’s discretion.
- 4.13 The tendering process has been conducted in accordance with the provisions of the Local Government Act 2020 (LGA 2020) and Council’s Procurement Policy.
- 4.14 The composition of the Tender Evaluation Panel (TEP) is shown in Table 1 below.

Table 1: Composition of TEP	
Name	Title
Danny Edmunds	Senior Project Manager (TEP Chairperson)
Arran Maclean	Asset Portfolio Planner – Public Space (TEP member)
Harri Lampi	Minor Capital Works Officer (TEP member)
Glenn Greetham	Head of Building Projects Planning (TEP member)
Stacey Maitland	Senior Business Partner Construction and Capital Works (Procurement Representative)

- 4.15 Pitcher Partners was appointed as the independent probity advisor overseeing the evaluation process.
- 4.16 All TEP members signed the declaration forms and confirmed that they would keep the tender information confidential.
- 4.17 Prior to the tenders being advertised, the evaluation criteria and weightings were established. The details are shown in Table 2.



Table 2: Tender Evaluation Criteria	
Filter Criteria	
Insurance Certificates of Currency: a) \$10M public liability insurance b) \$5M professional indemnity insurance A formal occupational health and safety system to satisfy the requirements of the services provided. Evidence of Commercial Builders Licence to satisfy the required delivery of Services	Pass/ Fail
Criteria	% Weighting
Price	40%
Capacity to meet the requirements of the specification	20%
Relevant experience and track record	20%
Corporate Social Responsibility	15%
Quality and Risk Management System	5%

- 4.18 Nine (9) submissions were received in response to RFT000196. All tenders were deemed to be conforming and were evaluated.
- 4.19 The below submission prices were calculated for each tenderer by utilising three (3) indicative work packages prepared internally. Utilising the returnable schedule of rates submitted by each tenderer provided a means of comparative, competitive assessment to ensure best value. The three figures for each example project were combined into one figure.
- 4.20 After an evaluation by the TEP, the scoring (out of 1,000) was as shown in Table 3.

Table 3: Tender Scoring		
No.	Tenderer's	Score (Out of 1,000)
1	Tenderer 1	895
2	Tenderer 2	885
3	Tenderer 3	899
4	Tenderer 4	759
5	Johnson Building & Maintenance Pty Ltd	978
6	Tenderer 5	740
7	Symmetry Commercial Pty Ltd	918
8	Total Construction & Maintenance Solutions	963
9	Urban Maintenance Systems Pty Ltd	971

- 4.21 Accordingly, the below submissions are considered by the TEP to be the most advantageous to Council:
- a) Total Construction & Maintenance Solutions
 - b) Johnson Building & Maintenance Pty Ltd



- c) Symmetry Commercial Pty Ltd
 - d) Urban Maintenance Systems Pty Ltd
- 4.22 In reviewing of the pricing and the submissions provided by tenderers, the TEP determined that the preferred tenderers outlined above were clearly superior in their relevant experience, understanding of the specifications, safety requirements and providing positive CSR outcomes.
- 4.23 Based on this assessment and the detailed provided in the Returnable Schedules, the TEP determined, in consultation with the Probity Advisor, that interviewing the tenderers was not required and proceeded to undertake reference checks on the top four (4) tenderers to ensure their performance in similar arrangements with other organisations was exemplary.
- 4.24 References were undertaken on the recommended tenderers. Details of referees have been outlined in Table 4.

Table 4: Reference Checks	
Tenderer's Name	References Provided by
Johnson Building & Maintenance Pty Ltd	Coordinator Building Maintenance – City of Port Phillip Project Officer – Manningham City Council
Symmetry Commercial Pty Ltd	Operations Manager – Programmed Maintenance Manager Facilities – National Gallery of Victoria (NGV)
Total Construction & Maintenance Solutions	Project Manager – City of Monash Project Manager – City of Kingston
Urban Maintenance Systems Pty Ltd	Senior Project Manager – City of Kingston Facilities Manager – Methodist Ladies College

- 4.25 Reference validated that the assessment of the TEP for all recommended tenderers was consistent with their practices and the referees' experiences. The reference checks confirmed preferred tenders:
- a) currently undertake or have undertaken, a broad range of building services works to a range of local and state government agencies as well as private institutions of comparable or greater size
 - b) have required capacity and knowledge for delivery of service with no major concerns or incidents raised by referees
 - c) are responsive to programming, coordinating and site-specific requirements of each client referenced. This specifically examined the recommended tenderers experience when working as part of a panel of supply.
 - d) manage OHS to a high standard, both at an organisation and job-specific level
 - e) have various examples from clients of successful works in complex and live environments and undertaking coordination with multiple stakeholders
 - f) are reliable and transparent regarding program delivery including regular tracking and reporting of progress against agreed metrics
- 4.26 Financial sustainability reports were obtained on all recommended tenderers. When taking into account the likely spend across the four providers for the total term of works, the financial checks concluded that the recommended contractors have sufficient capacity to deliver the services under the Deed of Standing Offer.



- 4.27 Noting the term of the engagement and intent of the panel to increase the diversity of suppliers, contract management practices will be put in place to ensure the spend across the panel reflects the best value of the members and their capacity.

5. CONSULTATION AND STAKEHOLDERS

- 5.1 Relevant Council departments were consulted in the preparation of the specifications, Procurement Plan and the TEP's Evaluation Plan.
- 5.2 Pitcher Partners was appointed as probity advisers to oversee the tendering process.

6. LEGAL AND RISK IMPLICATIONS

- 6.1 As part of the mandatory criteria, recommended tenderers hold:
- a) Public Liability Insurance of \$10M;
 - b) Minimum Professional Indemnity Insurance of \$5M
- 6.2 The tendering process was conducted according to the provisions of the LGA 2020 and Council's Procurement Policy and was overseen by Pitcher Partners. There are no obvious legal or risk implications identified.
- 6.3 The proposed engagement is a panel contract; the successful contractors are not guaranteed any projects/works of any volume or value.

7. FINANCIAL IMPACT

- 7.1 Based on current financial projections and available data, the estimated expenditure for RFT Public Tender RFT000196 – Panel of Suppliers Commercial Building Services (Minor Capital Works), over the potential life of the eight (8) year contract is approximately \$32.5M (inc GST)
- 7.2 Any works allocated to recommended contractors via this panel arrangement will be funded by an individual project budget, allocated under the capital delivery program.
- 7.3 The proposed engagement is a panel contract, the successful tenderers are not guaranteed any projects/works of any volume or value.
- 7.4 Officers note that the estimated expenditure is projected utilising the current ten (10) year financial plan.

VALUE FOR MONEY

- 7.5 Tenders were assessed in accordance with the guiding principles of the Procurement Policy, as well as the evaluation criteria and weightings set out in the procurement plan agreed by the TEP prior to the procurement process.
- 7.6 It is anticipated that the establishment of this Building Panel will provide the following benefits that will enable Council greater efficiency in delivery and provide greater value for money to the community:
- a) Formal separation of maintenance and capital works
 - b) Agile procurement through a market tested panel ensuring best value
 - c) Pre-qualified contractors to meet required licensing and insurance requirement
 - d) Improved data to support strategic decisions for future years programs



- 7.7 The TEP assessed value for money utilising three (3) indicative work packages. Utilising the returnable schedule of rates submitted by each tenderer provided a means of comparative, competitive assessment to ensure best value.
- 7.8 Over the life of the contract, officers will utilise the data, including number of works and types of work delivered, pricing and timeframes for delivery, to developed more accurate budgeting and capacity allocations in the capital delivery programs for the following financial years, in line with Council's Enterprise Asset Management Plan.

8. ENVIRONMENTAL IMPACT

- 8.1 In line with Council's Procurement Policy, Council is committed to maximising positive social, environmental, and economic outcomes through procurement.
- 8.2 Prospective tenderers were required to provide responses as part of their submission to demonstrate their activities and processes that align with Council's environmental and social procurement principles
- 8.3 It is the intention of Council to establish a collaborative partnership with successful contractors to improve environmental and social outcomes throughout the life of the contract term.
- 8.4 Although not mandatory under the tender submission, two (2) of the four (4) recommended tenders are accredited to ISO14001 Environmental Management System ("EMS").
- 8.5 Further, environmental aspects were the subject of a questionnaire in the Conditions of Tender and were a component of the weighted scoring. All of the recommended tenderers addressed the key issues to varying degrees, with responses including, but not limited to:
 - a) relevant policies and management plans
 - b) reduction of waste
 - c) water conservation
 - d) reducing greenhouse gas emissions and travel
 - e) use of recycled materials
 - f) use of sustainable materials

9. COMMUNITY IMPACT

- 9.1 Improved delivery of new, upgrade and renewal work to Council assets is essential from a community expectation and financial point of view and is in accordance with Council's Enterprise Asset Management Plan and Policy.
- 9.2 The establishment of the Panel of Suppliers - Commercial Building Services (Minor Capital Works) will assist in delivering Council's annual renewal program with greater efficiency. This will enable a greater level of service delivery within Council staffed and non-staffed facilities, along with a reduction in service disruption timeframes.
- 9.3 Tenderers were required to provide responses as part of the public tender processes to demonstrate their activities and processes that align with Council's CSR principles.
- 9.4 The recommended tenderers, at varying degrees, provided initiatives and commitments that align with Council's commitment to corporate social responsibility.



Key examples include, but are not limited to:

- 9.5 Symmetry Commercial recognise the value of employing people with disabilities, in terms of independence, confidence and self-worth. Currently, 10% of Symmetry Commercial office-based staff have a disability.
- 9.6 Symmetry Commercial utilise Matchworks, is a Disability Employment Services provider. Enabling Victorians with disabilities to regularly be put forward as candidates for available roles in the business.
- 9.7 Symmetry Commercial furthermore advised that although they do not currently work with any Aboriginal and Torres Strait Islander organisations, 28% of their office staff have Indigenous heritage.
- 9.8 Urban Maintenance Systems (UMS) has a sponsorship relationship with Doxa. Doxa provide cadetships for disadvantaged youth from 18-22 years of age. UMS employ a Doxa cadet each year and provides them with work experience opportunities that aim to develop knowledge, skills and experiences in the work environment whilst completing formal studies
- 9.9 UMS has recently established a relationship with CoAct. The program that has been devised with CoAct – *Take the Leap* – is the creation of a pre-employment pilot, that will increase the job readiness of participants and provide employment opportunities with UMS, with focus on disadvantaged individuals.
- 9.10 UMS utilise Artwork and Graphic Design Services by Ochre Dawn, an Indigenous owned and operated organisation, who have been responsible for the design of UMS's RAP artwork.
- 9.11 UMS have engaged with Nyuka Wara Consulting to develop Indigenous Mentoring or Development Programs. The organisation has been engaged to assist and develop a supportive Mentoring or Development program for UMS Indigenous employees across VIC, NSW & QLD.
- 9.12 UMS utilise the services of Zancott Recruitment – a privately owned and operated Indigenous company who specialise in labour hire and have recently placed staff into several UMS's current contracts.
- 9.13 Johnson Building & Maintenance work with Inner Melbourne VET Cluster (IMVC) and the Youth Industry College, located in South Melbourne to collaborate with participants of that program with on-the-job experiences and insights to provide a pathway to secure work, training or further education.
- 9.14 Johnson Building & Maintenance have also previously worked collaboratively with Westgate Biodiversity, Bili Nursery & Landcare and other similar not-for-profit organisations who undertook works for the City of Port Phillip planter box initiative for outside trading and furniture recycling initiative.
- 9.15 Total Construction & Maintenance Solutions committed to supporting the local community and support Waverley Industries, a not-for-profit organisation who provide supported employment opportunities for people with special needs. Total CMS have engaged Waverley Industries to assist on a several projects for various contracts.
- 9.16 Total Construction & Maintenance Solutions are also actively engaged in mental health advocacy, such as providing support to Headspace and the 'It's Okay to Not be Okay' program.



9.17 Further to the above, officers intend to develop the Scope of Works of each project to be delivered by the Panel with CSR outcomes being specified, where possible. This may include scoping works with the intent to use:

- a) products that support a circular economy
- b) products that have certified sustainability benefits
- c) environmentally preferable products and services
- d) goods, machinery, or material manufactured in Australia and New Zealand
- e) purchases made from local suppliers
- f) purchases from social enterprises

10. ALIGNMENT TO COUNCIL PLAN AND COUNCIL POLICY

10.1 The appointment of the recommended tenderers will support Council in its delivery of key initiatives of the Council Plan 2021-2031, specifically:

Direction 5 - Well Governed Port Phillip

- a) improved procurement and contract management practices to deliver best value and embed corporate social responsibility outcomes; and
- b) investment to improve the condition, functionality, capacity and sustainability of community assets to achieve best value for our community, protect them for future generations and ensure asset management requirements of the LGA 2020 are achieved.

11. IMPLEMENTATION STRATEGY

11.1 TIMELINE

11.1.1 The panel contract has been formally approved under delegation. In line with Council's 7 December 2022 decision, this public report outlines the process undertaken to procure these services.

11.2 COMMUNICATION

11.2.1 Contract documentation was been prepared and executed, with the following contractors:

- a) Total Construction & Maintenance Solutions
- b) Johnson Building & Maintenance Pty Ltd
- c) Symmetry Commercial Pty Ltd
- d) Urban Maintenance Systems Pty Ltd

All unsuccessful tenderers were notified in writing and offered a telephone debrief with the TEP chairperson.

12. OFFICER DIRECT OR INDIRECT INTEREST

12.1 No officers involved in the preparation of this report have any material or general interest in the matter.

ATTACHMENTS Nil