

7.3 Contract variation Infrastructure Cleansing and Weed Control Variation

Abstract

On 21 June 2010, Council awarded Contract 2010/036 Infrastructure Cleansing and Weed Control Services to Metro Urban Management Pty Ltd at their tendered Lump Sum Price and Schedule of rates for a contract term of ten years. The estimated contract cost for the maximum term at that time was \$21.1m (excluding GST) and contract indexation.

The contract was varied under delegation on 27 March 2020, extending the contract term for a period of one year from 1 September 2020 to 31 August 2021, enabling the services to be provided during the period of COVID pandemic restrictions.

With continued COVID restrictions impacting the ability to tender this service, approval of a further contract extension is sought from Council. Extending the contract term will allow Council to explore collaborative procurement opportunities, tender for a new service, and provide sufficient lead time for the successful tenderer to procure and mobilise fleet to service the contract. It is estimated that a lead time of approximately 12 months is required to tender this service.

The value of the one-year extension is approximately \$3,120,000 (excluding GST), comprising \$2,960,000 (excluding GST) for programmed street sweeping services and \$160,000 (excluding GST) for reactive street cleansing services. The estimated value for the extension term is based on actual expenditure in the previous year. The value is also dependant upon the number of streets added or deleted from the program each year and reactive calls received.

Officers' recommendation

That Council resolves to:

1. Vary Contract No. 20210/036, Infrastructure Cleansing and Weed Control Services for a further term of one year from 1 September 2021 at the estimated cost of \$3,432,000, including GST. The estimated cost to Council after the return of the GST Tax Input Credit is \$3,120,000.
2. Authorise the Director Places and Spaces to execute the contract variation.
3. Note that expenditure under this contract in 2021/22 and 2022/23 is in accordance with Council's adopted budgets.

Responsible director: Daniel Freer, Director Places and Spaces

1. Purpose

The purpose of this report is to seek Council's approval to vary Contract No. 2010/036 Infrastructure Cleansing and Weed Control Services to extend for a further term of one year to enable a new tender process to be conducted.

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 perceptions of safety.

3. Background

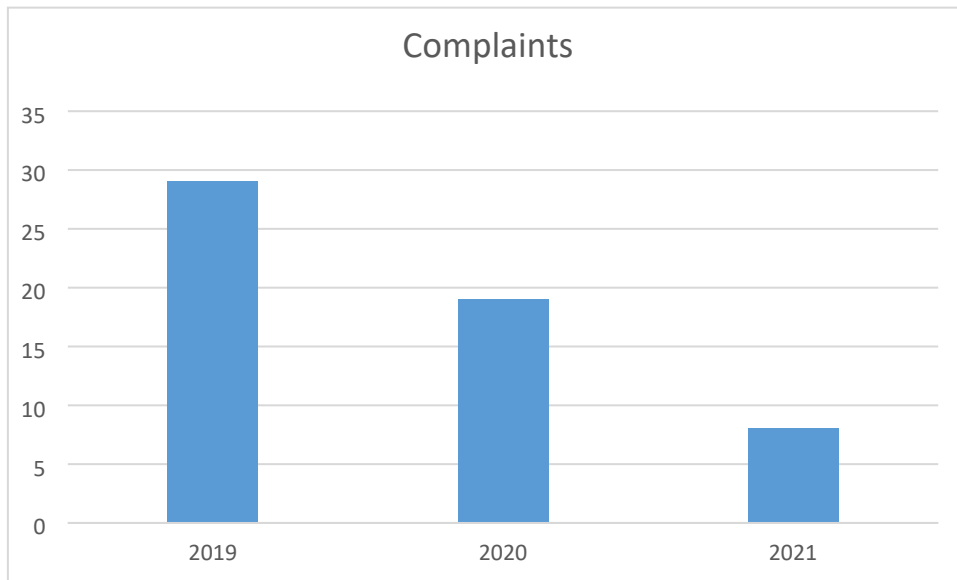
Council outsources its street sweeping and related services via Contract 2010/036 Infrastructure Cleansing and Weed Control Services.

Services performed under this contract include the programmed street sweeping services, autumn bulk leaf collection program, programmed retail strip cleaning, public litter bin cleaning, and general reactive street cleansing services.

On 21 June 2010, Council awarded Contract 2010/036 Infrastructure Cleansing and Weed Control Services to Metro Urban Management Pty Ltd at their tendered Lump Sum Price and Schedule of rates for a contract term of ten years. This was completed following a public tender process in accordance with Section 186 of the *Local Government Act 1989* and Council's Procurement Policy. The estimated contract cost for the maximum term at that time was \$21.1m (excluding GST) and contract indexation.

The contract was varied under delegation on 27 March 2020, extending the contract term for a period of one year from 1 September 2020 to 31 August 2021, enabling the services to be provided during the period of COVID pandemic restrictions. As the variation was estimated to be less than 10% of the current contract value, the variation was able to be approved under delegation.

This year a new inspection regime was developed for the autumn bulk leaf fall collection program in which every street was inspected pre and after service to ensure a better quality service. This resulted in reducing the number of complaints received from 2020 to 2021 by more than 50%.



4. Outline of key issues/options

With continued COVID restrictions impacting the ability to tender this service, approval of a further one-year contract extension is sought from Council. This will take the end date of the contract to 1 September 2022.

Extending the contract will allow Council to explore collaborative procurement opportunities, to tender for a new service, and to provide sufficient lead time for the successful tenderer to procure and mobilise fleet to service the contract.

The contract extension is proposed on identical terms to the existing contract. The sole variation to the contract will be the end date, allowing for the additional year.

5. Consultation/communication

There are no consultation or communication requirements associated with this matter.

6. Financial and resource implications

The value of the one-year extension is approximately \$3,120,000 (excluding GST), comprising approximately \$2,960,000 (excluding GST) for programmed street sweeping services and \$160,000 (excluding GST) for reactive street cleansing services. The estimated value for the extension term is based on actual expenditure in the previous year. The estimated value is also dependant upon the number of streets added or deleted from the program each year and reactive calls received.

Council's 2021-22 adopted budget for street sweeping services:

Budget account	Budget
23500-53010	\$ 3,137,055

The contract expenditure under the proposed variation is within Council's adopted 2021-22 budget and is in accordance with Council's Long Term Financial Strategy.

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. None of the implications of this report have the potential to contravene the rights outlined in the Charter.

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

8. Social and environmental issues

It is envisaged that there are no issues relevant to this contract variation

Manager: **George Batsakis, Manager Facilities, Waste and Infrastructure**

Report officer: George Batsakis, Manager Facilities, Waste and Infrastructure