

## Management report to Council

Agenda item 6.3

### Portable communication network and equipment services contract: 3532

Council

Presenter: Geoff Robinson, Manager Engineering Services

28 July 2015

#### Purpose and background

1. The purpose of this report is to award a tender for the provision of portable communication network and equipment services for three years with an extension option of up to two years.
2. The contract provides for the supply and maintenance of the portable communication network and equipment primarily used by On-street Compliance Services and the Security Control room. The current service provider for this service is Crosscom Pty. Ltd (Crosscom).
3. The current contract expires on 31 July 2015. The tender was advertised in 'The Age' newspaper on Saturday 9 May 2015. A single tender submission was received by the incumbent provider. This tender was compliant. The submission also included an alternative offer as a non-compliant tender.
4. The weightings of the evaluation criteria were declared in the invitation to tender documents, and were Cost (60 per cent), Experience and Capability (20 per cent) and Plan for Proposed Service (20 per cent).
5. The tender evaluation summary is contained in Attachment 1.

#### Key issues

6. Crosscom's compliant tender fully meets the requirements of the specification. This option involves purchasing radios and associated equipment in year one of the contract. The maintenance of the network and equipment is undertaken as a lump sum. The non-compliant tender was the same except that Council would lease the radios rather than purchasing them. The tender evaluation panel evaluated both submissions separately to determine the best value for money to Council.
7. The tender evaluation panel interviewed Crosscom who satisfied the panel that they were capable of performing the service. Good references were received from nominated referees.
8. The year one lump sum price for maintenance of the network and equipment in the compliant tender is \$71,676, which compares favourably with the current contract (current value is \$135,000 per annum). A schedule of rates for reactive maintenance and the purchase of new radios and associated equipment is estimated to cost \$255,964 in year one, bringing the total cost to \$327,640. The estimated cost for the three year contract term is \$481,492. This assumes minor capital purchases in years 2 and 3.
9. The year one lump sum price for leasing and maintenance of the network and equipment in the non-compliant tender is \$176,966. A schedule of rates for the purchase of associated equipment not included in the lease fee is estimated to cost \$50,484 in year one, bringing the total cost to \$227,450. The estimated cost for the three year contract term is \$581,382.
10. Crosscom is recommended as the preferred tenderer with their compliant tender. The price offered represents the best value for money and satisfies the requirements of the contract. Crosscom are the incumbent provider who has proven to be a reliable and innovative operator. They are the largest Motorola dealership in Melbourne, which ensures timely resolution of any faults through the Motorola network used for this service.

#### Recommendation from management

11. That Council awards the contract for the provision of portable communication network and equipment services to Crosscom Pty Ltd for a term of three years commencing on 1 August 2015 for a year one contract sum of \$327,640 (based on year one lump sum and schedule of rates items), with an option to extend the term of the contract by a further two years and otherwise in accordance with the negotiated terms and conditions of contract.

#### Attachments:

1. Supporting Attachments

**Supporting Attachment****Legal**

1. Pursuant to section 186 of the *Local Government Act 1989* before a Council enters into a contract for the purchase of goods or services to the value of \$150,000 or more (levels increased by Order in Council dated 7 August 2008), the Council must give public notice of the purpose of the contract and invite tenders from persons wishing to undertake the contract.

**Finance**

2. The first year lump sum operating cost of the contract is \$71,676, which can be accommodated within the 2015-16 operating budget allocation of \$135,490.
3. The estimated year one capital cost to purchase new radios and associated equipment is \$255,964, which can be accommodated within the 2015-16 capital budget allocation of \$305,000.
4. The Motorola Zeon communication network is planned to change operating frequency between 2019 - 2021. Prior notification will be provided by the Australian Communications and Media Authority. This outcome will require upgrading portable radio handsets, associated radio accessories and equipment and finding a new operating system when the time arises. A financial sensitivity analysis was undertaken to carefully examine the leasing options for the radios compared to current cost of ownership arrangements. The analysis concluded that during the three year contract term, Council will be financially better off by continuing to procure and upgrade radios as per the current arrangement.

**Tender evaluation summary**

5. The membership of the tender evaluation panel (TEP) was as follows:

<b>Title and/or company</b>	<b>Generalist or Nominated Speciality</b>	<b>Full / Advisory Member</b>
Principal Engineer Services, CoM	Technical (Chair)	Full
Team Leader Security Services, CoM	Technical	Full
Coordinator Security Services, CoM	Technical	Full
Program Manager Compliance, CoM	Technical	Full
Procurement Specialist, CoM	Probity	Advisory
Financial Assessment officer , CoM	Financial	Advisory

All members of the TEP have completed and signed the Discloseable Interests and Confidentiality Declaration.

6. The summary of final scoring for the tenderers is shown below:

Summary of final scoring				
Company	Price	Financial score	Non-financial score	Total score
<b>Crosscom Pty Ltd</b> Conforming Tender	<b>\$481,492</b>	<b>60</b>	<b>33.68</b>	<b>93.68</b>
<b>Crosscom Pty Ltd</b> Non-Conforming Tender	\$581,382	49.69	33.50	83.19

**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 direct interest in relation to the matter of the report. Whilst a perceived indirect interest was declared by some panel members, this was deemed by the probity advisor to have no impact on the evaluation.

**Stakeholder consultation**

8. Extensive consultation has been undertaken internally within Council operations, especially between On-street Compliance Branch and Engineering Services, who are the principal beneficiaries of this service. The continuation of the service by the incumbent service provider will have no impact on day to day operations.

**Relation to Council policy**

9. From the Council Plan 2013-2017 the following goals are supported:
- 9.1. Goal 1: 'A City for People': The tender encourages innovation and continuous improvement by strengthening safe city environs and enabling a continuous radio communication network between Council's On-street Compliance Officers, the Security Control Room and Dispatch Unit. This aspect directly benefits public safety and emergency management responses. The TEP consider that Crosscom has demonstrated expertise, skills and capabilities to deliver the service requirements to meet this City Plan objective.
  - 9.2. Goal 5: 'An eco-city': The Service Specifications and tender submission incorporate environmentally sustainable work practices with regards to the Green Scheme Battery recycling program and recycling all the paper based packaging.
  - 9.3. Goal 6: 'A connected city': The Service Specifications provides essential operational equipment to support compliancy with Council's parking restrictions and general By-laws. In particular, the service underpins movement in and around the city by allowing all visitors, tourists and general public to have fair and equitable access to the vast parking facilities throughout the municipality.
  - 9.4. Goal 7: 'Resources are managed well': The tender submission received for this contract is based on a lump sum and schedule of rates that will deliver further cost savings to Council in relation to contract management expenditure. The services to be performed and associated expenditure will be in accordance with existing budget constraints.

**Corporate social responsibility**

10. This is a specialised technical service field that requires a Channel Partnership with Motorola. There is limited opportunity to enter into any social enterprise agreements. The tenderer has an excellent recycling program in place for the return of old equipment and batteries for recycling and disposal. They also provide radio equipment and networks at cost price for selected not for profit organisations that require this service.