

CT5628 - SUPPLY OF PLAYGROUND PRODUCTS, PRODUCTS, SERVICE AND WORKS - EXTENSION OF CONTRACT

Report Author: Manager Recreation Parks & Facilities
Responsible Officer: Director Built Environment & Infrastructure
Ward(s) affected: (All Wards);

The author(s) of this report and the Responsible Officer consider that the report complies with the overarching governance principles and supporting principles set out in the Local Government Act 2020.

CONFIDENTIALITY

This item is to be considered at a Council meeting that is open to the public.

SUMMARY

The purpose of this report is to seek approval for an extension Specification A & B of the Contract CT5628, Playground Products, Services and Works, currently held by numerous entities, until 11 December 2024.

The report also determines that Category C of contract CT5628 will not be extended as part of this approval due to change in industry supply of Hardwood Softfall mulch.

Contract CT5628 is scheduled to conclude on 11 December 2023. This report outlines the current contract arrangements, financial and service delivery responsibilities and principles for the proposed new contract should the extension be approved.

The contractors (Category A&B) provide essential work and services on Council assets to ensure that the assets are maintained appropriately and continue to deliver an acceptable level of service to the community.

RECOMMENDATION

That Council

- 1. In accordance with Council's Procurement Policy and the existing Terms and Conditions of Contract CT5628 approves and delegates to the Director Built Environment and Infrastructure authority to negotiate an extension to specification Category A & B for the contract to 11 December 2024 with the existing Contractors:***

***Specification Category A - Auditing & Testing of Rubber Undersurfaces
Hutchinson Parks Services Pty Ltd.***

Specification Category B - Programmed & Reactive Maintenance

Prim Services Pty Ltd

2. ***In accordance with Council's Procurement Policy and the existing Terms and Conditions of Contract CT5628 determines not to extend specification category C and delegates to the Director Built Environment and Infrastructure authority to formally provide notice to the current supplier within 4 weeks of the end date of contract, 11 December 2023.***

Specification Category C - Supply of Organic Playspace Softfall

Crystal Dancer trading as Pine Mulch Hauler.

RELATED COUNCIL DECISIONS

There are no related Council decisions relevant to this item.

DISCUSSION

Purpose

To extend the Contract CT5628, Playground Products, Services and Works, to 11 December 2024.

This report outlines the current contract arrangements, financial and service delivery responsibilities and principles for the proposed contract Specification A & B should the extension be approved.

Specification C contract arrangements will be ceased at the end of this contract term.

The contracts are scheduled to conclude on 11 December 2023.

Background

Council is responsible for auditing and maintaining a wide range of playground equipment and associated facilities and surrounds including:

- auditing and testing of rubber undersurfaces
- programmed and reactive maintenance
- supply of organic playspace softfall.

Delivery of the necessary auditing and testing services, maintenance and supply and installation of softfall material in a complex urban, semi-rural and rural environment requires many diverse maintenance activities to have these playground assets at an acceptable standard.

Council's assets are currently maintained by a mix of Council officers and three Contractors through the CT5628 Playground Products, Services and Works. Contract CT5628 commenced on 12 December 2018 for a 5-year period and expires on 11 December 2023.

During the past 5 years management of the Contract and delivery of the maintenance activities to the required standard has been challenging for Council and the Contractors. These challenges include, increasing community expectations, COVID 19, regulatory and Australian Standard changes, severe weather events, availability of materials, price of materials, unforeseen demand on Contractor resources and the overall demand for works on the playground assets.

Contract CT5628 has been a key component of enabling Council to meet its obligations outlined in the endorsed Asset Management Policy, Strategy and Plans. It is envisaged that the proposed Contract approval will facilitate Council's playground assets continuing to be maintained to a standard that has had stakeholder input and provides an acceptable level of service for the community

The current contractors under Specification A & B have performed at a high level and a proposed extension is supported by all officers who are engaged in the supervision and delivery of these services on behalf of the community.

The proposed extension will allow for the completion of the review of the existing services, confirmation/amendment of service standards and service delivery, procurement process, implementation and transition to the provision of all deliverables under the new contract specification for Playground Products, Services and Works. It is envisaged the draft specifications for the new contract will be finalised in the coming months.

Due to a change in industry supply of hardwood mulch products now not available in the market due to recent changes in the Victorian Government legislation on logging/harvesting native forests, hardwood Softfall product supply has dried up and the ongoing manufacture of this material has ceased as there are no hardwood by-product available for this product. Council will need to seek alternative materials for Softfall and run a separate procurement process. As a result, specification C, Organic Hardwood Softfall supply will not be extended as part of the contract extension.

Options considered

Council has an established and effective panel service delivery model that complements Councils existing in-house resources and service arrangements.

In accordance with Council's Procurement Policy, Council can extend this contract agreement for specification A&B and cease the contract arrangement with supplier for Specification C due to a change in supply capacity.

In accordance with Section 9.2 of Council's Procurement Policy, Officers could consider utilising other panel supply and delivery contracts via Government entity /approved third party arrangements such as Municipal Association of Victoria (MAV) or Procurement Australia, however, key disadvantage of this option is the potential extra cost and risk as historically the financial Schedule of Rates are not as competitive and service providers are limited and may not be locally based.

Recommended option and justification

Contract CT5628 Playground Products, Services and Works provides essential auditing, work and services on Council assets to ensure that the assets are

maintained appropriately and continue to deliver an acceptable level of service to the community.

Council officers recommend that Council, in accordance with its Procurement Policy 2021-2025, approve an extension of Specification A, with Hutchison Parks Services Pty Ltd. In addition Council approve an extension of Specification B with Prim Services Pty Ltd, Contract CT5628 Playground Products, Services and Works, both to 11 December 2024.

Council officers recommend that Council, in accordance with its Procurement Policy, don't extend Specification C with Crystal Dancer Trading as Pine Mulch Hauler Pty Ltd, Contract CT5628 Playground Products, Services and Works which will expire for this arrangement on 11 December 2023.

FINANCIAL ANALYSIS

Contract CT5628 is a Schedule of Rates contract. The existing Schedule of Rates require adjustment during the period of the Contract extension because of current direct cost pressures associated with labour availability, material supply costs and lease arrangements for plant and equipment. Council officers will, however, as far as practicable ensure the activities undertaken during the proposed extension of the Contract are within the Council's budget allocations.

Council expends up to \$100,000 annually on Category C - Supply of Organic Playspace Softfall. Maintaining the softfall has presented a challenge to Council because the specified hard wood chips are no longer available following the closure of the sole provider, Victorian Timber Mills. The hardwood chips have been replaced with a pinewood softfall which complies with Australian Standards (AS) 4422:20165 Playground Surfacing – Specifications, Requirements and Test Methods.

Council Officers will implement a separate formal procurement process which will focus on the new supply of "pinewood softfall product" to continue to meet Australian Standard specifications and supply needs.

APPLICABLE PLANS AND POLICIES

Contract CT5628 is a key component of enabling Council to meet its obligations outlined in the endorsed Asset Management Policy, Strategy and Plans. It is envisaged that the proposed Contracts will facilitate Council's assets continuing to be maintained to a standard that provides an acceptable level of service for the community.

RELEVANT LAW

The contract is based on a specification for the service together with contract terms and conditions that ensure the contract is enforceable and provides protocols for managing the contract.

Council's Procurement Policy 2021-2025, Section 9.2 Exemptions from Competitive Procurement Processes, allows Council to extend an existing contract where the

procurement process to replace the contract has commenced, and where the Tender Process or negotiations will take or are taking longer than expected.

This exemption may be used when the establishment of an interim short-term arrangement with an alternative supplier is considered not to be in the public interest, as it may be cost prohibitive and/or present a risk in the delivery of critical public services to the municipality.

SUSTAINABILITY IMPLICATIONS

Economic Implications

The economic ramifications of selecting the most appropriate contract models and service levels cannot be underestimated. The outlay for the Panel Contract Services is a significant component of Council's annual expenditure and decisions on how the Annual Supply contracts are awarded will have multiple-year budget impacts. The recommendations made in this report are designed to optimise the balance between financial cost and appropriate levels and quality of service, whilst minimising economic, reputational and other risks across the components of the services.

Social Implications

A key criteria for the recruitment of staff for the outsourced services will be policies that encourage local employment opportunity and traineeships. Whilst contractors indicate that they are dedicated to engaging the best person for the job, the intent is to raise awareness and continue to develop a partnership relationship with the Contractor to encourage social procurement opportunities.

Environmental Implications

The Panel Contractors must be provided safely and in accordance with the relevant environmental protection regulations, Council policies and industrial best practice.

Waste management plays a significant part of sustainable delivery of Council Services. Panel Contractors are required to operate with a Waste Management Plan (WMP) based on a hierarchy of avoid, reduce, reuse and recycle which is a critical part of its service delivery ethos. The sustainability outcomes are established to effectively manage natural and human resources by:

- Minimising waste generation
- Managing waste through procedures for recycling reuse and disposal
- Training and awareness building for staff / subcontractors and client staff
- Monitoring and measuring to drive continual improvements driven from the Waste Management Plan (WMP) and the Environmental Management Plan (EMP).

The Panel Contractor services must be provided safely and in accordance with the relevant environmental protection regulations, Council policies and industrial best practice.

- Softfall is a recycled Product.

COMMUNITY ENGAGEMENT

There was no community engagement undertaken in relation to this recommendation.

COLLABORATION, INNOVATION AND CONTINUOUS IMPROVEMENT

Innovation and continuous improvement attributes are inherent in many aspects of the qualitative evaluation criteria, especially in the areas of technical capability, capacity, provision of services, customer service, quality management system and sustainability. Contract Managers with the Service Providers also explore what innovation opportunities that they would bring to the services over the next 12 months.

All Council officers involved in managing Contract CT5628 are involved in the review of the existing Contract and preparation of the revised contract specification. Council officers will consult and negotiate with the Contractors to come to a mutually agreeable solution to both parties under the current Schedule of Rates contract and Council's budget to enable the effective extension of the Contract CT5628.

Council officers have effective working relationships with the existing Contractors that will continue during the period of the Contract extension and using the existing comprehensive auditing program, ensure that during the final transition period all works are completed to the standards required by the existing Contract.

The extension of the contract (specification A & B) to 11 December 2024 allows for suitable time to perform a comprehensive Tender Evaluation and Assessment process and provide for the successful Tenderers to transition into the service.

RISK ASSESSMENT

The Risk Plan prepared at the start of the Tender process for the proposed contract identified as a High Risk the need to review the service levels of Contract CT5628. An on-going business challenge for Council is to maintain current minimum acceptable service standards and meet stakeholder expectations, still within the constraints of the annual budget and the Long-Term Financial Plan (LTFFP).

The current LTFFP has a budget allocation that meets current contract expenditure with capacity to increase expenditure associated with maintenance services being limited. Council officers are reviewing the service levels and may propose adjustments to the delivery model to potentially improve service delivery and minimise costs.

CONFLICTS OF INTEREST

No officers and/or delegates acting on behalf of the Council through the Instrument of Delegation and involved in the preparation and/or authorisation of this report have any general or material conflict of interest as defined within the *Local Government Act 2020*.

ATTACHMENTS TO THE REPORT

Nil