

ITEM 15. TENDER - PROPERTY SERVICES CONSULTANT

FILE NO: S126567

TENDER NO: 1672

SUMMARY

The City of Sydney is responsible for a large and diverse mixed-use property portfolio comprising of 256 buildings/assets with replacement costs valued at over \$2 billion. This includes community (community centres/libraries), public domain, depot, aquatic centre, corporate office and investment properties/assets.

The City currently contracts Brookfield Global Integrated Services to deliver integrated property services for the City's building and property portfolio, and includes delivery of all maintenance works, the commercial management of tenants, leases, rent collection and utility management (electricity, gas, water and waste collection). The current contract with Brookfield Global Integrated Services expires in May 2017.

In February 2016, the City outlined its intention to test and challenge the existing facility and property services delivery model. Subsequently, the City engaged a technical consultant to undertake preliminary works including engagement and consultation of a variety of internal and external stakeholders and industry experts to identify current service gaps and potential improvement and develop the optimum delivery model for the City.

The above preliminary works have identified that the City can extract better market value through:

- developing a disaggregated contract model splitting the property services contract into separable contracts delivering facility management (maintenance) and property management (leasing and utilities) separately; and
- expanding the procurement process to include an Expression of Interest and early contractor involvement tender processes, given the complexity of the City's property portfolio.

To do this, additional pre-tender works are required. In October 2016, the City ran an open competitive tender process to engage a technical consultant to deliver this additional technical and commercial documentation, support through the expanded property services tender process, tender analysis and recommendation and transition support post engagement under the new model.

Tenders for technical consulting services closed on 8 November 2016, assessed and recommendations made as per confidential Attachment A. This report recommends that Council accept the tender offer of Tender 'A' for the property services technical consultant.

The key contract terms/contract model for the provision of facility management (maintenance) and property management (leasing and utilities) services will be brought back to Council for consideration and approval prior to undertaking the tender processes (as referred to above).

RECOMMENDATION

It is resolved that:

- (A) Council accept the tender offer of Tenderer 'A' for property services technical consultant engagement; and
- (B) authority be delegated to the Chief Executive Officer to negotiate, execute and administer the contracts relating to the tender.

ATTACHMENTS

Attachment A: Tender Evaluation Summary (Confidential)

(As Attachment A is confidential, it will be circulated separately from the agenda paper and to Councillors and relevant senior staff only.)

BACKGROUND

1. In May 2008, the City of Sydney appointed the services of a tier 1 property services provider, Brookfield Global Integrated Services, to provide total property management services on its behalf. This appointment covered a period of five years, with two optional extensions of two years each. The contract has now reached its final extension and the City needs to prepare for the next tendering cycle.
2. The contract with Brookfield Global Integrated Services includes maintenance management, leasing management and utility management.
3. In February 2016, the City outlined its intention to test and challenge the existing facility and property services delivery model for its property portfolio and commenced preliminary works, appointing MBMpl Pty Ltd. The first stage of services involved the engagement and consultation of a variety of internal and external stakeholders and industry experts to identify the optimum delivery model for the City. As a result of this process, it became apparent that the current integrated delivery model could be further enhanced by separating facilities management and property management into separate contracts to procure best of class service providers. This will have numerous benefits, including improved services and better financial outcomes for the City.
4. The City also intends to undertake early market engagement through running an expression of interest process and an early contractor involvement process. This process exposes potential respondents to the proposed contract mode, project execution sequencing and timing as well as proposed scope and scale of the required services. Adopting this early market engagement ensures best value response from due to market prior knowledge and the engagement of potential respondents in the tender process.
5. As a result, the City extended the scope of property technical consultancy services to include the expanded procurement process and the revised two stream procurement model, separating facility management from property management, and also adding further scope to ensure stakeholder engagement and services transition management.

INVITATION TO TENDER

6. Tenders were advertised in The Sydney Morning Herald, The Daily Telegraph and council's E-Tender website on 18 October 2016, with submissions closing on Tuesday 8 November 2016.

TENDER SUBMISSIONS

7. Four submissions were received from the following organisations (listed alphabetically):
 - Grosvenor Management Consulting Pty Ltd
 - MBMpl Pty Ltd
 - Rider Levett Bucknall NSW Pty Ltd
 - Thomas Dayal Group Pty Ltd

8. No late submissions were received.

TENDER EVALUATION

9. All members of the Tender Evaluation Panel have signed Pecuniary Interest Declarations. No pecuniary interests were noted.
10. The relative ranking of tenders as determined from the total weighted score is provided in the confidential Tender Evaluation Summary – Attachment A.
11. All submissions were assessed in accordance with the approved evaluation criteria being:
- (a) financial and commercial trading integrity including insurances;
 - (b) the lump sum price and schedule of prices;
 - (c) demonstrated capacity and technical ability to carry on similar property service engagements;
 - (d) demonstrated capability, qualifications, experience and for proposed personnel to prepare a detailed property service specification;
 - (e) capacity to achieve the required project program;
 - (f) proposed methodology; and
 - (g) Work Health & Safety.

PERFORMANCE MEASUREMENT

12. The City will manage the successful tenderer using key performance indicators to monitor their effectiveness and efficiency. These key performance indicators are:
- (a) key objectives / deliverables;
 - (b) quality of specification;
 - (c) time in line with project phases;
 - (d) reporting / PCG Attendance;
 - (e) communication; and
 - (f) WHS compliance.

FINANCIAL IMPLICATIONS

13. The project budget for the technical consultant did not allow for the additional project scope and the expanded property services tender process. It will therefore be necessary to allocate additional budget as shown in confidential Attachment A to allow the project to continue in 2016/17. The additional budget will be funded from the City Projects and Property divisional budget.

RELEVANT LEGISLATION

14. The tender has been conducted in accordance with the Local Government Act 1993, the Local Government (General) Regulation 2005 and the City's Contracts Policy.
15. Attachment A contains confidential commercial information of the tenderers and details of Council's tender evaluation and contingencies which, if disclosed, would:
 - (a) confer a commercial advantage on a person with whom Council is conducting (or proposes to conduct) business; and
 - (b) prejudice the commercial position of the person who supplied it.
16. Discussion of the matter in an open meeting would, on balance, be contrary to the public interest because it would compromise Council's ability to negotiate fairly and commercially to achieve the best outcome for its ratepayers.

KEY DELIVERY TIMEFRAMES

17. It is the City's intention to have the consultant engaged for the detailed technical specification, procurement and tender services, and contract establishment and transition management services for the new facilities and property management services contract.

OPTIONS

18. The City maintains and re-tenders the existing delivery model. This option is not recommended, as it has been shown that an integrated services model is not the most efficient for the City's portfolio.

AMIT CHANAN

Director City Projects and Property

Sherif Awadalla, Project Director Property Services Contract