

**ITEM 10. EXTENSION TO CONTRACT – PRIME WATER HYDRAULIC  
SERVICE CONTRACT**

**FILE NO: S072015.001**

**SUMMARY**

Brookfield Global Integrated Services (BGIS) and the City entered into the Property Services Agreement on 26 June 2008. Under this agreement, BGIS requires the City's approval to enter into sub-contracts for the Services.

This report provides details of a proposed extension to the existing Hydraulic Service sub-contract ("Sub-Contract") between BGIS (Property Service Provider to the City of Sydney) and Prime Water Australia (Prime Water).

On 12 March 2012, Council approved the tender of Hydraulic Maintenance Services for the City's properties. In May 2012, BGIS entered into the Sub-Contract for Hydraulic Services with Prime Water for five years (3+1+1).

On 27 February 2017, Council resolved to extend the Property Services Agreement by eight months to 28 January 2018, with a further option to extend the term by five months to 28 June 2018. To align with this extension, the City proposes to extend the term of the Sub-Contract to expire on 28 June 2018. Due to extension of this contract by another 14 months from 1 May 2017 to 30 June 2018, the contract sum will vary by 26.29 per cent and requires Council approval.

This report seeks approval to increase the total contract fee and also to extend the term of the Hydraulic Services Agreement until 28 June 2018. This extension allows for continuation of critical hydraulic services, while the new facility management services provider is appointed.

**RECOMMENDATION**

It is resolved that:

- (A) Council approve an increase in the contract sum to the incumbent Prime Water (see confidential Attachment A to the subject report for details);
- (B) Council note that the City's property services manager, Brookfield Global Integrated Services, will negotiate, execute and administer a variation to the Hydraulic Services Agreement to provide for the extension of the term in accordance with Council's approval; and
- (C) Attachment A to the subject report remain confidential in accordance with Section 10A(2)(d) of the *Local Government Act 1993*.

**ATTACHMENTS**

**Attachment A:** Variation 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. On 12 March 2012, Council approved the tender of Hydraulic Maintenance Services for the City's properties. In May 2012, BGIS (Property Service Provider to the City of Sydney) entered into the Sub-Contract Agreement for Hydraulic Services with Prime Water Australia (Prime Water) for five years (3+1+1).
2. The existing contract between BGIS and Prime Water Australia expired on 30 April 2017, and is currently being carried forward on a month by month basis pending the resolution of the Facility Management Services Contract.
3. The scope of the hydraulic services includes:
  - maintenance of hydraulic/plumbing equipment (planned and reactive);
  - roof gutter cleaning;
  - Exeloo maintenance;
  - waterless urinal servicing; and
  - servicing of specific hydraulic services in accordance with relevant Australian Standards.
4. The services of Prime Water Australia have been monitored by BGIS regularly since commencement of the contract on 1 May 2012, measuring against KPIs, and performance has been satisfactory. The most recent performance review carried out by BGIS on 26 July 2017 found that performance by Prime Water under the contract was more than satisfactory.
5. On 27 February 2017, Council resolved to extend the Property Services Agreement by eight months to 28 January 2018, with a further option to extend the term by five months to 28 June 2018. To align with this extension, the City proposes to extend the term of the Sub-Contract to expire on 28 June 2018. Due to extension of this contract by another 14 months from 1 May 2017 to 30 June 2018, the contract sum will vary by 26.29 per cent and requires Council approval.

**BUDGET IMPLICATIONS**

6. Funding is available through the City Property Services Facilities Management Services operating budget. The 2017/18 operational budget has allowed for the proposed contract variations.

**RELEVANT LEGISLATION**

7. Local Government Act 1993, Local Government (General) Regulation 2005.
8. 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.

9. 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.

**OPTIONS**

10. Proposals could be sought from the market to provide interim property contract solutions until the tender process is completed. However, sourcing a provider for a period of between eight to nine months has significant pricing and integration risks.

**AMIT CHANAN**

Director City Projects and Property

Sherif Awadalla, Executive Manager Property Services

Amarnath Reddy, Contract Manager, Property Services