

**ITEM 11. TENDER - PROPERTY SERVICES CONSULTANT****FILE NO: S126567.007****TENDER NO: 1607****SUMMARY**

This report provides details of the tenders received for engagement of a Property Services Consultant.

The City of Sydney is responsible for a large and diverse mixed use property portfolio, with replacement costs valued at over \$2 billion. The portfolio comprises 243 buildings/assets including community (community centres/libraries), public domain, depot, aquatic centre, corporate office and investment properties/assets. There are in excess of 1000 agreements to administer in the management of the portfolio.

In 1996, Council adopted a strategy to competitively tender a number of its business services. As a result, a range of property related services have been successfully outsourced since 1997.

The current property service contract is due to expire in May 2017. Ahead of that date, we will review the existing property management services delivery model. To ensure the review is undertaken in accordance with current industry best practice, and appropriate specifications developed for the tender, the engagement of an external property services consultant is proposed.

This report recommends that Council accept the tender offer of Tenderer 'G' for the engagement of a Property Service Consultant, including the schedule of rates for additional services which may be required during the delivery of the project.

**RECOMMENDATION**

It is resolved that:

- (A) Council accept the tender offer of Tenderer 'G' for Property Service Consultant engagement, including schedule of rates;
- (B) authority be delegated to the Chief Executive Officer to negotiate, execute and administer the contracts relating to the tender; and
- (C) authority be delegated to the Chief Executive Officer to vary the contract in accordance with the nominated schedule of rates, if appropriate.

**ATTACHMENTS**

**Attachment A:** Tender Evaluation Summary (Confidential)

**Attachment B:** Schedule of Rates (Confidential)

**(As Attachments A and B are confidential, they will be circulated separately from the business paper and to Councillors and relevant senior staff only.)**

**BACKGROUND**

1. On 26 August 1996, Council resolved to adopt a strategy to competitively tender a number of its business services and, as a result, selected Property Services were successfully outsourced in 1997.
2. In 2007, the Property Unit, with external assistance, developed a new framework for the Strategy Asset Plan Property and undertook a detailed review of the internal structure based on the City's priorities and defined the most appropriate service delivery model.
3. As a result, in May 2008, the City of Sydney appointed Brookfield Multiplex Services to provide total property management services on its behalf. This appointment covered an initial five year contract with two, two-year optional extensions. The contract has now reached its final extension and the City is preparing for the next tendering cycle.
4. The City of Sydney has a property portfolio of 243 assets with replacement costs valued at over \$2 billion. The portfolio is a mixed use portfolio, consisting of Community (Community Centres/Libraries), Public Domain assets, Depots, Aquatic Centres, Corporate Office and Investment properties. The tenants, clients and respective stakeholders within that portfolio are also varied from internal user groups, accommodation grant tenants, external operators and commercial/retail tenants. As a result, the City is responsible for a large and diverse property portfolio located throughout the Sydney Local Government Area.
5. Ahead of the date of expiration, the City will review the existing property management services delivery model. We are seeking external assistance in undertaking this review and in the development of specifications prior to proceeding to tender.
6. Arising from the review, minor scope changes may be required to the terms of the engagement. It is proposed that authority be delegated to the Chief Executive Officer to vary the scope of the engagement to address any changes identified during the initial consultancy period in accordance with an agreed schedule of rates.

**INVITATION TO TENDER**

7. Tenders were advertised in The Sydney Morning Herald, The Daily Telegraph and Council's E-Tender website on Tuesday 12 January 2016, with submissions closing on Wednesday 3 February 2016.

**TENDER SUBMISSIONS**

8. Ten submissions were received from the following organisations (listed alphabetically):
  - Asset Technologies Pacific Pty Ltd
  - Ernst and Young Pty Ltd
  - Everything Infrastructure Services Pty Ltd
  - FM Intelligence Pty Ltd
  - Focused Business Solutions Pty Ltd

- Grosvenor Management Consulting Pty Ltd
- MBM Pty Ltd & Property Beyond Pty Ltd
- Rider Levett Bucknall NSW Pty Ltd
- RixStewart Pty Ltd
- SW19 Pty Ltd

9. No late submissions were received.

### **TENDER EVALUATION**

10. All members of the Tender Evaluation Panel have signed Pecuniary Interest Declarations. No pecuniary interests were noted.
11. The relative ranking of tenders as determined from the total weighted score is provided in the confidential Tender Evaluation Summary – Attachment A.
12. 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) proposed program; and
  - (f) proposed methodology.

### **PERFORMANCE MEASUREMENT**

13. 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**

14. There are sufficient funds allocated for this project within the current year's operating budget and future years' forward estimates.

**RELEVANT LEGISLATION**

15. 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.
16. Attachments A and B contain 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.
17. 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**

18. It is the City's intention to have the consultant engaged for the internal stakeholder process planned for between March and May 2016.

**AMIT CHANAN**

Director City Projects and Property

Grant Browne, Contract Manager