

ITEM 8. TENDER - TREE MAINTENANCE SERVICES

FILE NO: X007081

TENDER NO: 1743

SUMMARY

This report provides details of the tenders received for Tree Maintenance Services.

The tender is for the maintenance of all trees within the City of Sydney located in streets, Council-owned properties and some parks. The key services to be delivered under the Tree Maintenance tender include:

- tree inspection and assessment;
- tree pruning;
- tree base maintenance;
- tree removal;
- tree planting and establishment;
- tree root inspection and maintenance;
- tree pest and disease management;
- emergency response relating to tree incidents; and
- customer service relating to tree issues.

The tendered services are divided into two separate areas, north and south.

This report recommends that Council accept the tender offer of Tenderer A for the Northern Area Tree Maintenance, reject the tender offers for the Southern Area, and delegate authority to the Chief Executive Officer to negotiate, execute and administer the contract relating to the tender for the Southern Service Area.

RECOMMENDATION

It is resolved that:

- (A) Council accept the tender offer of Tenderer A for Tree Maintenance in the Northern Service Area for a period of five years, with the option of an extension of one year if appropriate;
- (B) Council reject and negotiate the tender offers for Tree Maintenance in the Southern Service Area;
- (C) Council not invite fresh tenders on the basis that it is unlikely a more satisfactory result would be achieved;

- (D) authority be delegated to the Chief Executive Officer to negotiate, execute and administer the contract relating to the tenders, including to exercise the option to extend the contract term and negotiate the price to extend the contracts accordingly; and
- (E) Council be informed of the successful tenderer in the Southern Service Area by CEO update prior to executing and administering the contracts relating to this tender.

ATTACHMENTS

Attachment A: Map Showing North and South Service Areas

Attachment B: Tender Evaluation Summary (Confidential)

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

BACKGROUND

1. The City of Sydney manages approximately 44,000 trees throughout the local government area (LGA), with approximately 31,500 trees located in streets, 11,900 located in parks, and 600 located within Council-owned and managed properties.
2. Trees are much loved by the community, due to an increased acknowledgement and understanding of the numerous social, environmental and economic benefits that they provide. They are one of the City's most important assets, being critical in making Sydney an attractive, healthy and liveable city. They are also an important contributor to the City's urban canopy target of 23 per cent by the year 2030, which was adopted by Council in the Greening Sydney Plan 2012.
3. Trees are large, living structures, located in high-use areas, over roads and close to buildings and other infrastructure. As a result, the City correctly places a high value on ensuring the trees are well-maintained through an annual maintenance program.
4. As tree maintenance works are high risk (working at heights, around power lines, over roads, using chainsaws and chippers), it is very important that the services are undertaken by qualified and experienced personnel, with companies that integrate industry best practices into their daily operations.
5. Street trees and property trees are currently maintained by two service providers, with Active Tree Services operating in the Northern service area and Treescape Australasia operating in the Southern service area.
6. Park trees are also currently maintained by two service providers. Citywide Service Solutions maintains trees as part of a broader park maintenance contract within the CBD and north-western suburbs of the LGA. An in-house service team is employed to maintain trees in the remainder of the City's parks.
7. An opportunity was identified to consolidate the various tree maintenance service arrangements to ensure consistent, efficient and cost-effective operations, while also maintaining flexibility, competition, and opportunity for in-house directly-employed arborists.
8. The Tree Maintenance Service was tendered as follows:
 - (a) A Northern Service Area, encompassing the proactive and reactive maintenance of all street trees, property trees and park trees (currently serviced by Citywide) within its boundaries.
 - (b) A Southern Service Area, encompassing the proactive and reactive maintenance of street trees and property trees. The servicing of park trees in this area is limited to reactive work unable to be performed by the in-house tree maintenance team.
9. The service was tendered as two separate areas, due to benefits gained from a two provider model, including competition, flexibility, knowledge sharing, and the capacity within the local market.

10. The existing in-house park tree maintenance team will continue to maintain trees within parks under their management. Service levels and performance will be monitored to ensure competitive and cost-effective operations. The tendered services provide flexibility and capacity, should the City need to amend in-house service delivery in the future.
11. The specification and other contract documentation for the service has been comprehensively reviewed to ensure it is in line with current legislative requirements, industry best practice and community expectations. While important changes have been made, the core services remain largely unchanged compared to the current services delivered.
12. A key improvement to the specification is a detailed protocol for the inspection of all trees, to ensure consistent process and documentation, and adequate management of the City's risk.
13. Other improvements include consistent asset data capture and management within the City's Corporate Asset Management System (CAMS), across all tree types and service areas.
14. The specification required tenderers to address a schedule of services for ongoing proactive inspection and maintenance programs requiring fixed annual prices (using CPI for annual increases thereafter) and a schedule of rates for reactive or programmed work of variable quantity (such as tree removal, tree planting etc.). Prices and Rates were required for both a five and seven-year contract term.

INVITATION TO TENDER

15. The tender was advertised on *Tenderlink* (the City's e-tendering system), and in *The Sydney Morning Herald* and *The Daily Telegraph* on 29 August 2017. Tenders closed on 10 October 2017.

TENDER SUBMISSIONS

16. Four submissions were received from the following organisations:
 - (a) Active Tree Services Pty Ltd;
 - (b) Citywide Service Solutions Pty Ltd;
 - (c) Treescape Australasia Pty Ltd; and
 - (d) TreeServe Pty Ltd.
17. No late submissions were received.

TENDER EVALUATION

18. All members of the Tender Evaluation Panel have signed Pecuniary Interest Declarations. No pecuniary interests were noted.
19. The relative ranking of tenders as determined from the total weighted score is provided in the Confidential Tender Evaluation Summary – Attachment B.
20. All submissions were assessed in accordance with the approved evaluation criteria, being:

- (a) the Schedule of Prices and Schedule of Rates;
- (b) demonstrated expertise, competency, experience and innovation in urban tree management;
- (c) proposed resources – personnel and subcontractors;
- (d) proposed resources – plant, equipment, depot and transition plan;
- (e) Environmental Management, Risk Management, Quality Assurance and other requirements of the Quality and Operations Plan;
- (f) Work Health and Safety performance, practices, and management; and
- (g) financial and commercial trading integrity, including insurances.

PERFORMANCE MEASUREMENT

21. The performance of the successful tenderers will be measured using monthly audits against contract-specific key performance indicators. Formal performance reviews will be conducted monthly and annually in accordance with the City's standard contract management practices.

FINANCIAL IMPLICATIONS

22. There are sufficient funds allocated for this service within the current year's capital works/operating budget and future years' forward estimates.

RELEVANT LEGISLATION

23. 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.
24. Attachment B 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.
25. 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

26. The current contracts for street tree maintenance are due to end on 2 April 2018 (Active Tree Services) and 25 April 2018 (Treescape Australasia). The current contract arrangements for park tree maintenance, with Citywide Service Solutions, have an agreement in place that allows transition of tree maintenance components in April 2018 to facilitate the commencement of this tender. If approved, the time frames are adequate to allow for successful contract transition. A deferred decision would require a monthly extension of the existing street tree maintenance contracts.

27. If approved, the contract would be for an initial period of five years, with the option of a one year extension, subject to performance and at the discretion of the City.

OPTIONS

28. The maintenance of trees is an essential service provided by the City. An ongoing proactive inspection and maintenance program identifies and effectively controls hazards associated with the trees, and ensures acceptable levels of public safety. A successful long term maintenance program ensures the gradual improvement of the tree population, enhancing the overall value of the City's urban forest and the benefits it provides. The absence of such a program would lead to unacceptable levels of risk associated with the trees and a general reduction in the benefits that trees provide.

PUBLIC CONSULTATION

29. While no public comment is required in respect of the tender, community feedback accumulated over the life of the existing contract has been incorporated into the new specification to improve customer satisfaction.
30. The successful tenderers will be required to demonstrate to the City on an ongoing basis that the delivery of services is in accordance with the specification and customer expectations.
31. The successful tenderers will be required to build and maintain a strong connection with the community during the day-to-day operations, and appropriately respond to any feedback received.

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