

Management Report to Council**Agenda item 6.2****Open Space and Tree Maintenance and Management Contracts: No 3676, 3677 and 3678****Council****Presenter:** Evan Counsel, General Manager Strategy, Planning and Climate Change**12 December 2023****Purpose and background**

1. The purpose of this report is to seek Council approval to award three service based contracts for the provision of *Open Space Maintenance & Management* and *Tree Maintenance & Management* services for five years with single five year extension options, 5 year plus 5 year subject to satisfactory performance. These contracts are:
 - 1.1. Contract 3676 Open Space Management and Maintenance Services Region 1
 - 1.2. Contract 3677 Open Space Management and Maintenance Services Region 2
 - 1.3. Contract 3678 Tree Management and Maintenance Services
2. The current Open Space contracts for Region 1 and Region 2 are being delivered by Serco Australia Pty Ltd and the Tree Services contract by Citywide Service Solutions Pty Ltd. All three contracts conclude on Sunday 31 March 2024.
3. A public tender was advertised via 'Tenderlink' on Saturday 8 April 2023. Three tender submissions were received for Open Space Region 1, two for Open Space Region 2 and two for Trees. Six of the tender submissions were compliant and one was identified as being noncompliant.
4. Each tender was evaluated separately by a panel of technical experts supported by an external probity advisor and Council's Procurement and Contract Management Branch. The tender evaluation summaries are confidential and contained in Attachments Three, Four and Five.

Key issues

5. In preparing for the new contract tender, a detailed strategic review and external market assessment was undertaken to test market competition and to understand service efficiencies. The outcomes of this review and external assessment included the following recommendations:
 - 5.1. The City of Melbourne's current approach to delivery through an outsourced model of performance based contracts is a preferred approach and is consistent with contemporary open space and tree management and maintenance practice in Australia and overseas.
 - 5.2. Current specifications for operational maintenance for open space and trees generally align with community expectations. Recommended and incorporated changes to the new contract specification included provisions for innovation, reconciliation and sustainability.
6. The cost to Council of appointing the three recommended tenderers is \$290,039,128 (excluding GST) over ten years. Based on an annual Consumer Price Index (CPI) increase of three per cent from next financial year.

Recommendation from management

7. That Council:
 - 7.1. Awards the contract for the provision of Open Space Management and Maintenance Services Region 1, contract number 3676 to the recommended tenderer, for a term of five years commencing on 1 April 2024 with an option to extend the contract term by up to a further five years for the contract sum listed in Attachment 3, section 7 and otherwise in accordance with the negotiated terms and conditions of contract.
 - 7.2. Awards the contract for the provision of Open Space Management and Maintenance Services Region 2, contract number 3677 to the recommended tenderer, for a term of five years commencing on 1 April 2024 with an option to extend the contract term by up to a further five years for the contract sum listed in Attachment 4, section 7 and otherwise in accordance with the negotiated terms and conditions of contract.

- 7.3. Awards the contract for the provision of Tree Management and Maintenance Services, contract number 3678 to the recommended tenderer, for a term of five years commencing on 1 April 2024 with an option to extend the contract term by up to a further five years for the contract sum listed in Attachment 5, section 7 and otherwise in accordance with the negotiated terms and conditions of contract.
- 7.4. Authorises management to release the names of the recommended tenderers following the execution of the three contracts by the relevant parties.
- 7.5. Resolves that the information contained in Attachments 2, 3, 4 and 5 to this report are to remain confidential pursuant to section 3(1) of the *Local Government Act 2020*, because they contain private commercial information, which if released, would unreasonably expose the business to disadvantage by disclosing financial information to competitors.

Attachments:

1. Supporting Attachment (Page 3 of 32)
2. Financial Comparison (Closed) (Page 5 of 32)
3. 3676 Open Space Management and Maintenance Services Region 1 Tender Evaluation Report (Closed) (Page 6 of 32)
4. 3677 Open Space Management and Maintenance Services Region 2 Tender Evaluation Report (Closed) (Page 15 of 32)
5. 3678 Tree Management and Maintenance Services Tender Evaluation Report (Closed) (Page 24 of 32)

Supporting Attachment

Legal

1. Pursuant to section 109(1) of the Act, a Council must comply with its Procurement Policy before entering into a contract for the purchase of goods or the carrying out of works.
2. The Chief Executive Officer must ensure that any report to Council that recommends entering into a procurement agreement includes information in relation to any opportunities for collaboration with other councils or public bodies which may be available.

Finance

3. The total financial commitment for the three contracts over the initial five-year term is \$134 million, with an option to extend the contract term by up to a further five years, bringing the total contract values including all extension options to \$290 million (indicative 3 per cent rise and fall per annum applied).
4. Further financial information is confidential and contained in Attachment two.
5. Tree planting costs outlined in the submission are subject to capital funding arrangements where the schedule of rates apply.

Procurement

6. This matter accords with the Centre Led Procurement Policy and all procurement processes were adhered to during the tender process.

Conflict of interest

7. No member of Council staff, or other person engaged under a contract, involved in advising on or preparing this report has declared a material or general conflict of interest in relation to the matter of the report.
8. As part of the Council's usual tender management process, all those involved in the evaluation process were required to complete a declaration of interests prior to commencing work on the tender, with the intent of identifying and managing possible conflicts before the evaluation process commences.

Health and Safety

9. Ensuring the providers employees, subcontractors and agents, satisfy and comply with all legislative requirements.
 - 9.1. Acknowledgment by the providers of its obligations to ensure that the health and safety of any person is not put at risk as a result of the provision of the services.
 - 9.2. Acknowledgment by the provider it will inform itself of, and comply with all OH&S issues, procedures or measures implemented or adopted by Council and/or any occupiers of any premises at or within which the Service Provider will carry out its obligations under the contract/agreement.
 - 9.3. Acknowledgment by the provider it must at all times provide and maintain a safe working environment, and must ensure that the systems, procedures and practices necessary for the protection of the health and safety of all persons in or near the area where the services are being carried out are implemented.
 - 9.4. Acknowledgment by the providers that community health and safety has been considered:

Relation to Council policy

10. The contract specification and tender evaluation has considered the objectives of the Open Space Strategy 2012, Urban Forest Strategy 2012, Nature in the City Strategy 2017, Tree Policy 2021 and the Parks Policy 1998.

Corporate social responsibility

11. Through the invitation to tender, Sustainability and Local Economic Benefit were apportioned a total of 15 per cent weighting through the evaluation criteria. Each responder outlined a number of detailed proposals and plans committing to actions that would result in benefits associated with Social Enterprise, Aboriginal & Torres Strait Islanders strategies, (in particular Reconciliation Action Plans), and Environmental Sustainability. These proposals were assessed through the tender evaluation process with the scores influencing the preferred outcome.