



8.5	MECHANICAL SERVICES MAINTENANCE
LOCATION/ADDRESS:	WHOLE OF MUNICIPALITY
GENERAL MANAGER:	FIONA BLAIR, INFRASTRUCTURE & AMENITY
PREPARED BY:	DINO DE MELIS, MANAGER MAINTENANCE AND RENEWAL
TRIM FILE NO:	14/06/2041
ATTACHMENTS:	Nil

PROPOSAL

To seek Council's approval to award the Mechanical Services Maintenance contract to Pioneer Pty Ltd.

1. RECOMMENDATION

That Council:

- 1.1 Awards Contract No. 2041 to provide Mechanical Services Maintenance to the City of Port Phillip for a three year period commencing on 12 June 2017 to 11 June 2020 to: Pioneer Pty Ltd.
- 1.2 Notes that the contract sum is based on a lump sum and schedule of rates, with a projected expenditure for a three year period of \$925,501.81 exclusive of GST.
- 1.3 Affixes the Common Seal of the Port Phillip City Council to Contract No. 2041 between the City of Port Phillip and Pioneer Pty Ltd.

2. BACKGROUND AND CONTEXT

2.1 Background

The current contract for the Mechanical Services Maintenance contract expired on 1 April 2017. The tender was advertised in The Age on Saturday 3 December 2016 and closed on 23 December 2016. The proposed contract term is from 12 June 2017 to 11 June 2020.

The Mechanical Services Maintenance contract provides air-conditioning services across 74 Council Buildings including town halls, community centres, childcare centres and family centres. Maintenance works carried out include ducted air-conditioning, air handling units, evaporative coolers, hot water boilers and room air-conditioning.

The proposed starting date for this contract does not coincide with the end date of the existing contract due to the unexpected availability of the tender panel's chairperson, which has resulted in the delay of providing this report.

AGENDA - ORDINARY MEETING OF COUNCIL – 17 MAY 2017



The current service provider (Pioneer Pty Ltd) has been engaged until 11 June 2017 to ensure continuity of the service. Procurement policy guidelines have been adhered to in the selection of this contractor.

The composition of the Tender Evaluation Panel (TEP) is set out in Table 1 below.

TABLE 1 – COMPOSITION OF TEP	
Name	Title
Jim Maclean, Coordinator Building Maintenance	Chairperson
Titus Bodikala, Senior Building Maintenance Officer	Member
Steve Moller, Project Engineer Sustainability & Transport	Member
Graham Millar, Contracts & Procurement Officer	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. One member of the evaluation panel noted that he is the current Contract Manager for air conditioning services and has knowledge of the incumbent.

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.	20%
Relevant experience and track record.	20%
Capability	10%
OHS	5%
Environmental	5%



Tenders received and Evaluation

For comparative purposes with the assessment of price, the evaluation panel adopted the following methodology based on historical data of 776 reactive work orders:

Break down of work orders

Schedule A – 70% of works carried out here at 2hrs per job – Monday to Friday

Schedule B – 15% of works carried out here at 2hrs per job – Monday to Friday after hours

Schedule C – 10% of works carried out here at 2hrs per job - Weekends

Schedule D –5% of works carried out here at 2hrs per job – Public Holidays

Schedule of rates total is added to the lump sum for final costing's

Details of the tenders received are shown in Table 3 below.

TABLE 3 – TENDERS RECEIVED		
No.	Tenderer's Name	\$ Price (Excluding GST)
1.	Tenderer A	\$624,856.18
2.	Tenderer B	\$459,305.82
3.	Tenderer C	\$2,299,080.00
4.	Tenderer D	\$657,172.00
5.	Tenderer E	\$468,833.00
6.	Pioneer Pty Ltd	\$435,927.66
7.	Tenderer G	\$495,263.88
8.	Tenderer H	\$574,440.00

All tenderers were prepared in conformance with the specifications and contract conditions and have been referred to the TEP for their review and evaluation. In this instance, the TEP decided to interview three tenderers.

Interviews were held with Pioneer Pty Ltd, Tenderers B and G. All interviewees provided verbal confirmation of all aspects of their written submissions and the TEP panel after further discussions finalised scoring and agreed on the preferred tenderer.

During the interview process it was brought to the attention of the panel that the scope of requirements particularly in the frequency of scheduled maintenance on particular equipment could be carried out quarterly rather than the proposed monthly. It was agreed that the panel chairperson seek advice from the consultant tasked with writing the specifications who confirmed the alternative scheduled maintenance proposed would still allow Council to meet their statutory requirements. The panel decided that all tenderers be provided with a service level clarification on the new maintenance schedule, and ask that they submit a new cost for the service by 5 April 2017. All tenderers responded with their final costings which are shown in Table 3.



The successful tenderer provided an alternative cost on the service level clarification which resulted in a saving on their original submission.

The following total scores were agreed against the evaluation criteria and after alternative costings were submitted. Final scores are detailed in Table 4 below.

TABLE 4 – FINAL SCORE		
No.	Tenderer's Name	Score (Out of 1,000)
1.	Tenderer A	617.81
2.	Tenderer B	834.64
3.	Tenderer C	499.59
4.	Tenderer D	591.59
5.	Tenderer E	786.93
6.	Pioneer Pty Ltd	878.75
7.	Tenderer G	808.33
8.	Tenderer H	742.30

The final weighted score which takes into account all of the evaluation criteria (including price) has been used to determine the recommended contractor Council should engage for the delivery of its Mechanical Services Maintenance over the next three years. The following factors have been taken into account in scoring the tenders against the agreed criteria.

Price

Pioneer Pty Ltd has been assigned the maximum possible score as it has submitted the lowest priced tender.

Tenderers have been assigned a score for price which has been derived from the ratio of lowest priced bid compared to each Tenderer.

Best and Final Offer was conducted on Wednesday 10 February 2017 and received by 13 February 2017. Shortlisted respondents, Pioneer Pty Ltd, Tenderer B and Tenderer G were invited to submit their Best and Final Offer. Tenderer B and G reduced costs and Pioneer Pty Ltd provided no change.

Capacity

Contractor Pioneer Pty Ltd rating is supported by their commitment to resource the contract with sufficient qualified and dedicated staff. This is consistent with current resourcing requirements for this service. Contractor Pioneer Pty Ltd is also a local based company (Port Melbourne) with the ability to ensure quick reactive service levels.



Pioneer Pty Ltd has also highlighted their capacity to supplement their standard resources in peak periods.

This reinforces the TEP's assessment that the recommended contractor listed has the capacity required for servicing this contract.

Relevant Experience

Contractor Pioneer Pty Ltd rating is underpinned by the following factors:

- demonstrated performance including its ability to meet the Key Performance Indicators
- proven reliability as a long term service provider with the City of Port Phillip
- clear knowledge of the scope of services required for this contract
- specialist and fully qualified resources with long term staff members
- minimal delivery and regulatory risk as demonstrated by the consistent achievement of deadlines, and
- demonstrated experience and skill in the use of apogee reporting software

Financial Evaluation

A comprehensive financial evaluation was conducted of the recommended tenderer. A report prepared by Council's Financial Compliance Accountant highlighted the capacity of the shortlisted tenderers to provide the service in accordance with Council's requirements.

- Pioneer Pty Ltd report highlighted a 2% chance of an adverse event in the next 12 months and a 0.68% chance of failure in the next 12 months.

The scores are acceptable; there are no adverse events or legal actions recorded.

Reference Checks

A reference check was conducted of the preferred tenderer Pioneer Pty Ltd.

Referees contacted included representatives of the following companies,

Referee 1

They confirmed that Pioneer Pty Ltd provided Heating Ventilation and Air Conditioning (HVAC) services at a number of sites where their strengths include reliability, high standard of subjective experience and expertise and flexibility. The reactive services 24/7 are very responsive including out of hours. Final comments were that they would definitely recommend this company.



Referee 2

Company confirmed that Pioneer Pty Ltd currently maintain HVAC systems at 35 of their buildings. They list of Pioneers strengths are very capable technicians and very responsive to service calls including 24/7 availability, providing good reporting processes. Final comment was that Referee 2 have never had any problems with Pioneer Pty Ltd.

3. CONSULTATION AND STAKEHOLDERS

- 3.1 Council has undertaken an initial consultation with the key stakeholders including building users and internal service providers and the sustainability department. The consultation process has assisted with the development of the specification and ensures the project will meet the community expectations.

4. DISCUSSION

4.1 OPTIONS

- 4.1.1 The recommended option is for Council to award the Mechanical Services Maintenance contract to Pioneer Pty Ltd, for three years commencing on 12 June 2017 to 11 June 2020.

5. ALIGNMENT TO COUNCIL PLAN

- 5.1.1 The Mechanical Services Maintenance contract supports and enables Council to deliver the following strategies in the Council Plan 2013-2017:
- 5.1.2 Engaged, a well governed city – achieve a reputation for organisational and service excellence:
- 5.1.3 Healthy, a healthy creative inclusive city - Maintain Council and community assets to a standard that matches industry best practice;
- 5.1.4 Vibrant, a liveable and connected city –improve and manage local amenity and assets for now and the future.

6. POLICY IMPLICATIONS

- 6.1.1 The tender has been conducted in accordance with Section 186 of the Local Government Act 1989.

7. FINANCE / RESOURCE IMPLICATIONS

- 7.1.1 The contract sum is based on a lump sum and schedule of rates, with a projected expenditure for a three year period of \$925,501.81 exclusive of GST.
- 7.1.2 This is in accordance with budgetary projections for this service.



8. LEGAL & RISK IMPLICATIONS

- 8.1.1 An effective and accurate OHS management plan is required to enable Council to meet its statutory obligations. Contractor Pioneer Pty Ltd are well resourced with experienced personnel and this should ensure that Council avoids risk that may lead to financial loss or have a negative impact on the Council's reputation.
- 8.1.2 The recommendation to award the contract to Pioneer Pty Ltd shall ensure a smooth transition with minimal risk to Council and mitigate the risks. Pioneer Pty Ltd is a current service provider for Council.
- 8.1.3 In accordance with the contract terms and conditions the contractor must submit a site specific safety plan for provision of Mechanical Services Maintenance.
- 8.1.4 All tenderers complied with the insurance requirements of \$10,000,000 public liability and \$1,000,000 professional indemnity.

9. BEST VALUE

- 9.1.1 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

10. IMPLEMENTATION STRATEGY

TIMELINE

- 10.1.1 The recommendation to award the contract to Pioneer Pty Ltd shall ensure a smooth transition with minimal risk to Council as the contractor is the present incumbent.

11. COMMUNICATION

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



12. OFFICER DIRECT OR INDIRECT INTEREST

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