

# Reports of the City Works Committee Meeting held at 7.30pm on Tuesday, 9 August 2016.

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## APOLOGIES

## ACKNOWLEDGEMENT OF LAND

## DECLARATIONS OF INTEREST

### Pecuniary Interests

### Non Pecuniary – Significant Interests

### Non Pecuniary – Less than Significant Interests

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## **Minutes of the City Works Committee held on 9 August 2016**

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**Present**

- His Worship the Mayor, Councillor P Hawker
- Councillor S Dobson (Chairperson)
- Councillor F Borg
- Councillor G Brticevic
- Councillor A Chanthivong
- Councillor W Glynn
- Councillor P Lake
- Councillor C Mead
- Acting Director Business Services - Mrs S Peroumal
- Acting Director Community Services - Mrs J Uluibau
- Director City Works - Mr W Rylands
- Acting Manager Assets and Supply Services - Mr K Stares
- Manager Emergency Management and Facility Services - Mr R Blair
- Manager Financial Services - Mrs C Mears
- Manager Healthy Lifestyles - Mr M Berriman
- Manager Library Services - Mr G White
- Manager Operational Services - Mr A Davies
- Manager Property Services - Mr J Milicic
- Manager Technical Services - Mr K Lynch
- Executive Assistant - Mrs J Worden

**Apology** Nil

### **Acknowledgement of Land**

An Acknowledgement of Land was presented by the Chairperson Councillor Dobson.

### **DECLARATIONS OF INTEREST**

There were no Declarations of Interest at this meeting.

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## **1. TECHNICAL SERVICES**

**No reports this round**

## **2. OPERATIONAL SERVICES**

**No reports this round**

## **3. ASSETS AND SUPPLY SERVICES**

### **3.1 T16/17 Heating Ventilation and Air Conditioning System at Campbelltown Arts Centre**

#### **Reporting Officer**

Manager Assets and Supply Services and Manager Sustainable City and Environment

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#### **Attachments**

Nil

#### **Purpose**

To advise Council of the tenders received for the upgrade of the Heating Ventilation and Air Conditioning (HVAC) system at the Campbelltown Arts Centre and recommend that Council decline to accept any of the tenders received and enter into negotiations with five nominated organisations.

#### **History**

The current air conditioning units at Campbelltown Arts Centre are beyond their economic life. A need was identified to replace these units with a new centralised energy efficient system including associated building works and electrical upgrades.

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## **Report**

### **Legislation**

This tender process was conducted in accordance with the *Local Government Act 1993*, the *Local Government (General) Regulation 2005* and Council's Procurement Policy and Procedures.

### **Advertising of Tenders**

Tenders were advertised in The Sydney Morning Herald, The Macarthur Advertiser and The Macarthur Chronicle in the weeks commencing 16 and 23 May 2016. Tenders were also advertised on Tenderlink and Council's website. The Ingleburn and Campbelltown Chambers of Commerce and Industry were notified.

### **Mandatory Tender Briefing**

A mandatory tender briefing was held at the Campbelltown Arts Centre to give any potential tenderers an understanding of the project requirements. The briefing included an inspection of the existing plant. The following organisations attended the tender briefing:

- FDC Mechanical Services Pty Ltd
- Setpoint Mechanical Services Pty Ltd
- Ultimate 1 Air Conditioning Pty Ltd

Following the site inspection, but prior to the closing of tenders FDC Mechanical Services Pty Ltd advised that they would not be tendering for the services as their current work schedule commitments conflicted with the installation timeframes proposed by Council at the briefing.

### **Tender Document**

Organisations were requested to submit the following information with their tender:

- company details
  - references
  - company experience, particularly as they relate to these services
  - details of any subcontractors and their experience, particularly as they relate to the services
  - program and methodology
  - technical data
  - pricing
  - insurances
  - environmental practices
  - Work Health and Safety management systems
  - conflict of interest declaration
  - collusive submission declaration
  - additional terms of contract, if proposed.
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### **Tenders Received**

Tenders closed on Tuesday 31 May 2016. Two on-time responses were received from the following organisations:

- Setpoint Mechanical Services Pty Ltd
- Ultimate 1 Air Conditioning Pty Ltd

### **Evaluation Process**

The Evaluation Panel, consisting of officers from Sustainable City and Environment, Assets and Supply Services, and an independent Mechanical Engineering Consultant evaluated the tenders against the following weighted assessment criteria:

- experience of the company and any subcontractors
- program and methodology
- technical data
- price
- work health and safety
- environmental systems.

When undertaking the evaluation, it became apparent that the tenderers may not have fully understood Council's requirements for each component (e.g. electrical, building, ductwork etc.). Both tenders exceeded Council's budget. The pricing of each component of both tenders differed quite substantially from each other tender and from the consultant's initial estimates.

Whilst conducting routine company searches on the tenderers during the evaluation period it was discovered that Setpoint Mechanical Services Pty Ltd had been placed under external administration.

The Evaluation Panel considered Council may achieve significant cost savings with adjustment to the specification to exclude certain componentry and clarification of any points of uncertainty.

The Evaluation Panel considered it appropriate that Council decline to accept the tenders in accordance with clause 178(1)(b) *Local Government (General) Regulation 2005*. As Council continues to require the upgrade of the HVAC system at the Campbelltown Arts Centre, the Evaluation Panel recommend entering into negotiations with a view to entering into a contract in relation to the subject matter of the tender in accordance with clause 178(3)(e) *Local Government (General) Regulation 2005*.

Clause 178(3)(e) allows a council to "enter into negotiations with any person (whether or not the person was a tenderer)" following a resolution to that effect. Considering Setpoint Mechanical Services Pty Ltd's recent demise, the pool of competition is insufficient to undertake a productive negotiation process. Therefore, the Consultant participating in the Evaluation Panel recommended a number of organisations with the requisite experience in works commensurate with the size and technical nature of the Campbelltown Arts Centre's HVAC installation.

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### 3.1 T16/17 Heating Ventilation And Air Conditioning System At Campbelltown Arts Centre

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The organisations recommended to be invited in the negotiations are as follows:

- Austral Air Conditioning Services Pty Ltd
- Clarke & Wootton Pty Ltd
- FDC Mechanical Services Pty Ltd
- Midas Construction Group Pty Ltd
- Ultimate 1 Air Conditioning Pty Ltd

#### **Assurance of the Process Undertaken**

In accordance with Council's Procurement Procedures, a Tender Review Panel, consisting of members of Council's Executive reviewed the Tender to assure the process was undertaken in a manner that was fair, transparent and resulted in the best value outcome to Council.

In order to monitor and mitigate the potential negotiation risks, a negotiation protocol will be developed and a probity advisor engaged prior to the commencement of any negotiations. The negotiation will be restricted to the specifications of equipment supplied, the clarification of Council's specification and pricing for each component.

#### **Officer's Recommendation**

1. That Council decline to accept any of the tenders.
2. That Council enter into negotiations with the following organisations with a view to entering into a contract for the installation of a Heating and Ventilation Air Conditioning system at the Campbelltown Arts Centre:
  - Austral Air Conditioning Services Pty Ltd
  - Clarke & Wootton Pty Ltd
  - FDC Mechanical Services Pty Ltd
  - Midas Construction Group Pty Ltd
  - Ultimate 1 Air Conditioning Pty Ltd

The Evaluation Panel deemed there to be no benefit in inviting fresh tenders as Council has recently invited tenders for the works.

3. That the Tenderers be notified of the results of tender process.
4. That the results of the negotiation be reported to Council for its approval.

#### **Committee's Recommendation: (Brticevic/Chanthivong)**

That the Officer's Recommendation be adopted.

**CARRIED**

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**Council Meeting 16 August 2016 (Lake/Glynn)**

That the Officer's Recommendation be adopted.

**Amendment: (Hawker/Greiss)**

1. That Council decline to accept any of the tenders.
2. That Council enter into negotiations with the following organisations with a view to entering into a contract for the installation of a Heating and Ventilation Air Conditioning system at the Campbelltown Arts Centre:

- Austral Air Conditioning Services Pty Ltd
- Clarke & Wootton Pty Ltd
- FDC Mechanical Services Pty Ltd
- Midas Construction Group Pty Ltd
- Ultimate 1 Air Conditioning Pty Ltd

The Evaluation Panel deemed there to be no benefit in inviting fresh tenders as Council has recently invited tenders for the works.

3. That the Tenderers be notified of the results of tender process.
4. That the results of the negotiation be reported to Council for its approval.
5. That Council seek legal advice to determine if any additional companies can be approached to participate in the negotiations.

**WON** and became the Motion

**Council Resolution Minute Number 137**

1. That Council decline to accept any of the tenders.
2. That Council enter into negotiations with the following organisations with a view to entering into a contract for the installation of a Heating and Ventilation Air Conditioning system at the Campbelltown Arts Centre:

- Austral Air Conditioning Services Pty Ltd
- Clarke & Wootton Pty Ltd
- FDC Mechanical Services Pty Ltd
- Midas Construction Group Pty Ltd
- Ultimate 1 Air Conditioning Pty Ltd

The Evaluation Panel deemed there to be no benefit in inviting fresh tenders as Council has recently invited tenders for the works.

3. That the Tenderers be notified of the results of tender process.
  4. That the results of the negotiation be reported to Council for its approval.
  5. That Council seek legal advice to determine if any additional companies can be approached to participate in the negotiations.
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## **3.2 T16/19 Lift Maintenance**

### **Reporting Officer**

Acting Manager Assets and Supply Services

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### **Attachments**

The following confidential attachment has been distributed to Councillors under separate cover as numerous tenderers have indicated that the contents of their tender are commercial-in-confidence:

Evaluation and Pricing Matrix

### **Purpose**

To advise Council of the tenders received for lift maintenance and recommend that Council accept the tender submitted by Kone Elevators Pty Ltd.

### **History**

Council currently has in place a contract for the maintenance of ten lifts across Council which is due to expire. As Council continues to require maintenance of lifts, a new contract is required.

### **Report**

#### **Legislation**

This tender process was conducted in accordance with the *Local Government Act 1993*, the *Local Government (General) Regulation 2005* and Council's Procurement Policy and Procedures.

#### **Contract Expenditure**

Funds for these works are allocated in Council's budget.

#### **Contract Term**

The term for this contract will be for a period of five years, from 1 September 2016 until 1 September 2021.

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### **Advertising of Tenders**

Tenders were advertised in The Sydney Morning Herald, The Macarthur Advertiser and The Macarthur Chronicle in the weeks commencing 13 and 20 June 2016. Tenders were also advertised on Tenderlink and Council's website. The Ingleburn and Campbelltown Chambers of Commerce and Industry were notified.

### **Tender Document**

Organisations were requested to submit the following information with their tender response:

- company details
- references
- company experience, particularly as they relate to these services
- details of any subcontractors and their experience, particularly as they relate to the services
- Comprehensive Lift Maintenance Proposal
- pricing
- insurances
- environmental practices
- Work Health and Safety management systems
- conflict of interest declaration
- collusive submission declaration
- additional terms of contract, if proposed.

### **Tenders Received**

Tenders closed on Tuesday 5 July 2013. Two on-time responses were received from the following organisations:

- Kone Elevators Pty Ltd
- Otis Elevator Company Pty Ltd.

### **Evaluation Process**

The Evaluation Panel, consisting of officers from Assets and Supply and Community Resources and Development evaluated the tenders against the following weighted assessment criteria:

- experience of the company
- proposed service inclusions/maintenance proposal
- suitability of pricing
- work health and safety
- environmental commitment.

The Evaluation Panel used Council's standard 0-10 scoring system for all non-pricing criteria with 10 being the highest score.

The Work Health and Safety and Environmental Practices criteria were assessed on the basis of unsatisfactory, satisfactory or exceptional.

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The scoring of tendered prices was determined on the annual total for servicing all lifts.

### **Recommendation of the Evaluation Panel**

Kone Elevators Pty Ltd is recommended for lift maintenance as they:

- provided comprehensive details of experience in similar services
- detailed a satisfactory maintenance proposal
- provided a competitive price
- have provided a satisfactory service to Council in the past
- provided details of satisfactory WHS management and environmental systems

### **Tender Not Recommended**

Otis Elevator Company Pty Ltd is not recommended as they did not provide comprehensive details of their experience in similar works and details of their maintenance proposal were not as comprehensive as the recommended Tenderer.

### **Assurance of the Process Undertaken**

In accordance with Council's Procurement Procedures, a tender review panel, consisting of members of Council's Executive reviewed the tender to assure the process was undertaken in a manner that was fair, transparent and resulted in the best value outcome to Council.

### **Management of Proposed Contract**

The contractor will be subject to contract management and safety reviews throughout the duration of the contract in accordance with Council's contract management requirements.

### **Officer's Recommendation**

1. That Council accept the offer of Kone Elevators Pty Ltd for the provision of lift maintenance for a period of five years from 1 September 2016.
2. That the Contract documents be executed under the Common Seal of Council.
3. That the unsuccessful Tenderer be notified of the results of tender process.

### **Committee's Recommendation: (Borg/Glynn)**

That the Officer's Recommendation be adopted.

### **CARRIED**

### **Council Meeting 16 August 2016 (Lake/Glynn)**

That the Officer's Recommendation be adopted.

### **Council Resolution Minute Number 137**

That the Officer's Recommendation be adopted.

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#### **4. EMERGENCY SERVICES**

**No reports this round**

#### **5. GENERAL BUSINESS**

Nil.

#### **Confidentiality Motion: (Glynn/Brticevic)**

That the Committee in accordance with Section 10A of the *Local Government Act 1993*, move to exclude the public from the meeting during discussions on the items in the Confidential Agenda, due to the confidential nature of the business and the Committee's opinion that the public proceedings of the Committee would be prejudicial to the public interest.

**CARRIED**

#### **22. CONFIDENTIAL ITEMS**

##### **22.1 Directors of Companies - City Works**

#### **Reason for Confidentiality**

This report is **CONFIDENTIAL** in accordance with Section 10A(2)(c) of the *Local Government Act 1993*, which permits the meeting to be closed to the public for business relating to the following: -

- (c) information that would, if disclosed, confer a commercial advantage on a person with whom the council is conducting (or proposes to conduct) business

#### **Motion: (Borg/Brticevic)**

That the Committee in accordance with Section 10 of the *Local Government Act 1993*, move to re-open the meeting to the public.

**CARRIED**

There being no further business the meeting closed at 7.50pm.

S Dobson  
CHAIRPERSON

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