

Contract Extension - Parks and Open Space Maintenance

File No: S117045

Summary

The Parks and Open Space Maintenance Contract provides park maintenance services to the City including turf, horticulture, infrastructure, park cleansing and waste services. The Parks and Open Space Maintenance Contract is a strategic contract for the City, servicing over 400 sites, including some of Sydney's most iconic parks.

Council appointed Citywide Service Solutions Pty Ltd (Citywide) for the Parks and Open Space Maintenance Contract at its meeting on 29 July 2013 following a public tender. In line with the contract, a contract extension was exercised in October 2016 until 31 March 2018.

In June 2017, City staff commenced planning for procurement of a new contract.

An Early Contractor Involvement (ECI) process was selected as the preferred strategy to procure a new contract for the maintenance of the City's parks and open spaces. This approach was selected to reduce risk, and ensure scope and performance outcomes are clear and drive value for money.

The tender process has commenced and is expected to conclude in late 2018 with a recommendation to Council in early 2019.

This report seeks approval to increase the contract fee and extend the term of the existing agreement until 31 May 2019 to allow for the continuation of existing maintenance services while the new contract is procured.

Recommendation

It is resolved that:

- (A) Council approve the variations of the Parks and Open Space Maintenance Contract to provide an increase to the contract price and extension of the agreement term, as outlined 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 of the Parks and Open Space Maintenance Contract (Contract No. 1314).

Attachments

Attachment A. Summary of Proposed Variations (Confidential)

Background

1. The Parks and Open Space Maintenance Contract (the contract) delivers maintenance services for the parks and open spaces within the northern area of the Local Government Area (LGA), 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. Sites serviced under the contract include Hyde Park, Prince Alfred Park, Wentworth Park, Observatory Hill Park, Glebe Foreshore, Bicentennial Park, Federal Park, Victoria Park and a range of neighbourhood parks, pocket parks, sports fields and streetscapes.
3. Services provided under the contract include:
 - (a) turf and lawn maintenance;
 - (b) horticulture and bush restoration maintenance;
 - (c) infrastructure maintenance;
 - (d) cleansing maintenance;
 - (e) waste management including removal of dumped rubbish;
 - (f) graffiti removal;
 - (g) vandalism repair; and
 - (h) 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 also been added to the City's parks asset portfolio over the contract term.
6. The Parks and Open Space Maintenance Contract is a strategic contract for the City, servicing over 400 sites, including some of Sydney's most iconic parks.
7. In 2017, City staff commenced planning for procurement of a new contract. An Early Contractor Involvement (ECI) process was selected as the preferred procurement strategy to procure a new contract for the maintenance of the City's parks and open spaces. This proven approach was selected to reduce risk, clarify and refine scope and performance outcomes and drive value for money.

8. Approval is required for an increase to the contract price and a contract extension for the time needed to undertake the preferred procurement process with prospective service providers, as well as ensuring that transition to the new arrangement is in a timely and planned manner and not during the peak summer months of park usage and maintenance.

Contract Variations

9. 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.
10. The contract term was 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.
11. Following negotiations, Council approved variations to the Contract in June 2017. These included:
 - (a) Variation to the contract sum and a change in the Contract end date to 31 March 2018.
 - (b) Servicing of additional sites including the new 3.8 hectare open space at Harold Park.
 - (c) Contingency for additional sites and servicing for new sites for anticipated land transfers and sites transferred from private developments through voluntary planning agreements and conditions of consent.
12. The City has been negotiating with Citywide to ensure continuity of supply during the procurement of the new contract as outlined in Confidential Attachment A.

Key Implications

Strategic Alignment - Sustainable Sydney 2030 Vision

13. 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 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.

Organisational Impact

Risks

14. If the contract extension or price increase is not granted, this will create a significant risk for the City, compromising business continuity of parks maintenance and their availability to the community. It will also not allow sufficient time for the procurement process for the new contract. Additionally, there are not sufficient alternative resources available to provide services to the contracted area for a prolonged period.
15. If endorsed, the recommendations within this report will ensure service continuity and ensure that the existing contract transitions smoothly to a new contract due to commence in June 2019. 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.

Social / Cultural / Community

16. Park servicing and maintenance will continue, ensuring parks and open spaces remain safe and well presented for community use. Additional servicing added to this contract will result in improved facilities and higher quality open space for the community.

Environmental

17. Citywide are contracted to maintain the City's parks, open spaces and street gardens to comply with the 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.
18. Further, Citywide will be trialling electrical powered hand tools during the extension to reduce noise in community sensitive areas.

Budget Implications

19. Sufficient funds have been allocated within the City Greening and Leisure 2018/19 operational budget for these services.

Relevant Legislation

20. Relevant legislation for the requested increase includes Local Government Act 1993, Local Government (General) Regulation 2005.
21. 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.
22. 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

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|--------------------------------------|------------------------------|
| 23. Citywide contract extension | April 2018 - May 2019 |
| 24. Procurement period | December 2017 - January 2019 |
| 25. Approvals and contract execution | February 2019 - April 2019 |
| 26. Contract transition | April 2019 - June 2019 |

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