

## 7.7 Contract No 2021/51 Cleaning Services

### Executive Summary

#### Purpose

The purpose of this report is for Council to give consideration to the awarding of Contract No. 2021/51 Cleaning Services.

#### Background

This contract is a replacement for existing Contract No. 2016/98 which expires 31 July 2022. The services provided are internal office cleansing of Council's owned buildings, removal of office waste and replenishment of consumables.

Council continues to provide the community, its staff and visitors with visually and hygienically clean premises, and to preserve the integrity of its built assets. The key objectives of this Contract are to deliver:

- A clean, hygienic work office environment for occupants and visitors.
- Preserve the attractiveness of Council buildings and showcase these as neat, tidy and inviting.

This contract will provide Cleansing Services for an initial period of three (3) years, with up to two increments of one (1) year each up to a maximum contract period of five (5) years.

#### Key Issues

The key considerations used to determine the outcome of this tender process were:

- the cleaning industry is highly competitive with low margins and greater emphasis be placed on the qualitative analysis;
- a specialist cleaning consultant was engaged to provide highly skilled expertise to the tender evaluation panel, providing specialist industry experience and advice during the consultation process;
- a proven track record undertaking similar works in the past;
- ability to plan, schedule and perform the works in strict accordance with the specified outcomes.

All tenders received were considered to be conforming tenders.

The recommendation is considered the best value for money who scored the highest combined qualitative and quantitative score.

#### Next Steps

Upon award of the contract, Council will oversee the management and execution of these services.

#### Confidentiality

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 definitions of 'confidential information' in section 3(1) of the *Local Government Act 2020*. The information relates to:

- a. private commercial information, being information provided by a business, commercial or financial undertaking that—
  - i. relates to trade secrets; or
  - ii. if released, would unreasonably expose the business, commercial or financial undertaking to disadvantage;

The 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 Council resolve:

1. To award Contract No. 2021/51, Cleaning Services to ARA Property Services Pty Ltd, (ACN 114 557 514), at their tendered lump sum price for an initial period of three (3) years, with up to two increments of one (1) year each, to a maximum Contract Period of up to five (5) years. The estimated value over the maximum contract term is \$7,664,070 (including GST) and excluding any price adjustment due to rise and fall. The estimated cost to Council after return of GST Input Credits is \$6,967,336.
2. Authorise the Director Places and Spaces to execute the contract agreement with the above Contractor.
3. Authorise the Director Places and Spaces to negotiate extensions to the contract with the above Contractor to the maximum five (5) year contract term.
4. Expenditure under this contract is greater than Council's proposed 2022-23 budget and will require additional funding of \$373,242. Subject to Council adoption of the Budget 2022–23, expenditure of this contract will be in accordance with Council's adopted budget. Future years foreshadowed budgets will be adjusted accordingly.

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**Responsible director: Daniel Freer, Director Places and Spaces**

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## 1. Purpose

The purpose of this report is for Council to give consideration to the awarding of Contract No. 2021/51 Cleaning Services.

## 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 (2021-31) and Council Plan (2021- 25):

### **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.

This procurement process has been carried out in accordance with the requirements of Council's Procurement Policy 2021-25.

## 3. Background

Council requires a suitably experienced and qualified organisation to provide cleaning services at various municipal buildings. This contract covers:

- Camberwell Municipal Buildings
- Hawthorn Arts Centre and Town Hall
- All Libraries
- Greythorn Community Hub
- Camberwell Community Centre
- Hawthorn Community Precinct
- Canterbury Community Precinct (future buildings)
- Kew Court House
- Kew Traffic School
- Kew Senior Citizens
- Hawthorn RSL
- All Maternal and Child Health Care Centres,
- All Depots
- Six public hire hall/pavilions

in accordance with the requirements of the specification.

### **Invitation to tender**

In accordance with Council's Procurement Policy 2021-25, Council invited public tenders from suitably experienced and qualified organisations to provide cleaning services at various municipal buildings. An Invitation to tender was advertised in the local government tenders section of "The Age" newspaper on Saturday 5 July 2021 and on Council's website. The closing date for submissions was initially 4.00pm, 3 August 2021, however due to Victorian instructed lockdowns, delayed to 28 September 2021.

In response to the advertisement, Council received 23 submissions:

- ARA Property Services Pty Ltd;
- Fernando Enterprises (Australia) Pty Ltd trading as Ausbright Facilities Management;
- Bogdan Investments Pty Ltd trading as BG Corporate Services;
- Blue Sky Services (VIC) Pty Ltd;
- Bluegum Services Group Pty Ltd;
- Centrepont Cleaning Pty Ltd trading as Centrepont Cleaning;
- GDM Group Pty Ltd ATF Gagovski Family Trust trading as Cleaning Melbourne Pty Ltd;
- G.J.& K. Cleaning Services Pty Ltd trading as GJK Facility Services;
- KC Facility Services (Pty) Ltd;
- Makkim Pty Ltd the trustee for Makkim Unit Trust trading as Australian Environmental Cleaning Services;
- MA Services Group Pty Ltd trading as MA Services Group;
- One Direction Australia Pty Ltd;
- Organic Facility Management Pty Ltd;
- Pickwick Group Pty Ltd ATF The Pickwick Cleaning Services Unit Trust trading as Pickwick Integrated Facilities Services;
- Sebastian Property Services Pty Ltd;
- Silvans Services Pty Ltd trading as Silvans Facility Services;
- Site Management Pty Ltd;
- Smart Cleaning Solutions (VIC) Pty Ltd;
- SNL Commercial Property Services Pty Ltd; and
- VDG Services Australia.

#### **4. Outline of key issues/options**

Maintaining clean office spaces is essential in protecting the health of employees and visitors. This contract will ensure nominated Council buildings are provided with scheduled cleaning, periodic cleaning and emergency response cleaning.

The key considerations used to determine the outcome of this tender process were:

- ability to plan, schedule and perform the works in strict accordance with the specified outcomes;
- a proven track record undertaking similar works in the past;
- access to appropriately skilled personnel and subcontractors;
- a corporate culture that embraces sustainability; and
- value for money within the constraints of the Council budget.

Taking all of the above into consideration, the tender evaluation panel unanimously agreed that the proposal from ARA Property Services Pty Ltd was superior, representing overall value of money to the Council. This is fully detailed in the Tender Evaluation Report attached.

## 5. Collaborative Procurement Opportunities

Due to the complexities of cleaning services and the specific needs of individual buildings and staff requirements under the current environment, it was decided not to pursue a collaborative tender process to ensure the specific requirements were defined to council's needs.

## 6. Consultation/communication

Internal consultation took place with Family Services, Aged Care, Health Services, Leisure and Culture, Arts Facilities, Youth Services and Library Services who manage services out of these buildings. From this review several changes were made to cleaning frequencies and duties to ensure the new contract meets Council service requirements.

## 7. Financial and resource implications

The proposed 2022–23 foreshadowed budget allocation for Cleaning Services in Council Buildings is \$1,020,225 (Account Number 23200/55944) as shown below.

Buildings Internal budget	\$1,020,225
Annual contract cost	\$393,467
<b>Budget Shortfall</b>	<b>\$373,242</b>

The cost of this service exceeds the funds available in Council's proposed 2022-23 foreshadowed budget. Endorsement of this contract as proposed will require additional funding of \$373,242.

Subject to Council approving the 2022 –23 budget, expenditure of this contract will be in accordance with Council's adopted budget. Future years foreshadowed budgets will be adjusted accordingly.

The factors contributing to the elevated contract cost are:

1. Labour costs have increased due to the current labour shortages. As a result, the labour rate has increased by \$4.22 per hour from the previous contract.
2. There are an additional seven (7) sites included under this contract that were not included in the previous contract.
3. The scope of the services has increased in buildings where the building footprint is larger due to upgrades or re-builds.

## 8. 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 general or material interests requiring disclosure.

This tender process has been carried out in accordance with the requirements of Council's Procurement Policy 2021-25.

## 9. Social and environmental issues

A well-cleaned building enhances the image and appearance of a building, encourages and creates more opportunities for usage and provides a sense of pride and safe communities. Environmentally friendly cleaning products have been specified to reduce environmental impacts and to improve health and hygiene of occupants.

## 10. Evaluation and review

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

As a result of the evaluation, the evaluation panel recommends that Council award Contract No. 2021/51, Cleaning Services to ARA Property Services Pty Ltd, (ACN 114 557 514).

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