

13 May 2008

**TENDER EVALUATION REPORT: MANAGEMENT SERVICES
FOR YARRA'S EDGE MARINA**

Division Design and Urban Environment

Presenter Graham Porteous, Manager Recreation and Waterways

Purpose

1. To seek Council approval to:
 - 1.1. award a contract to Allan Cayzer trading as ARC Marina Management for the Management Services for Yarra's Edge Marina tender; and
 - 1.2. arrange assignment of the current lease to Council from VicUrban for use of the on-shore facilities located at 84A Lorimer Street, Docklands. Council would then licence these facilities to ARC Marina Management to provide personal care facilities to berth holders and marina visitors and for use as an office from which to deliver marina management services on behalf of Council.

Recommendation from Management

2. That the Finance and Governance Committee recommend that Council:
 - 2.1. award the contract for the provision of Management Services for Yarra's Edge Marina to Allan Cayzer trading as ARC Marina Management for an initial term of two years, with an option to extend for a further two years upon satisfactory achievement of all key performance indicators, for a contract sum of \$153,723 per annum subject to the availability of the premises used for the Marina Office located at 84A Lorimer Street, Docklands ("Premises");
 - 2.2. note the Premises are currently made available through a lease from Kelvin Trail Pty Ltd to VicUrban ("Lease") which expires on 31 December 2029. The rental for the year 1 January 2008 to 31 December 2008 is \$34,611.20; increasing annually by 4%; and
 - 2.3. approve the Council entering into an assignment of the Lease with VicUrban allowing the Council to make the Premises available to the contractor for the Management Services for Yarra's Edge Marina contract, on the basis the contractor will assume responsibility for the Council's obligations under the Lease during the term of the contract

Background

3. The Yarra's Edge Marina is located on the south side of the Yarra River, adjacent to MIRVAC's Yarra's Edge residential development at Docklands (see Attachment No. 1). The marina was constructed by MIRVAC, has been operating since January 2005, and consists of 149 private, 25 public and one commercial berth. As a component of the transition of responsibility from VicUrban to Council, Council became the owner of the marina.

4. The Yarra's Edge Marina provides on-shore personal care facilities to berth holders and marina visitors including bathrooms, a lounge, kitchen and laundry commensurate with facilities offered to berth holders/members of sailing and boat clubs at other marinas around Australia.
5. Council seeks to engage a service provider that has the commitment, experience and capability to provide an all inclusive and effective marina management service for the Yarra's Edge marina and associated on-shore facilities.

Current Arrangements

6. The current contract, between Council and the service provider commenced on 1 July 2007 has a term of one year, and expires on 30 June 2008. The services are offered 7 days a week for all but two days of the year. The current management fee is \$70,000 per annum. ARC Marina Management is the current contractor for this service.
7. ARC Marina Management was initially engaged by VicUrban and has been operating the Yarra's Edge Marina since January 2005. This service, along with the marina infrastructure and Committee of Management responsibility for the sea-bed, was transferred to the City of Melbourne as part of the Docklands municipal transition.
8. The on-shore facilities are currently leased by VicUrban from Kelvin Trail Pty Ltd. All rent and outgoings from the lease are funded from the marina operating budget.
9. This report is seeking approval for the assignment of this lease to Council. Council will then enter into a licence with the successful tenderer for the period of the contract for the use of these facilities.

Rationale for putting out to tender

10. A review of the above contract has been conducted following its transfer from VicUrban on 1 July 2007. The review confirmed that the best method of obtaining the services is to purchase them from a service provider under a tender process for a limited contract period. The limited period will enable the service to be monitored for efficiency and effectiveness. The review also concluded that the services are likely to be of interest to service providers. The existing VicUrban contract was extended to 30 June 2008 in order for the tendering process to be undertaken by the City of Melbourne.

Current and Proposed Management Fees

11. The current management fee includes the costs of the marina manager only, as was the arrangement under the contract with VicUrban.
12. To ensure that all staffing costs associated with the delivery of this service are captured, the tender requested companies to submit a management fee to operate the service which included the costs of the marina manager, administrative services and professional services/accounting fees. ARC Marina Management submitted a management fee of \$123,490 as part of their tender based on this requirement.
13. The panel subsequently determined that the costs of Dockmaster (which appear in the operating budget provided in the tender) should also be included in the management fee. Thus, the total fee for managing this service by ARC Marina Management is \$153,723.
14. It should be noted that the costs of administrative services, professional services/accounting fees and Dockmaster are incorporated within the operating budget of the current contract. There is therefore no impact on the overall operating budget or individual berthing fees by bundling these costs into the management fee.

Tender Evaluation Process

Invitation to Tender

15. Tenders for the Management Services for Yarra’s Edge Marina contract closed on 12 March 2008 after a four week tender preparation period. No late tenders were received. The tenderers submitted the following management fee for the first year of the contract:

- 15.1. ARC Marina Management \$123,490
- 15.2. Advanced Marina Management \$100,000

Evaluation Criteria and Weighting System

16. The evaluation criteria used to assess tenders and the associated weightings applied were:

Criteria	Weightings
<p>Cost</p> <p>Lump Sum Price and Cost Breakdown</p>	<p>50 %</p>
<p>Experience, Capability & Past Performance</p> <p>Company Organisational Structure Resource Capacity Core Business and Main Client Base Current Commitments Marina Management Experience and Capability Commitment to Achieving the Services Claimed Expertise Past Performance, Referee Contacts and Current Commitments Environmental Sustainability Management</p>	<p>30 %</p>
<p>Plan for Proposed Services</p> <p>Work plan and methodology Proposed Organisational Structure On-Site Management and Resources Off-Site Management Support, Services and Systems Innovation and Technology Continuing Availability of Resources Contract Control and Reporting Systems Relationship Management Environmental Plan Nominated Project Personnel Sub Contractors Risk management</p>	<p>10 %</p>
<p>Quality Assurance</p> <p>Commitment to Quality Assurance Proposed Quality Assurance Processes</p>	<p>5 %</p>
<p>Occupational Health & Safety</p> <p>Commitment to OH&S Proposed OH&S Processes</p>	<p>5 %</p>

17. At its first meeting, the TEP agreed on an evaluation system for the tenders. It was agreed that a score of less than five (5) for any of the non-financial criteria (Experience, Capability and Past Performance, Plan for Proposed Services, Quality Assurance and OH&S) could expose Council to significant business interruption and reputational risks.
18. A summary of the perceived strengths and weaknesses of the tenderers and the scores assessed were documented by the TEP and are summarised below. The relative ranking of tenderers, as determined from the total weighted scores, is shown on the Tender Summary Worksheet that is provided as Attachment No 2.
 - 18.1. ARC Marina Management
 - 18.1.1. demonstrated an outstanding level of experience and capability to manage the services;
 - 18.1.2. submitted a well documented and highly credible plan for the services which proposed excellent on-site and off-site management systems, a clear understanding of the level of resources required to deliver the services and demonstrated capacity and flexibility to cater for the changing needs of customers;
 - 18.1.3. company strives to deliver best practice marina management. Their tender demonstrated that the marina manager is a leader in marine industry and its development, particularly in the area of environmental management; and,
 - 18.1.4. displayed a robust focus on quality through a systematic (albeit uncertified) approach and a strong commitment to OH&S with certified systems in place.
 - 18.2. Advanced Marina Management
 - 18.2.1. demonstrated that the company had experience in marina management but the tender did not articulate their experience and capacity to deliver the services in their tender submission;
 - 18.2.2. the tendered plan did not detail the organisational structure that would be applied to the service, the tender did not nominate project staff for this service and the plan for off-site management support was insufficient compared with the other tenderer;
 - 18.2.3. tenderers were requested to articulate their approach to innovation and technology, continuous improvement, proposed sub-contractors and relationship management. This tenderer either did not address these criteria or provided information that was considered unacceptable by the panel. Further, no information on flexibility of resources for holidays, illness or increased demand for services was received; and,
 - 18.2.4. the tender did not demonstrate that there was a structured OH&S system in place. Further, it was difficult to determine what quality systems would be applied to the project. An initial risk assessment was not supplied in the submission.
19. Advanced Marina Management submitted a proposed plan which was considered 'unacceptable' by the TEP. The TEP also agreed that the Quality Assurance and OH&S systems were inadequate.
20. The Conditions of Tendering state that :

'a tender may not be considered for award unless the Tenderer is evaluated as having and acceptable level of performance for all relevant categories.'
21. Advanced Marina Management did not demonstrate that the services could be delivered according to the specification and could not be considered for award.

Performance Measurement

22. The service provider is required to meet with the contract manager on a monthly basis and provide a monthly management report which provides up to date financial, environmental, maintenance and usage information.
23. The following key performance indicators for this contract will be discussed annually at a review meeting with the successful tenderer:
 - 23.1. effective management of the marina operating budget to approved accounting standards;
 - 23.2. effective management of the marina operating budget to achieve the agreed surplus each year;
 - 23.3. delivery of completed reports, registers and plans at the designated times (as outlined in the specification) which demonstrate the effective management of the Marina; and,
 - 23.4. third party comments regarding service quality.
24. The performance of the service provider will be measured by:
 - 24.1. achievement of indicators 23.1 and 23.2 (above);
 - 24.2. delivery of data for indicator 23.3 (above); and,
 - 24.3. positive and negative comments identified in 23.4 (above).

Council Assets and Offsets

25. Council is the owner of the marina infrastructure required to deliver this service. Council is also Committee of Management for the sea bed in this section of the Yarra River and therefore has direct responsibility for all leasing arrangements. The marina office is leased by VicUrban from Kelvin Trail Pty Ltd. An assignment of the lease from VicUrban to Council is necessary so Council can issue a licence to the successful tenderer for the space.

Pecuniary Interest and Probity Statement

26. No member of the evaluation panel has a pecuniary or personal interest in the tenders or contract.
27. 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.
28. 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.

Time Frame

29. The current contract is due to expire on 30 June 2008. Should Council approve the awarding of this contract, the contract will be executed by 30 June 2008.

Relation to Council Policy

30. 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.

Finance

31. No formal Council budget is allocated against this service. The tender specification requires the marina manager to submit for approval to Council an annual budget. The budget sets all berthing fees at a level which funds staffing and operating costs, including the tendered management fee to ensure a cost neutral or surplus budget is achieved. Assessment of financial performance is validated as part of monthly contractor review meetings. Any surplus amounts are held by the City of Melbourne as a sinking fund for future maintenance requests.

Legal

32. 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 to invite expressions of interest.

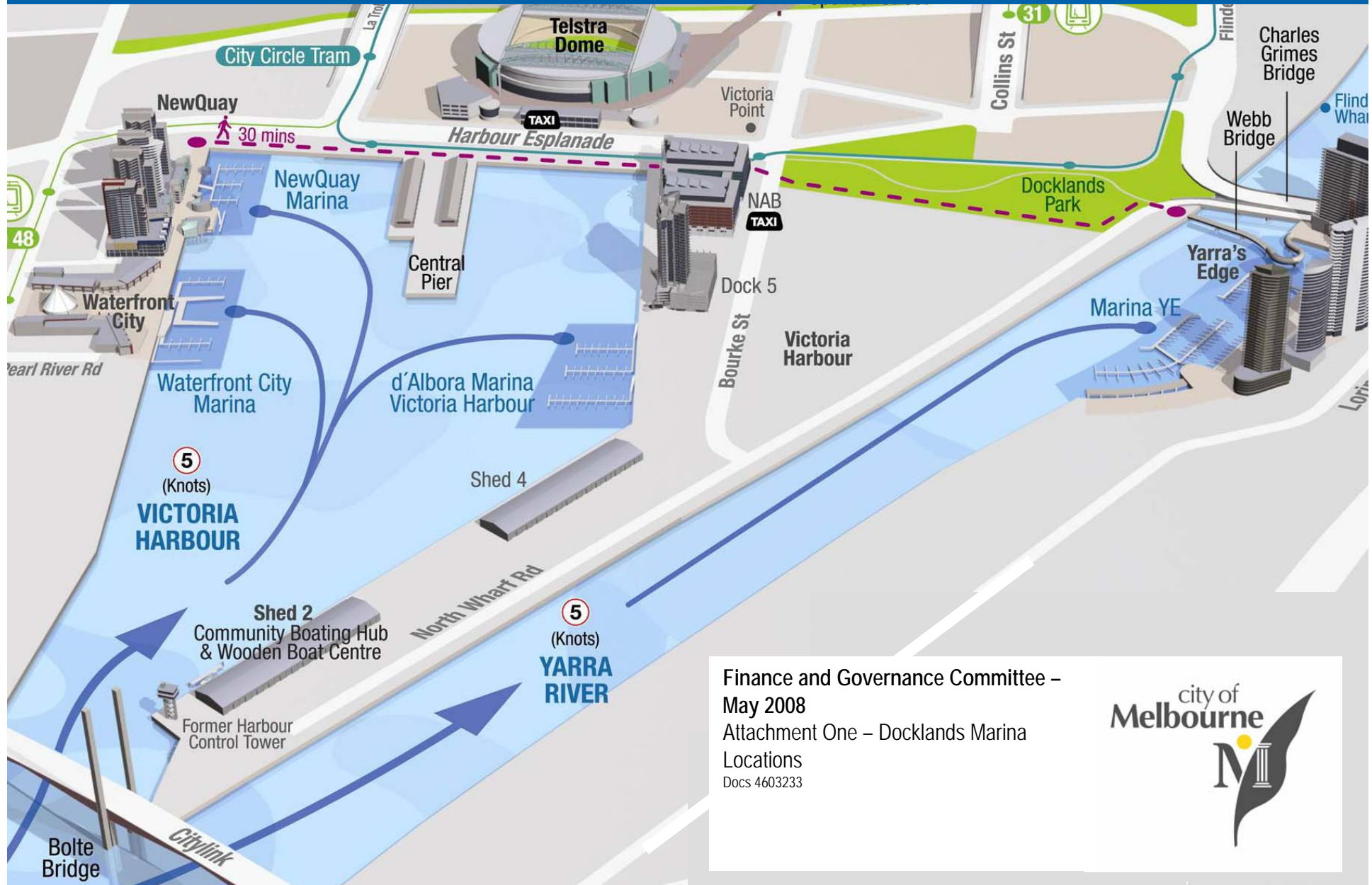
Sustainability

33. The tenderer satisfies triple bottom line indicators in the following ways:
 - 33.1. Social – providing services to enable the continued enjoyment of the Yarra’s Edge Marina by residents, berth owners, visitors and all waterway users through the provision of an effective and efficient management service; and
 - 33.2. Environmental - The services to be provided complies with the Yarra’s Edge Marina Operations and Environmental Management Plan and maintains the marina in a safe and attractive condition.
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Attachments:

1. Plan of Docklands Marinas
2. Tender Summary Worksheet

Docklands – Marina Locations



Finance and Governance Committee –
May 2008
Attachment One – Docklands Marina
Locations
Docs 4603233



TENDER EVALUATION SUMMARY

Contract Name:	Management Services for Yarra's Edge Marina
Contract No.	3362

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

10

Evaluation Criteria	Weighting	AMM		ARC	
		Score	Wgtd Score	Score	Wgtd Score
Cost	50	100.00	50.00	66.30	33.20
Experience, Capability and Past Performance	30	5.72	17.16	8.20	24.60
Plan for Proposed Services	10	2.00	2.00	8.10	8.10
Quality Assurance	5	3.00	1.50	7.70	3.85
OH&S	5	3.00	1.50	8.20	4.10
TOTAL	100		72.16		73.85
TENDERER RANKING		2		1	

FINANCE ATTACHMENT

**TENDER EVALUATION REPORT: MANAGEMENT SERVICES FOR YARRA'S EDGE
MARINA**

Under the current arrangement the costs of administrative services, professional services/accounting fees and Dockmaster are incorporated within the operating budget of the current contract. There is no cost impost of the service to the Council.

Joe Groher
Manager Financial Services

LEGAL ATTACHMENT

**TENDER EVALUATION REPORT: MANAGEMENT SERVICES FOR YARRA'S EDGE
MARINA**

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* ("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