

Item 7.

Exemption from Tender - Building Property Service Provider's Accommodation

File No: S126567.015

Summary

In December 2016, Council resolved to engage a technical services consultant for the purposes of scoping and retendering Property Services. The new model disaggregating the services into the four separable components - Property Management, Facility Management, Utility Management and Compliance Management - has been progressing, resulting in the engagement of a new Facility Management Service Provider, Ventia, on 22 December 2017 and the engagement of a new Property Management Service Provider, Colliers, on 29 March 2018.

The City has an obligation to provide accommodation facilities for both organisations as this formed part of the negotiated outcome.

The City's Property team has undertaken a review of all available spaces which would be appropriate for the combined accommodation of both Ventia and Colliers and identified a suitable space on level 21 of Town Hall House in late March 2018.

Ventia and Colliers have commenced the implementation of their respective contracts and have immediate need for accommodation. They are both operating from the City's property at 307 Pitt Street, occupying the New Year's Eve office space, but will need to vacate by August 2018 providing a four month period to complete the fit out works. This timeframe will not allow the City to undertake a standard procurement tender and complete the required works.

This report requests an exemption from tender to engage the new Facility Management Service provider, Ventia, to undertake fit out works to deliver required accommodation for the City's new Facilities and Property Management Service Providers, Ventia and Colliers respectively. This will ensure timely completion of the fit out works and provision of permanent accommodation to enable both Ventia and Colliers to operate.

Recommendation

It is resolved that:

- (A) Council note due to extenuating circumstances a satisfactory result would not be achieved by inviting tenders;
- (B) Council note the reasons why a satisfactory outcome would not be achieved by inviting tenders are:
 - (i) the service can be provided by a supplier that has recently been engaged through an open tender process on a long term arrangement. Through this open tender process the provider has demonstrated necessary capability and experience and value for money; and
 - (ii) current accommodation will be unavailable from August 2018, consequently new accommodation is required to enable both Ventia and Colliers to operate;
- (C) Council approve an upper limit of \$600,000 for Ventia to build required staff accommodation;
- (D) Council delegate authority to the Chief Executive Officer to negotiate, execute and administer the contract with Ventia for the purpose of building accommodation for the Property and Facilities Service Providers for a term of 6 months and for \$600,000, and otherwise on terms acceptable to the City;
- (E) Council delegate authority to the Chief Executive Officer to exercise the option referred to in clause (D), if appropriate, and negotiate the price to extend the contract accordingly in accordance with the register of delegations from the Chief Executive Officer to staff, as amended from time to time; and
- (F) note this report recommends that Council approve an exemption from tender and engage Ventia to undertake fit out works to deliver required accommodation for the City's new Facilities and Property Management service providers, Ventia and Colliers respectively.

Attachments

Nil.

Background

1. Council resolved on 13 November 2017 to authorise the Chief Executive Officer to negotiate and execute the City's contract with Ventia for the delivery of the Facilities Management Services. The Chief Executive Officer approved the terms of the contract with Ventia on 22 December 2017 and the City and Ventia entered into the Facilities Management Agreement on the same date. The City entered into the Property Management Agreement with Colliers on 29 March 2018 for Colliers to provide the Property Management Services.
2. The City has an obligation to provide accommodation facilities for both Colliers and Ventia.
3. The City's Property team has undertaken a review of all available spaces which would be appropriate for the combined accommodation of both Ventia and Colliers, and has identified a suitable space on level 21 of Town Hall House late March 2018.
4. Ventia and Colliers have commenced the implementation of their respective contracts and have immediate need for accommodation. They are both operating from the City's property at 307 Pitt Street, occupying the New Year's Eve office space, but will need to vacate by August 2018, giving a timeframe of four months to complete the fit out works. This compressed timeframe will not allow the City to undertake a standard procurement tender and complete the required works.
5. An exemption from tender is sought to engage Ventia to complete the fit out works to ensure timely completion of the works and provision of permanent accommodation to enable both Ventia and Colliers to operate.
6. The direct engagement is due to extenuating circumstances and in this instance a satisfactory result would not be achieved by inviting tenders due to the following:
 - (a) Timing: Ventia are currently located within the Sydney New Year's Eve, SNYE, tenancy in 307 Pitt Street for the transition phase, and this space is only available until August 2018 when the SNYE team must re-occupy.
 - (b) Value: Once the proposal is provided the nature of the works by Ventia will be assessed by the City's engaged Quantity Surveyors as reasonable and reflecting of the market and represents best overall value for the City.
 - (c) The existing Facilities Management Agreement with Ventia is suitable for this engagement as it contains project management services with known tendered rates. These rates were shown to be best value for the City as part of the Facility Maintenance tender.
 - (d) Proximity to City Staff: Having both parties within Town Hall House and Gerard Street Depot will foster a collaborative relationship with all parties. This should allow quicker resolution of operational issues.

Financial Implications

7. The cost of the works is estimated to be \$600,000 including a 20 per cent contingency for latent conditions. The City is ensuring that value is achieved through a peer review of Ventia's proposal by an independent, City-engaged Quantity Surveyor.

8. The cost of this project will be allocated to capital project C27165, which has \$765,000. During the quarterly capital reporting updates, the phasing of this project will be adjusted.

Relevant Legislation

9. Relevant legislation includes the Local Government Act 1993 and the Local Government (General) Regulation 2005 and the City's Contracts Policy.
10. An Exemption from Tender is sought in accordance with Section 55 (3) (i) of the Local Government Act 1993 to engage Ventia to undertake fit out works to deliver required accommodation for the City's new Facilities and Property Management service providers, Ventia and Colliers respectively.
11. Dollar amounts stated in this report are inclusive of GST.

Critical Dates / Time Frames

12. Ventia are required by contract to commence facility management operations from 6 May 2018 and can only maintain their current accommodation on 307 Pitt Street until 30 August 2018. It is critical for Ventia to commence onsite works immediately to ensure their accommodation as well as Colliers accommodation post 30 August 2018.

Options

13. Tendering the works is not a preferred option as the procurement process would be lengthy and would not result in the timely delivery of the required accommodation. This would place the provision of facility management and property management services at risk.

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Director of City Projects and Property

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