

Item 7.**Tender - T-2022-906 - Tree Maintenance and Urban Forest Services****File No: X094916****Tender No: T-2022-906****Summary**

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

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

- Tree Inspection and Assessment
- Tree Pruning
- Tree Base Maintenance
- Tree Removal
- Tree Planting and Establishment
- Tree Root Inspection and Maintenance
- Pest and Disease Management
- Emergency Response
- Customer Service

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

Recommendation

It is resolved that:

- (A) Council accept the tender offer of Tenderer B for the Northern Area and Tenderer A for the Southern Area of the Tree Maintenance and Urban Forest Services Tender for a period of six years, with the option of an extension of two further terms, of two years each, if appropriate;
- (B) Council note that the total contract sum and contingency for the Tree Maintenance and Urban Forest Services Tender project is outlined in Confidential Attachment B to the subject report;
- (C) authority be delegated to the Chief Executive Officer to finalise, execute and administer the contracts relating to the tender; and
- (D) authority be delegated to the Chief Executive Officer to exercise the options referred to in (A), if appropriate, and negotiate the price to extend the contract accordingly.

Attachments

- Attachment A.** Map Showing North and South Service Areas
- Attachment B.** Tender Evaluation Summary (Confidential)
- Attachment C.** Price and Schedule of Rates (Confidential)

Background

1. The City of Sydney manages approximately 50,000 trees throughout the Local Government Area (LGA), with approximately 34,500 trees located in streets, 14,000 located in parks, and 700 located within Council-owned and managed properties.
2. Trees play a vital role in the future of Sydney. They are the largest living things in the urban environment and their environmental, social, cultural and economic benefits are well established and beyond doubt. Our society relies on these benefits every day.
3. Trees are much loved by the community, due to an increased acknowledgement and understanding of the numerous 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 2030 and 27 per cent by 2050, which was adopted by Council in the Greening Sydney Strategy 2020 to 2030.
4. 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 a proactive maintenance program.
5. As tree maintenance works are high risk (working at heights, around power lines, over roads, using chainsaws and chippers), it is critical that the services are undertaken by qualified and experienced personnel, with companies that integrate industry best practice into their daily operations. This contracted service delivery has been in place for the majority of the City's trees since 2008.
6. The City's street, park and Council owned property trees are currently maintained by two service providers; Active Tree Services and Treescape Australasia. These contracts are due to expire in 2024.
7. The Tree Maintenance and Urban Forest Service was tendered as two separate areas, with all trees (street, park and property) included in each geographic area due to benefits gained from a two provider model, including competition, flexibility, knowledge sharing, and the capacity within the local market.
8. The specification and other contract documentation for the service has been comprehensively reviewed to ensure it aligns with delivering the City's strategic goals and objectives, and is in line with current legislative requirements, industry best practice and community expectations.
9. The majority of the service delivery requirements remain unchanged from the current services delivered. Improvements have been identified and included in the tender, such as boundary readjustments (so all council trees within a geographic area are maintained by the same service provider) and tree establishment procedures.
10. The specification required tenderers to address a schedule of services for ongoing proactive inspection and maintenance programs requiring fixed annual prices and a schedule of rates for reactive or programmed work of variable quantity (such as tree removal, tree planting etc.). Fixed Prices and Rates were tendered for the first year of the contract term, with a CPI adjustment to be used for any annual increases thereafter.

Invitation to Tender

11. A Request for Tender was issued on 11 May 2023 via the City's e-tendering portal, Tenderlink. Submissions closed on 11 July 2023.

Tender Submissions

12. Three submissions were received from the following organisations:
 - Active Tree Services Pty Ltd (ABN 56 002 919 299);
 - Treescape Australasia Pty Limited (ABN 20 117 830 118); and
 - TreeServe Pty Ltd (ABN 87 169 334 712).
13. No late submissions were received.

Tender Evaluation

14. All members of the Tender Evaluation Panel have signed Pecuniary Interest Declarations. No pecuniary interests were noted.
15. The relative ranking of tenders as determined from the total weighted score is provided in the Confidential Tender Evaluation Summary – Attachment B.
16. All submissions were assessed in accordance with the approved evaluation criteria being:
 - (a) Schedule of Prices and Schedule of Rates.
 - (b) Proposed Quality and Operations Plan and proposed Transition Plan.
 - (c) Proposed resources – personnel, subcontractors, and suppliers.
 - (d) Proposed resources - plant, equipment, and depot.
 - (e) Relevant expertise, competency, experience and innovation in urban tree management.
 - (f) Commitment to sustainable outcomes, environmental management, Aboriginal and Torres Strait Islander involvement, corporate social responsibility.
 - (g) Work, Health and Safety.
 - (h) Financial and commercial trading integrity including insurances.

Performance Measurement

17. 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.
18. The Service Provider is also required to identify and recommend any opportunities for improved operations, performance, or environmental benefits throughout the contract term.

Financial Implications

19. Additional funds are required for this service due to the preferred tenders exceeding pre-tender estimates, as detailed in Confidential Attachment B. The additional expenditure for the services in 2023/24 financial year, will be funded from savings within the City Services operating budget. Additional future year operating and capital expenditure will be included in the next and subsequent iterations of the City's Long Term Financial Plan. The impact of the rise and fall clause on contract costs will be closely monitored as part of the preparation of future budgets.
20. The total contract sum and contingency for Tree Maintenance and Urban Forest Services is detailed in Confidential Attachment B.

Relevant Legislation

21. The tender has been conducted in accordance with the Local Government Act 1993 and the Local Government (General) Regulation 2021.
22. Local Government Act 1993 - Section 10A provides that a council may close to the public so much of its meeting as comprises the discussion of information that would, if disclosed, confer a commercial advantage on a person with whom the council is conducting (or proposes to conduct) business.
23. Attachments B and C 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.
24. 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

25. The current contracts for tree maintenance contracts are due to end on 2 April 2024 (Active Tree Services) and 25 April 2024 (Treescape Australasia). To avoid the Easter, school holiday and Anzac period, and to commence the new contracts prior to the start of the planting season on 15 March, these contracts will be terminated on 29 February 2024.
26. In order to meet this timeline for transition the following are the critical dates:
 - (a) Award of contract - November 2023
 - (b) Transition of services - Between November 2023 and 29 February 2024
 - (c) Commencement of new contract - 1 March 2024
27. Deferring a decision would result in a shorter transition period, impacting the successful commencement and delivery of the services.
28. If approved, the term of the contract is six years, with two further terms of two years each, subject to performance and at the discretion of the City.

Options

29. An alternative option is to not proceed with engaging these services. This is not recommended as the maintenance of trees is an essential service provided by the City. Further, any delays will jeopardise the tree planting program delivery.

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