

26 April 2006**TENDER EVALUATION REPORT: PROVISION OF TRAVEL
MANAGEMENT SERVICES****Committee** Finance and Governance**Presenter** Cr Shanahan**Purpose**

1. To seek Council's approval to award a contract to FCm Travel Solutions for the provision of Travel Management Services and provide Council with information on the arrangements between the Council and the service provider as a consequence of this contract.

Recommendation

2. That Council:
 - 2.1. award the contract for the provision of Travel Management Services to FCm Travel Solutions on a Schedule of Rates basis for a three year period, with an option to extend for a further two years, and otherwise in accordance with the negotiated terms and conditions of the contract;
 - 2.2. by instrument of delegation sealed by the Council under section 98(1) *Local Government Act 1989* ("the Act") delegate to the Chief Executive Officer, or the persons from time to time acting in that position, the authority to enter into the contract and to do all things incidental and ancillary to the same;
 - 2.3. under section 98(3) of the Act, authorise the instrument of delegation to the Chief Executive Officer, or the person from time to time acting in that position, to empower him or her to delegate any power, duty or function delegated to him or her under the paragraph above, to a member of Council staff; and
 - 2.4. resolve that the instrument of delegation referred to in paragraph 2.2 above will cease and be of no further effect upon the completion of all necessary steps and the execution of all necessary documents to enter into the contract with the successful tenderer.

Council Report Attachment:

1. Finance and Governance Committee, Agenda Item 3.4, 6 April 2006

6 April 2006

**TENDER EVALUATION REPORT: PROVISION OF TRAVEL
MANAGEMENT SERVICES**

Division Corporate Performance

Presenter Linda Weatherson, Director Corporate Performance

Purpose

1. To seek Finance and Governance Committee's approval to award a contract to FCm Travel Solutions for the provision of Travel Management Services and provide the Committee with information on the arrangements between the Council and the service provider as a consequence of this contract.

Recommendation

2. That the Finance and Governance Committee recommend that Council:
 - 2.1. award the contract for the provision of Travel Management Services to FCm Travel Solutions on a Schedule of Rates basis for a three year period, with an option to extend for a further two years, and otherwise in accordance with the negotiated terms and conditions of the contract;
 - 2.2. by instrument of delegation sealed by the Council under section 98(1) *Local Government Act 1989* ("the Act") delegate to the Chief Executive Officer, or the persons from time to time acting in that position, the authority to enter into the contract and to do all things incidental and ancillary to the same;
 - 2.3. under section 98(3) of the Act, authorise the instrument of delegation to the Chief Executive Officer, or the person from time to time acting in that position, to empower him or her to delegate any power, duty or function delegated to him or her under the paragraph above, to a member of Council staff; and
 - 2.4. resolve that the instrument of delegation referred to in paragraph 2.2 of this report will cease and be of no further effect upon the completion of all necessary steps and the execution of all necessary documents to enter into the contract with the successful tenderer.

Key Issues: Tender Evaluation Process

Invitation to Tender

3. Tenders for the Provision of Travel Management Services Contract closed on 31 January 2006 after a 45 day tender preparation period. No late tenders were received.

Evaluation Criteria and Weighting System

4. The following table lists the evaluation criteria that were stated in CoM's Invitation to Tender (ITT) documents. The criteria are listed in order of importance, the most important being at the top of the list. The weightings for the evaluation criteria were declared to tenderers.

Evaluation Criteria	Weighting
Cost <ul style="list-style-type: none"> • Schedule of Rates 	45%
Plan for Proposed Services <ul style="list-style-type: none"> • Work Plan and Methodology • Proposed Organisational Structure • Off-site Management Support Structure, Services and Systems • Innovation & Technology • Relationship Management • Commitment to Quality • Proposed Quality Assurance Processes 	35%
Experience, Capability & Past Performance <ul style="list-style-type: none"> • Resource Capacity • Expertise in Providing the Services • Demonstration of Past Performances and Referee Reports • Resources: People and Systems 	20%

Tender Evaluation

5. The Tender Evaluation Panel (TEP) examined both Tender responses in detail before assessing the respondents' acceptability against each criterion.
6. It was determined by the TEP that Tender interviews were not necessary to complete the evaluation.

Results of the Tender Evaluation

7. The tender evaluation summary scoresheet is included as Attachment 1. Evaluation of the prices submitted in the Tenders was carried out by applying the annual average of the work load indicators given in the specification to the schedule of rates provided in the Tenders. The indicative cost of a contract of three years duration is shown in the table below.

	FCm	Orient Express
IMPLEMENTATION FEE	\$0	\$1,500
SERVICES		
Contract Management Fee (Account / Contract Manager)	\$0	\$15,000
Finance and administrative support staff	\$5,400	\$0
Total Services	\$5,400	\$15,000
TRANSACTION FEES		
DOMESTIC BOOKINGS	\$2,945	\$4,050
INTERNATIONAL BOOKINGS	\$3,825	\$2,100
TOTAL - Year 1	\$12,170	\$22,650
TOTAL - Year 2	\$12,170	\$21,150
TOTAL - Year 3	\$12,170	\$21,150
TOTAL - 3 Years	\$36,510	\$64,951
Score (Out of 10)	10	5.62

Performance Measurement

8. The specification for the services contains defined service levels for all elements of the service to be provided under the Contract. The Service Provider's performance will be measured by comparing the service levels achieved with the defined service levels contained in the specification.

Council Assets and Offsets

9. There are no Council assets to be provided, nor are there any offsets to be received.

Pecuniary Interest and Probity Statement

10. No member of the evaluation panel has a pecuniary or personal interest in the tenders or contract.
11. The evaluation has fully complied with the *Local Government Act 1989* and the Conditions of Tendering. No potential tenderer had access to the final specification prior to its release. All advice, written or verbal, provided to a respondent clarifying any aspect of the tender documentation was also provided to all other respondents. No tenderer was provided any advantage over other tenderers, and all were treated fairly and equally during the tendering process. Information provided by tenderers which has been deemed confidential, has been protected, and will not be disclosed. A consistent standard for all tenderers has been used in assessing any request for confidentiality by a tenderer/s.
12. Tenderers were provided Council's Conditions of Tendering. These conditions state that canvassing of Councillors by any tenderer on any matter relating to the tender will result in automatic disqualification.

Relation to Council Policy

13. Council aims to deliver quality services that are responsive to business and community expectations, demonstrably cost-effective and subject to public accountability. Council is committed to delivering its services equitably and in a way that meets customer needs, minimises costs and recognises Council accountability.
14. Council requires all domestic and international travel to be booked in accordance with the Council travel policy. A summary of the principles that apply are as follows:
- 14.1. all travel, accommodation and car hire reservations are to be booked and confirmed through the Service Provider;

- 14.2. best fare of the day (BFOD) must be offered on all occasions irrespective of the method of booking;
- 14.3. unless special circumstances exist, booking requests will be received at least two weeks prior to domestic travel and one month prior to international travel;
- 14.4. City of Melbourne may agree negotiated rates with preferred airlines, hotels and hire car companies;
- 14.5. The class of air travel for Council staff is to be booked in accordance with the specific requirements for the Chief Executive, Directors and other staff members;
- 14.6. accommodation reservations of 4-star standard close to visit/work sites to minimise taxis/limousine and vehicle rental costs;
- 14.7. vehicle rental reservations: taxi hire is the preferred option however car hire may be the option selected by the traveller;
- 14.8. limousine service reservations are available for personnel nominated by Council as entitled to this level of service;
- 14.9. all travel bookings are to be paid by EFT via the Accounts Branch in accordance with the specification (refer paragraph 7.1, Invoicing and Payment);
- 14.10. all of the Council's travel will be booked via centralised internal travel booking coordinators comprising approximately 42 nominated Council staff; and
- 14.11. fare upgrades above entitled class are of no financial benefit to Council and are not required. If offered by the Service Provider upgrades will not be costed as a price saving, however upgrades in the class of service are permitted at the staff member's expense.

Finance

15. The estimated yearly expenditure is \$250k - \$700k across the organisation. Whilst there is no single corporate budget line item, the Branches allow for travel within their own budget.

Legal

16. When the Council intends to enter into a contract for the purchase of goods or services or the carrying out of works valued at \$100,000 or more, section 186 of the *Local Government Act 1989* imposes a duty on the Council by public notice either to invite tenders or expressions of interest.

Sustainability

17. The sustainability assessment shows the following:
 - 17.1. the specification clearly defines numerous service levels that are to apply to the Contract. This will make it easier for the Service Provider to ensure the required level of service is provided and to identify improvement opportunities;
 - 17.2. Council employees will benefit in that travel arrangements should become less stressful to make and will be able to be easily and consistently effected. Also, Travel Coordinators will have access to an On-Line Booking Tool that is designed to increase productivity when compared with traditional methods of effecting bookings; and
 - 17.3. travel bookings will only be able to be made in accordance with Council's Travel Policy.

Background

Current Arrangements

18. In December 2002 Council formally tendered for the provision of travel services. The services included air travel, accommodation and transport bookings for domestic and international travel.
19. The service specification detailed standards of service required to be met. The features expected including:
 - 19.1. best fare of the day (BFOD);
 - 19.2. a commitment to continuous improvement in service delivery;
 - 19.3. attractive fare structures; and
 - 19.4. other travel related services such as 24 hours per day/365 days per year availability, VIP services for Councillors and assistance with insurance and currency exchange provision.
20. The contract was awarded in May 2003 to ITG Pty Ltd (now known and trading as FCm Travel Solutions) for a two year period with an option to extend for a further year.
21. Approximately 42 Travel Coordinator positions exist across the Council administration. These staff members work in cooperation with the service provider to purchase flights and accommodation when required by Councillors and staff. A review of the number of Travel Coordinators will occur within the next three months with the objective of streamlining the bookings for travel.
22. Council Travel Guidelines and the Staff Travel Policy provide the Travel Coordinators, the service provider and the person travelling with the processes required:
 - 22.1. for travel approval and authorisation;
 - 22.2. the booking of travel;
 - 22.3. car hire and taxis;
 - 22.4. the use of a corporate credit card in relation to travel;
 - 22.5. expenses; and
 - 22.6. reporting on travel activity.
23. As part of the performance standards within service specifications there has been a requirement of the service provider to provide quarterly and an annual reports in relation to travellers, the services provided, i.e. domestic air, international air, accommodation, ground transportation, dates of travel, fare class booked, destinations and cost to Council.
24. FCm Travel Solutions have worked with the contract manager to continuously improve the services provided and reduce the cost to Council. Cost reductions have been achievable by sourcing best fare of the day, working with travel coordinators to make bookings as early as possible and using on-line booking systems with airlines.

Proposed Arrangements

25. The proposed arrangement is similar to the current arrangement, with the addition of the availability of a comprehensive On-line Booking Tool that can be used without the need for a credit card to effect a payment (ie. Purchase Order numbers will be sufficient).

Rationale for putting out to tender

26. In recognition of the public interest in the travel of both Councillors and City of Melbourne staff and the significant changes in the travel industry, particularly in regards to technology, since the last Invitation to Tender was developed (December 2002), the Service Specification was comprehensively reviewed to reflect the current industry approach and provides for detailed reports on all travel being provided to the contract manager on a monthly basis.

Expected Outcomes

27. Council's travel requirements will be effected easily, consistently and cost effectively. Travel arrangements will be made in accordance with Council Travel Guidelines and the Staff Travel Policy. Detailed information reports will be available for consolidation into meaningful and timely management information.
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Attachment:

1. Tender Evaluation Summary Scoresheet



TENDER EVALUATION SUMMARY SCORESHEET

Contract Name: Provision of Travel Management Services
Contract No. 3316

Insert Highest Possible Score (required to automatically calculate weighted score)

10

Evaluation Criteria	Weighting	FCm Travel Solutions		Orient Express Travel Group	
		Score	Weighted Score	Score	Weighted Score
Cost	45	10.00	45.00	5.62	25.29
Experience and Capability	20	7.00	14.00	5.00	10.00
Plan for Proposed Goods	35	8.00	28.00	5.00	17.50
TOTAL	100		87.00		52.79
TENDERER RANKING ...		1		2	

FINANCE ATTACHMENT

TENDER EVALUATION REPORT: PROVISION OF TRAVEL MANAGEMENT SERVICES

Funding of \$641,425 has been provided in the 2005/06 budget for local and overseas travel.

Joe Groher
Manager Financial Services

LEGAL ATTACHMENT

TENDER EVALUATION REPORT: PROVISION OF TRAVEL MANAGEMENT SERVICES

When Council intends to enter into a contract for the purchase of goods and services valued at \$100,000 or more, section 186 of the *Local Government Act 1989*, (“the Act”) imposes a duty on the Council by public notice either to invite tenders or to invite expressions of interest.

Where a Council seeks expressions of interest, the Council must, when ready to enter into the contract, invite tenders from some or all of those who registered their interest in undertaking the contract.

The Act does not require Council to accept the lowest tender.

Kim Wood
Manager Legal Services