



12.4 **CONTRACT 2130 OPEN SPACE 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 Open Space Maintenance Contract and to recommend awarding of contract number 2130.

2. EXECUTIVE SUMMARY

- 2.1 The City of Port Phillip offers a diverse, attractive and iconic network of parks and open spaces. A great example of Port Phillip’s diverse open space is its popular foreshore reserves and historic gardens.
- 2.2 Our open space network plays a critical role in supporting structured and unstructured physical activity including passive recreation for residents, visitation for traders, sporting activities, markets, events and playgrounds.
- 2.3 The challenge Council now faces is to continue to offer high quality open space that is diverse, well maintained and can accommodate the future needs of a growing population in an established urban environment, in a sustainable way.
- 2.4 Our community have high expectations of our role as land manager and we receive over 900 customer requests related to open space annually.
- 2.5 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.
- 2.6 The current contracts to maintain our parks and open space expire on 31 August 2018 and a public tender process has been undertaken to request open space maintenance services from 1 September 2018 for an initial contract term of three years and seven months, with an option for two further extensions of two years.
- 2.7 The contract term anniversaries are being aligned to neighbouring Councils to provide Port Phillip the opportunity for joint procurement in future years.
- 2.8 The previous contract structure had five separate contracts to deliver the service which have been consolidated into two contracts going forward being the ‘Open



Space Maintenance' and 'Amenity Tree Maintenance' contracts. The consolidation of these contracts is envisaged to produce higher quality outcomes and improved value for money.

- 2.9 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.
- 2.10 Contract 2130 was publicly advertised on 12 May 2018 for a period of four weeks. 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 2130 to Citywide Service Solutions Pty Ltd for an initial term of three years and seven months commencing on 1 September 2018 with an option to extend for two 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 \$4,121,000 excluding GST per annum in year one, with an approximate cost of \$15,263,391 excluding GST over the initial term of three years and seven months.
- 3.4 Notes the schedule of rates contract value of \$915,271 excluding GST per annum in year one, with an approximate cost of \$3,389,988 excluding GST over the initial term of three years and seven months.
- 3.5 Notes the capital improvements and renewals with project funding up to \$5,555,711 excluding GST over the initial term of three years and seven months.
- 3.6 Notes the total contract expenditure of up to \$24,209,090 excluding GST over the initial term of three years and seven months and up to \$53,864,299 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 2130 during the initial term of three years and seven months to determine if an extension period of two years be exercised.



- 3.9 Reviews contract number 2130 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 2130 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”) commenced the following contracts;
 - 4.1.1 Contract 1585 Parks and Open Space Maintenance Service
 - 4.1.2 Contract 1586 Sports Fields Maintenance Service
 - 4.1.3 Contract 1587 Community and Childcare Centre Ground Maintenance
 - 4.1.4 Contract 1588 Natural Heritage Areas Maintenance
- 4.2 Since July 2017, a project team has been reviewing the current contract, consolidating and developing a new set of specifications that meet our community expectations and legislative requirements by;
 - 4.2.1 benchmarking our 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 undertaking 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 annual assessment of open space assets to accurately plan and deliver future maintenance and renewal programs
 - 4.3.2 no Glyphosate use for weed management (exclusive use of organic herbicide)
 - 4.3.3 increased mulching program
 - 4.3.4 embedding of litter collection requirements into this contract during extended Summer period (1 November to 30 April)
 - 4.3.5 improved frequency of maintenance for beach showers and drinking fountains
 - 4.3.6 specific emphasis on foreshore and event site amenity standard improvements, including grass renovations, removal of sand drifts on pathways, hard surface areas and garden areas.
 - 4.3.7 the maintenance of Port Melbourne Cricket Ground (Northport Oval) is now a schedule of rates for ground and turf wicket maintenance, presenting the opportunity for future maintenance of the ground, post reconstruction, to be provided by an alternate contractor, if required.
 - 4.3.8 improved turf management planning to increase sports fields utilisation capacity for formal sports
 - 4.3.9 improved irrigation maintenance

Tender Evaluation

- 4.4 Tenders were invited for open space maintenance services for a period of three years and seven months, commencing on 1 September 2018 with an option for two further extensions of two years (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 Tenders were advertised in *The Age* and TenderLink on 12 May 2018 and closed on 8 June 2018.
- 4.7 A Tender Evaluation Panel (“TEP”) was initiated and the 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
Kate Cornwall (Senior 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 tenders being advertised, the TEP established the evaluation criteria and weightings. The details are shown in Table 2.

Table 2

Filter Criteria	Measure
1. Third Party Accredited Occupational Health and Safety Management System Conforming to AS/NZS 4801 2. Third Party Accredited Quality Management System Conforming to ISO 9001 3. Third Party Accredited Environmental Management System Conforming to ISO 14001	Pass / Fail
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 Tenders closed on 8 June 2018 and 4 tenders were received. Table 3 shows the tender prices.

Table 3

No.	Tenderers name	Lump sum price (Excl GST)	Schedule of Rate (Excl GST)	Date Rates (Excl GST)
1	Citywide	\$ 4,291,000	\$ 952,271	\$ 792.44
2	Tenderer B	\$ 4,117,156	\$ 768,906	\$ 742.59
3	Tenderer C	\$ 7,680,018	N/A	N/A
4	Tenderer D	\$ 4,565,281	\$1,265,872	\$ 927.91

- 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:
- 4.12.1 one TEP member had been employed by a tenderer 14 years ago
 - 4.12.2 one TEP member had been employed by a tenderer three 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 allocated a score based on the responses provided against the evaluation criteria.
- 4.15 Tenderer C submission was 'set aside', given their submitted price was significantly above other submissions and not considered competitive. It was determined the TEP



would only revisit Tenderer C if other submission assessments made it possible for this Tenderer to be competitive.

- 4.16 A detailed financial assessment was undertaken by the senior financial advisor for pricing components of the Tenders subject to evaluation.
- 4.17 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.
- 4.18 Table 4 summarises the evaluation scores at the conclusion of the TEP submission assessment.

Table 4

No.	Tenderers name	Tender Evaluation Panel Score (Out of 1,000)
1	Citywide	908
2	Tenderer B	750
3	Tenderer C	Set aside
4	Tenderer D	782

- 4.19 Two tenderers were shortlisted to interview to further clarify details within their submissions;
 - Citywide
 - Tenderer D
- 4.20 Interviews with the two tenderers were held on 19 June 2018. Tenderers had an opportunity to present to the TEP and then respond to various clarifying questions relating to the evaluation criteria.
- 4.21 Tender clarifications on various items were followed up in writing to understand any potential price adjustments and technical elements.
- 4.22 Both Tenderers presented well, demonstrating a good understanding of the specifications and what value they could provide City of Port Phillip. The TEP post interview assessment concluded both submissions did not require amendments.

Best and Final Offer

- 4.23 Both shortlisted Tenderers were given the opportunity to provide a best and final offer prior to completing our assessment.



- 4.24 Tenderer D offered;
- No reduction in lump sum per annum
 - a \$26,000 excluding GST reduction within schedule of rates per annum
- 4.25 Citywide offered;
- a \$140,000 excluding GST reduction in lump sum per annum
 - a \$37,000 excluding GST reduction within schedule of rates per annum
 - 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.
- 4.26 Table 5 summarises the evaluation scores at the conclusion of interviews and best and final offer stages.

Table 5

No.	Tenderers name	Tender Evaluation Panel Score (Out of 1,000)
1	Citywide	926
2	Tenderer D	782

Financial assessment

- 4.27 A detailed financial and performance assessment of Citywide was undertaken utilising the corporate scorecard.
- 4.28 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

- 4.29 Referee checks were undertaken 27 June 2018 to seek feedback on the performance of Citywide. Three referees provided feedback; City of Whittlesea (Project Delivery Manager), Cardinia Shire Council (Team Leader) and Bayside City Council (Parks Management Officer).



4.30 Feedback received included:

- 4.30.1 high quality and timely delivery of services
- 4.30.2 continuous high community satisfaction scores through the maintenance of open space assets
- 4.30.3 demonstrated ability to meet (and at times exceed) required contractual performance measures
- 4.30.4 good staff with skills and knowledge to deliver the requirements of the specification
- 4.30.5 a strong focus on occupational health and safety
- 4.30.6 it was noted that the Citywide organisational restructure in 2016 did cause operational disruptions for a period of time

Recommendation

- 4.31 The TEP recommend Citywide as the tender submission that provides best value to Council.
- 4.32 The submission demonstrates the required experience and service plan to deliver the required specifications to the quality expected.
- 4.33 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 were 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), Environmental Management (ISO 14001) and Quality Management (ISO 9001) 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 \$4,121,000 excluding GST per annum which equates to \$15,263,391 excluding GST over the initial term of three years and seven months assuming a rate increase of 2.5% per annum.
- 7.5 The schedule of rates value is \$915,271 excluding GST per annum which equates to \$3,389,988 excluding GST over the initial term of three 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 \$1,500,000 excluding GST per annum which equates to \$5,555,711 excluding GST over the initial term of three years and seven months assuming a rate increase of 2.5% per annum.
- 7.7 The total estimated contract expenditure is up to \$24,209,090 excluding GST over the initial term of three years and seven months and up to \$53,864,299 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:
- 8.5.1 Fuel use reduction through the use of electric plant and equipment
 - 8.5.2 Green waste from tree pruning is processed and used as mulch in Port Phillip's parks and open spaces
 - 8.5.3 Dumped waste is assessed at a transfer station for re-use or recycling through partnership with Outlook Environmental
- 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 Tenders 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 open space 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 3.4 – A water sensitive City. We will work toward this outcome by reducing potable water consumption by encouraging more efficient water use and establishing alternative water sources.
 - Direction 4.1 – Liveability in a high-density City. We will work towards this outcome by designing, activating and managing public spaces that are safe and inviting places for people to enjoy.



- 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 outcome and provided an opportunity to receive feedback on their submission.

12. OFFICER DIRECT OR INDIRECT INTEREST

12.1 Panel members Mark Fusco and Luke Raines 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.

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ATTACHMENTS Nil