

3 Presentation of officer reports

3.4 Contract 2020/80 Turf Maintenance Equipment - Supply Lease and Maintain

Abstract

This report seeks Council endorsement for the award of Contract No. 2020/80, Turf Maintenance Equipment - Lease, Supply and Maintain. This contract is for the supply of 19 replacement pieces and 5 new pieces of maintenance equipment ('equipment') currently leased by Council for maintenance tasks associated with the Freeway Golf Course North Balwyn, Maranoa Botanic Gardens Balwyn as well as 54 Sports Fields across the Municipality. This contract also includes an equipment servicing component.

The estimated cost of this contract for a five year maximum term, fully maintained operating lease is \$1,746,550 (including GST). The estimated cost to Council after return of GST Input Credits is \$1,587,773. Because of the value of the contract it was publicly advertised in accordance with the requirements of section 186 of the *Local Government Act 1989*.

This new contract is the replacement of Contract No. 2014/136, Supply with Fully Maintained Lease of Golf Course Maintenance Equipment, which has come to the end of its leasing term and is currently being extended month by month.

Confidential information is contained in **Attachment 1**, as circulated in the confidential section of the agenda attachments, in accordance with Section 66(2)(a) and the definition of 'confidential information' in Section 3(1) of the *Local Government Act 2020* as the information relates to private commercial information, being information provided by a business or commercial undertaking that if released, would unreasonably expose the business or commercial undertaking to disadvantage. This item has been included in the public agenda to facilitate transparency and accountability in Council's decision making.

If discussion of the confidential information in the attachments to this report is required in order for Council to make a decision, this item will be deferred to the confidential section of the agenda.

Officers' recommendation

That the Services Delegated Committee resolve:

1. To award Contract No. 2020/80, Turf Maintenance Equipment - Supply, Lease and Maintain, to:
 - Toro Australia Group Sales Pty Ltd (ACN 111 042 301) for the supply and maintenance of 24 pieces of turf maintenance equipment; and
 - De Lage Landen Pty Ltd (ACN 101 692 040) trading under the name of Toro Finance, nominated by Toro Australia Group Sales for the associated leasing of the equipment.

2. To note that the leasing contract is a fully maintained operating lease. The estimated contract lease cost for the five year term is \$1,746,550 (including GST). The cost to Council after the return of the GST Tax Input Credits is \$1,587,773. Individual equipment lease costs may be subject to changes to the referenced interest rate between closing date and the Award of this Contract.
3. To authorise the Director Places and Spaces to execute the contract agreements with the above contractors.
4. Note that expenditure under this Contract in 2020-21 requires a reallocation of \$13,082 which will be accommodated within Council's adopted budget and expenditure in future years will be in accordance with the approved budget allocations.

Responsible director: Daniel Freer
Director Places and Spaces

1. Purpose

The purpose of this report is for Council to give consideration to the awarding of Contract No. 2020/80, Turf Maintenance Equipment - Supply, Lease and Maintain.

2. Policy implications and relevance to community plan and council plan

This contract aligns with the following themes and strategies in the Boroondara Community Plan (2017 -27) and Council Plan (2017- 21):

Theme One - "Your Community, Services and Facilities"

Strategy 1.6 - Create and maintain public areas, facilities, amenities, footpaths and spaces that are inviting, clean and appropriately lit to increase social connection and improve the perceptions of safety; and

Strategy 1.11 - Ensure Council's assets are suitable for community use through proactive asset inspections, maintenance of asset data in the corporate asset system and development of Asset Management Plans.

This procurement process has been carried out in accordance with the requirements of Council's Contracts and Tendering Probity Policy and Council's Procurement Policy.

3. Background

Council's Parks and Infrastructure department requires a broad range of turf maintenance equipment (24 items) to be supplied under a five year fully maintained operating lease arrangement. The plant and equipment which requires to be leased, supplied and maintained, under this new contract award, consists of 19 items which are a direct replacement and 5 additional new items.

The plant and equipment specified is to be used essentially for the maintenance of the Freeway Gold Course, Maranoa Botanic Gardens and the 54 Sports Fields throughout the Municipality.

Invitation to tender

In accordance with Council's procurement procedures and Section 186 of the *Local Government Act 1989*, Council invited public tenders from suitably qualified organisations to lease, supply and maintain turf maintenance equipment. An invitation to tender was advertised in the local government tenders section of "The Age" newspaper on Saturday 21 December 2019 and on Council's website. The closing date for submissions was 4.00pm, Wednesday 29 January 2020.

In response to the advertisement, Council received five submissions for consideration and their nominated leasing proposal from the respective financial institute as presented in the table below:

NO	TENDERER	LEASE PROVIDER
1	ADE Turf Equipment Pty Ltd	Claremont Finance Corporation (Australasia) Pty Ltd
2	BSF Golf Services Pty Ltd trading as BSF Golf Management	
3	CHG-MERIDIAN Australia Pty Limited	
4	Glenmac Sales & Service Pty Ltd as trustee for The Glenmac Sales & Services Unit Trust	CHG-MERIDIAN Australia Pty Limited
5	Toro Australia Group Sales Pty Ltd	De Lage Landen Pty Limited

4. Outline of key issues/options

It is envisaged that there are no issues.

5. Consultation/communication

The operation and maintenance of the equipment will be the responsibility of Parks and Gardens department staff, with the evaluation including those staff based at the Golf Course. The procurement process was facilitated by officers from Commercial and Property Services whose participation has ensured transparency and probity. No other internal consultation/communication have been considered necessary.

6. Financial and resource implications

Council's 2020-21 adopted budget contains an allocation for lease and maintenance of equipment at the Freeway Golf Course as follows:

Item	Ex GST
Leased Assets Budget Allocation	\$ 139,368
Less Monthly Actuals - Existing Lease	\$ 69,684
Less Proposed - New Lease	\$ 102,180
Shortfall in Leased Budget	\$ -\$32,496
Maintenance Budget Allocation	\$ 124,635
Less expenditure and commitments to date	\$ 48,624
Less proposed maintenance on equipment	\$ 56,597
Balance in Maintenance Budget	\$ 19,414
Shortfall in Total Leased and Maintenance Budget	\$ -\$13,082

The cost of this service exceeds the funds available in Council's adopted budget 2020-21. Endorsement of this contract as proposed will require additional funding of \$13,082 which will be accommodated within the existing department budget allocation and that future year foreshadowed budgets will be adjusted to be in accordance with the contract.

7. Governance issues

The implications of this report have been assessed in accordance with the requirements of the Victorian Charter of Human Rights and Responsibilities.

The officers responsible for this report have no direct or indirect interests requiring disclosure.

This tender process has been carried out in accordance with the requirements of Council's Contracts and Tendering Probity Policy and Council's Procurement Policy.

8. Social and environmental issues

The recommendation contained in this report supports Council's desire to continue to sustain and improve our natural and urban environment in a sustainable way and proactively managing the ongoing maintenance and management of Council's assets and facilities to meet our community's current and future needs.

9. Evaluation and review

The tender evaluation report is provided as **Confidential Attachment 1**.

As a result of the tender evaluation, the evaluation panel recommends that Council award Contract No. 2020/80, Turf Maintenance Equipment - Supply, Lease and Maintain to:

- Toro Australia Group Sales Pty Ltd (ACN 111 042 301) for the supply and maintenance of 24 pieces of turf maintenance equipment; and
- De Lage Landen Pty Ltd (ACN 101 692 040) trading under the name of Toro Finance, nominated by Toro Australia Group Sales for the associated leasing of the equipment.

The estimated contract lease cost for the five year term is \$1,746,550 (including GST). The cost to Council after the return of the GST Tax Input Credits is \$1,587,773.

Manager: George Batsakis, Acting Manager Waste & Infrastructure

Report officer: Shannon Bennett, Team Leader Turf Management, Parks and Infrastructure