

**ITEM 18. VARIATION TO CONTRACT – PARKS AND OPEN SPACE
MAINTENANCE**

FILE NO: S117045

SUMMARY

The Parks and Open Space Maintenance Contract (Contract 1314) provides park maintenance services to the City including turf, horticulture, infrastructure, park cleansing and waste services.

Council appointed Citywide Service Solutions Pty Ltd (Citywide) for the Parks and Open Space Maintenance Contract at its meeting on 29 July 2013 following public tender. Following negotiations with Citywide and in line with Contract 1314, a contract extension was exercised in October 2016, which requires variations to the contract and a revised end date of 31 March 2018. The revised end date is required to allow adequate time for specification development, market analysis and procurement processes to ensure a smooth transition to a new contract in April 2018.

Under the approved Council delegations, any cumulative contract variations in expenditure above 10 per cent of the contract sum or contingency amount must be approved by Council. Due to the number of new park and street garden sites added to the contract, the contract sum has varied by 8.2 per cent, and the additional variations requested in this report require Council approval.

Approval is sought for the following variations of the Parks and Open Space Maintenance Contract as detailed in confidential Attachment A:

- contract price and extension negotiations;
- Harold Park maintenance (staged handover); and
- contingency for additional sites and servicing.

RECOMMENDATION

It is resolved that:

- (A) Council approve the variations to the Parks and Open Space Maintenance Contract (Contract No. 1314) to provide for an increase to the overall contract price for negotiated cost increases, the addition of Harold Park, and a contingency for additional sites over the remaining contract term, as detailed in confidential Attachment A to the subject report; and
- (B) authority be delegated to the Chief Executive Officer to negotiate, execute and administer the variations to the existing contract.

ATTACHMENTS

Attachment A: Summary of proposed variations (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. The Parks and Open Space Maintenance Contract 1314 (the contract) delivers maintenance services for the parks and open spaces within the northern area of the City of Sydney local government area, including the CBD and suburbs in the Glebe, Forest Lodge, Camperdown, Chippendale, Haymarket, Surry Hills, The Rocks, Millers Point, Pyrmont and Ultimo areas.
2. Approximately 94 hectares of parks, open space and street gardens are currently maintained under the contract.
3. Services provided under the contract include:
 - (a) turf and lawn maintenance;
 - (b) horticulture and bush restoration maintenance;
 - (c) arboriculture maintenance;
 - (d) infrastructure maintenance;
 - (e) cleansing maintenance;
 - (f) waste management;
 - (g) graffiti removal;
 - (h) vandalism repair; and
 - (i) playground inspections and minor repairs.
4. The City's parks and open spaces have faced increasing pressure and demands over the contract term due to growth in population size and density. Visitor numbers have also increased over the period leading to more usage and wear. This has led to increased servicing requirements, which has placed a strain on existing services not anticipated at the time of tender.
5. New parks and open spaces of increasing complexity (e.g. stormwater harvesting systems, rain gardens, interactive water play) have been added to the City's parks asset portfolio over the contract term. It is estimated that there will be an increase of approximately six hectares over the remaining contract term, including Harold Park.

Contract Variations

6. Council resolved to engage Citywide to deliver the contract services at its meeting on 29 July 2013 following a public tender. The contract started on 1 October 2013.
7. The contract term is for three years with a two year extension option. The initial three year term ended on 30 September 2016. The contract extension was exercised in October 2016 following negotiations with Citywide.

8. The negotiations and changes to scope for the proposed variations are outlined below and detailed in confidential Attachment A:
- (a) Contract Negotiations – contract negotiations took place between October 2016 and March 2017 as part of the contract extension process. Citywide requested an increase to the contract price and a reduction in the contract term by six months. The outcome of the negotiations was a modest increase in the contract sum as per confidential Attachment A and a change in the contract end date, now scheduled to end on 31 March 2018. Specification development, market analysis and procurement processes have commenced to ensure a smooth transition to a new contract in April 2018.
 - (b) Harold Park – a new 3.8 hectare open space at Harold Park is due for completion and staged handover from mid-2017 and will require ongoing maintenance under the contract. An increase in the contract price, in line with the approved schedule of rates, is required.
 - (c) Contingency for additional sites and servicing – new sites and additional servicing will be required over the remainder of the contract term. Anticipated new sites include:
 - (i) five sites as part of a proposed Pyrmont land transfer from the NSW Government (subject to Council approval);
 - (ii) Central Park, Chippendale;
 - (iii) Crescent Lands, Annandale; and
 - (iv) park and street garden sites transferred from private developments through voluntary planning agreements and conditions of consent.
9. Council approval is required for the proposed variations as they exceed expenditure above 10 per cent of the contract sum.

KEY IMPLICATIONS

Strategic Alignment – Sustainable Sydney 2030

10. *Sustainable Sydney 2030* is a vision for the sustainable development of the city to 2030 and beyond. It includes 10 strategic directions to guide the future of the city, as well as 10 targets against which to measure progress. This report is aligned with the following strategic directions and objectives:
- (a) Direction 2 provides a road map for the City to become a Leading Environmental Performer – the presence of green spaces counteracts greenhouse gas emissions. This request ensures that the City continues to fulfil core responsibilities to deliver safe, high quality and well-presented parks and open space.
 - (b) Direction 4 - A City for Walking and Cycling – the contract provides servicing to vital cycling and pedestrian linkages ensuring they are safe and fit for purpose.
 - (c) Direction 6 - Vibrant Local Communities and Economies – well maintained parks provide important spaces for community recreation and interaction.

- (d) Direction 9 - Sustainable Development, Renewal and Design – this proposal ensures new sustainable infrastructure and assets delivered to the City receive servicing.
- (e) Direction 10 - Implementation through Effective Governance and Partnerships – the negotiations with Citywide have been carried out with consideration to this directive, including the long-term financial sustainability of the City of Sydney.

Risks

- 11. If the additional price increase is not granted, Citywide will not be able to provide services under the contract or may exit the contract earlier. This will create a significant risk for the City, compromising the maintenance of parks and their availability to the community. It will also not allow sufficient time to go to tender. Additionally, there are not sufficient alternative resources available to provide services to the contracted area for a prolonged period.
- 12. If endorsed, the recommendations within this report will ensure service continuity and that the existing contract transitions smoothly to a new contract to commence in April 2018. This will allow adequate time for specification development and procurement processes. It is proposed to continue regular meetings with Citywide to ensure compliance with the contract over the remaining nine months of the contract term.
- 13. There is a current risk assessment including treatment strategies for the Parks and Open Space Maintenance Contract on the City's Risk Register. Contract closeout, transition, resourcing and scope changes are listed risks that are being addressed.
- 14. Treatment strategies include transition planning, regular contractor meetings, and adequate time for contract development.

Social / Cultural / Community

- 15. Park servicing and maintenance will continue, ensuring parks and open spaces remain safe and well presented for community use. Additional open space sites added to this contract will result in improved facilities and better access to open space for the community.

Environmental

- 16. Citywide is contracted to maintain the City's parks, open spaces and street gardens to comply with City's Environmental Management Plan. The contract includes elements of bush regeneration, cleansing and weed control across the City to meet environmental obligations. The maintenance services also support the delivery of green space and habitat as outlined in the Greening Sydney Plan and the Urban Ecology Strategic Action Plan.

BUDGET IMPLICATIONS

- 17. The additional funds required in the 2016/17 budget will be absorbed within City Operations. The 2017/18 budget has allowed for the proposed contract variations.

RELEVANT LEGISLATION

18. Relevant legislation for the requested increase includes the Local Government Act 1993 and Local Government (General) Regulation 2005.
19. As this Contract is in the process of re-tendering, Attachment A contains confidential commercial information 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.
20. 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.

CRITICAL DATES / TIME FRAMES

21. Time frames involved are as follows:
 - (a) Contract extension – October 2016;
 - (b) Proposed tender – October 2017;
 - (c) Contract transition – February 2018;
 - (d) Existing contract end – 31 March 2018; and
 - (e) New contract commencement – April 2018.

DAVID RIORDAN

Director City Operations

Kirsten Mawby, Contract Manager Parks Services
Joel Johnson, Manager City Greening and Leisure