

#	Date	Item Title	Confidential Order Details	Item being kept confidential - Agenda/ Attachment/ Minutes	Reason regarding retention or recommend-action to release	Resolution Regarding Action	Last Review Date	Next Review Date	Date Released
35	21 Dec 2009	Tender 2009.002 – Reserves Mowing & Slashing	<b>Reason:</b> (h) tenders for the supply of goods, the provision of services or the carrying out of works.	Attachment	Release	Release and make public	N/A	5 Sept 11	6 Sept 10

**17.2**      **REPORT TITLE:**      **TENDER 2009.002 – RESERVES MOWING  
& SLASHING - CONFIDENTIAL ITEM**

**DATE OF MEETING:** **21 DECEMBER 2009**

**AUTHOR:**              **DAVID COONEY**

**AUTHOR'S TITLE:**    **HORTICULTURAL POLICY OFFICER**

**REPRESENTORS:**    **NIL**

**FILE NUMBER:**      **70/030/210**

**ATTACHMENTS:**      **1. TENDERED PRICES**

**DEPARTMENT:**      **INFRASTRUCTURE & PROJECTS**

**DEPARTMENT  
MANAGER:**          **BRIAN CLANCEY**

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**PURPOSE**

To formalise contractual arrangements for the provision of mowing and slashing services for nominated works within the Council area, and to authorise the provision of additional resources to achieve this.

**RECOMMENDATION**

That Council:

1. Pursuant to Section 90(2) and 90(3) of the Local Government Act 1999 orders that the public be excluded from attendance at the meeting to consider in confidence matters regarding (k) tenders for the supply of goods, the provision of services or the carrying out of works.
2. Determine that the Chief Executive Officer, General Manager Infrastructure & Projects, General Manager Strategy, Development & Communities, General Manager Corporate, Manager Field Services, Horticultural Policy Officer and the Minute Secretary be permitted to remain in the room.
3. Awards tender 2009.002 to MJS Mowing & Slashing Pty Ltd for a term of three (3) years with an option of a renewal for a further term of two (2) years at Council's discretion for the tender amounts shown in Attachment 1 for:
  - 3.1 Reserves mowing on North, South and Central Zone Option B (\$108,000 per annum); and

- 3.2 Slashing of road reserves associated with Horticultural services and traffic envelope clearance (\$13,750 per annum estimated). (NOTE: This is a separate process and not inclusive of any slashing to be undertaken for the purposes of bushfire prevention).
4. Authorises the Chief Executive Officer or his delegate to execute relevant contract documents.
5. Approves the employment of one additional (1) full time horticulture trainee to undertake mowing and other horticultural activities; the purchase of additional turf maintenance plant;
6. Approves the following variations in the 2009/10 budget:
  - 6.1 \$28,000 for the purchase of additional capital equipment; and
  - 6.2 \$17,000 increase in operating costs for the contract and additional full time employee.
7. Orders pursuant to Section 91(7) and (9) of the Local Government Act 1999 that attachment 1 remain confidential until 21 December 2010. (Other than the name of the successful tenderer with the approved tender price.)

### **BACKGROUND**

The current contract for reserves mowing and slashing commenced on the 16<sup>th</sup> November 2003 and expired on the 15<sup>th</sup> November 2009. Prior to inviting tenders for a new contract the incumbent contractor MJS Mowing & Slashing Pty Ltd formally agreed to continue to provide the services for a period of time until a new contract was awarded.

Staff recognised that there were a number of deficiencies in achieving current maintenance service levels (msl's) as set out in Council's Open Space Plan and made amendments to the tender contract and to the delivery of services by Council's Field Service Centre (FSC) horticultural team. It is important to acknowledge that while the amendments will assist in delivering an improvement of current service levels, resources will still not be sufficient to achieve current msl's.

**Contract Changes:****1. Reserves Mowing**

- Separating the mowing contract into three work zones, North, South and Central.
- Inclusion of maintenance service level requirements, detailing intervention triggers for maintenance based on grass height rather than number of cuts, and clearly specifying contracted responsibility.
- Lump sum pricing for the mowing component.
- Clearly defined reporting mechanisms whereby Council's nominated representative will actively manage and oversee the contract.
- Controls (potential suspension) for failure to achieve prescribed maintenance service levels.
- Requirement to document all works on all sites whereby all activities undertaken by contractors must be clearly documented. They also have a requirement to carry out general (visual) inspections when on sites and to advise Council of any damage/vandalism etc as soon as possible.

In addition, the mowing for Central zone (Mount Barker township) was further separated into two options (A and B) in order to compare tendered prices from contractors with the use of in-house resources. Areas within Mount Barker were selected for this because of their proximity to the Field Services Centre.

Option A would outsource all of the mowing which is either new or was undertaken by contractors at the end of the 07/08 financial year. (Prior to Council staff taking over the mowing on several reserves to benchmark performance against contractors).

Option B looks to reduce contracted mowing and increase mowing (undertaken within the township of Mt Barker) by Council staff.

The difference in tendered prices was compared with staff estimates of in house costs to provide this work. Additional benefits of increasing staff mowing levels include;

- greater levels of flexibility, (more staffing allows "reactive" works to address emergency or urgent jobs to be undertaken);
- better use of existing plant;

- Availability for other duties. A part of the proposed additional staff resource will undertake more weed spraying and turf management works;
- Reduced staff commitment (resources) in supervising the contractor. (The larger the amount of works undertaken by contractors the more staff time is involved in overseeing/managing this work).

A comparison of the tendered price for option A Central Zone and Council's in-house estimate is detailed in this report.

## **2. Reserves Slashing**

Slashing requirements were also separated into three zones, but hourly rates, rather than fixed price contracts are applied to allow for the frequent variation in workload due to both seasonal variance and changing demands. Slashing occurs on undeveloped reserves and road verges throughout the Council district.

Staff would proactively supervise the contractor advising them when specific areas are to be slashed. (Slashing within the Field Services budgets is for works along approaches to townships, along Council rural bitumen roads and to address traffic clearance envelope and traffic sight line issues).

### **FSC Horticulture Team Changes**

During 2009, additional areas of mowing such as Dalmeney Estate, were taken back (from the contractor) and mown by Council to allow benchmarking of contractor and staff performance and cost.

The community had raised issues about the standard of reserve maintenance (reserves on Armstrong Road, Willow Court and Marston Court are examples of this) and benchmarking comparative service delivery models was important background information to have prior to considering new mowing maintenance contracts. This change in service delivery objectively demonstrated that Council's Horticultural Team could provide a better, more flexible service at a comparable rate within the Central Zone.

In addition, new areas such as the Ascent Reserve on Alexandrina Road and Donahue Reserve on Donahue Road were handed over to Council by developers to maintain and this service delivery has been incorporated into Council's Horticultural Team.

### **Contract Duration**

The proposed contract is for a term of three (3) years with an option of a renewal for a further term of two (2) years at Council's discretion.

In accordance with Council's Procurement policy an open tender process has been undertaken to secure a suitably qualified contractor or contractors to provide the services. A call for tenders was placed on the Tenders SA website.

### **DISCUSSION**

Eight tenders comprising of the following were received:

1. Grounds & Gardens Pty Ltd;
2. Macclesfield Agricultural Contracting Pty Ltd;
3. Programmed Property Services Pty Ltd;
4. MJS Slashing & Mowing Pty Ltd;
5. GC & JM Nitschke;
6. Landskape Pty Ltd;
7. Adelaide Property & Gardens Pty Ltd; and
8. Pridham Viticulture Pty Ltd.

### **Tenders**

The tender evaluation panel comprised of:

- David Cooney (Horticultural Policy Officer);
- Greg Billington (Acting Head Gardener);
- Dominic Fitzsimons (Recreation & Environment Manager, Adelaide Shores, nominated as the representative of Parks and Leisure Australia); and
- Bill Graham (Contracts & Property Co-ordinator).

Tenders have been evaluated against criteria weighted in order of importance as follows:

1. Pricing (50%);
2. Relevant experience (10%);
3. Past performance (10%);
4. Management & technical skills (10%);
5. Resources (10%); and
6. Methodology (10%).

All contractors were required to demonstrate a capacity to achieve Council's desired OH and S standards as a requirement of the tender process. This was assessed as a part of their methodology and management criteria.

A summary of tendered pricing is attached to this report (Attachment 1).

A summary of the scoring considering all of the criteria (financial and non-financial) is as follows:

Grounds & Gardens Pty Ltd	15.7
MJS Mowing & Slashing Pty Ltd	15.1
Programmed Property Services Pty Ltd	14.1
Adelaide Property & Gardens Pty Ltd	10.7
Landskape Pty Ltd	8.8
Macclesfield Agricultural Contracting Pty Ltd	8.3
Pridham Viticulture Pty Ltd	8.3
GC & JM Nitschke	7.4

### **BASIS OF DECISION**

In recommending MJS Mowing & Slashing Pty Ltd in preference to Grounds & Gardens Pty Ltd which has a marginally higher overall score, the evaluation panel considers the following factors decisive:

1. MJS Mowing & Slashing Pty Ltd is a local business based in the Mount Barker industrial area. Council's Procurement policy states:

*"Council encourages the development of competitive local businesses within the District Council of Mount Barker first, and second within the state of South Australia.*

*Council wishes to pursue the principle and objectives of enhancing the capabilities of local business and industry as part of the process of making its purchasing decisions. For this purpose:*

- *Council may accept a tender or offer from a local supplier in preference to a comparable tender or offer from a non-local supplier even if the tender or offer from the non-local supplier has been assessed as more favourable in terms of one or more of the assessment criteria applied (including but not limited to price), so long as the overall differences are not substantial, and so long as it is clear that the selected local supplier can meet Council's requirements at an acceptably high standard which is generally comparable to that of other offers".*

In the opinion of the evaluation panel the overall differences are not substantial and MJS Mowing & Slashing Pty Ltd has the capacity to meet Council's requirements at the required service levels.

2. MJS has held a contract with Council since 2003 and has performed satisfactorily.

The Request for Tender document allows for Council to consider during evaluation:

- (a) *if the Goods and/or Services can be provided locally, within the State or within Australia. Preference will be given to domestically produced Goods and/or Services;*

The evaluation panel considers that all tenders received were of high quality and show that tenderers have spent considerable time in their preparation.

**1. Reasons for increased costs.**

While existing prices (unit rate) have increased by CPI, they were set in 2003. Subsequent changes in administrative/legislative reporting requirements (e.g., OH&S, risk management, training, etc) and plant and running costs have increased overheads.

Recognition that Council's own prescribed maintenance service levels have not been met over the duration of the existing contract and an increase in residential population and reserve area has lead to increasing demand to improve standards. This has probably meant an allowance for more frequent cutting by contractors when calculating prices for the tender submission. (Given that this is a fixed price contract). More frequent cutting will go some way to helping more closely meet Council's own prescribed maintenance levels for reserves.

The table below demonstrates that as all of the submitted tender prices were more expensive than current contract rates, (including that submitted by the incumbent) current charge rates from the existing contractor (the do nothing option) will not continue to apply.

*{Note: The remainder of this page has intentionally been left blank}*



**Contract/Field Services Option**

	<b>Contractor</b>	<b>Field Services</b>	<b>Budgeted 2009/-10</b>
Current Budget	162,440	85,440	247,880
<b>MJS MOWING &amp; SLASHING PTY LTD</b>			
<b>Option A</b> - Tender for North Zone, South Zone & Central Zone (Existing contract mowing including new reserves)	263,000	85,440	348,440
<b>Option B</b> - North Zone, South Zone & Central Zone (Reduced contract/increased Council mowing)	108,000	173,735	281,735
<b>Variance from option A to B</b>	+\$155,000	(\$85,295)	

**Note: Annual estimated additional council resources associated with Option B.**

1 FTE Horticulture (trainee)	35,568
Council overhead	14,227
Mowing plant hire	23,500
Additional plant hire	15,000
<b>Total per annum*</b>	<b>88,295</b>

\*This excludes the initial capital purchase of new plant and equipment at a cost of \$28,000 although this cost is amortised over the useful life of the plant as reflected above.

## **2 Benefits.**

The above table is based on an additional full time employee (trainee). The added mowing requirements are estimated to be in the vicinity of 1000 hours, or about 0.6 FTE per annum. This will provide an additional 0.4 FTE to supplement Council's Horticultural staff, who with additional areas to maintain are stretched. (New areas such as the Ascent Reserve on Alexandrina Road and Donahue Reserve on Donahue Road have been handed over to Council by developers to maintain and the service delivery has been incorporated into council's horticultural team.)

It will also compensate for the 0.2 FTE staff requirement to properly manage the contractor to ensure compliance with the contracted standards. As previously identified some of this additional time will be used to increase Council spraying programs and turf maintenance. It also includes the full lifecycle costs of required additional plant.

Engaging a new trainee will have the additional benefit of providing our local youth with training and mentoring in the horticulture field and also assists in addressing succession planning at the field service centre. It is recognised that we have an aging workforce (a statistic common to Local Government across the State) and it is imperative that we take every opportunity to ensure that our youth are equipped to manage council's assets into the future.

### **OPTIONS**

There is a requirement to amend the existing Council budget to meet either available mowing option.

It is unlikely that existing pricing schedules would be maintained.

The following scenarios may be considered.

1. **Do nothing.** This is highly unlikely to be available as the existing contract has expired as of the 16<sup>th</sup> November. While the incumbent (contractor) has agreed to continue in the interim they have expressed concern over the viability of existing rates. Their tendered price is calculated using increased charge out rates.
2. **Select option A** which represents an operating budget shortfall of approximately \$50,000 for the remaining period of the 2009-10 annual budget, and \$100,000 each financial year after that.
3. **Select option B** which represents an operating budget shortfall of \$17,000, (for the remaining period of the 09/10 financial year, and \$34,000 for ensuing financial years) and demonstrated additional benefits to reserve maintenance standards due to increased horticultural resource. This additional funding includes full life cycle costs of additional plant but not the initial capital purchase of \$28,000.
4. **Reduce the maintenance service levels** on over 50% of reserves to reduce maintenance resource requirements. It is unlikely that lowering the maintenance standards on most reserves would be supported by the community. This is the only option should Council not support the provision of additional resources.

**POLICY IMPLICATIONS****1. Financial/budget**

Increased costs of 3 proposed models have been provided;

- Option A\* \$50,000 09/10, \$100,000 p/a for subsequent years.
- Option B\* \$17,000 for the remainder of 09/10, \$34,000 p/a for subsequent years
- Reduce maintenance service levels. (Reduce works to fit budget)

\*Both option A and B are subject to future review of Council open space provision and prescribed maintenance service levels.

For option B additional new plant capital budget of \$28,000 would be amortised over the useful life of the plant expected to be five years (equating to \$4,000 per year plus \$8,000 residual value).

Opportunities to offset the proposed 09/10 budget increases are being examined to seek to identify where savings can be achieved.

**2. Legal**

The tender process has been undertaken in accordance with Council's Procurement policy.

A formal contract will be established with the successful tenderer. The contract will have flexibility for Council to reduce the maintenance service levels should such a decision be taken by Council during the life of the contract.

**3. Staffing/Work Plans**

The added mowing requirements will require a 0.6 FTE per annum. Employment of a 1.0 FTE trainee will provide 0.4 FTE of that person's time to supplement Council's Horticultural staff as additional areas are required to be maintained.

A 0.2 FTE will be required to properly manage the contractor which will be achieved through redistribution of senior officer duties to the trainee.

This will allow Council to continue to provide ongoing employment for successful graduate trainees. With current and proposed growth of Mt Barker district population it is likely that horticultural service workloads will increase significantly during the next 5-10 years.

Because of the seasonal nature of mowing combined with the "on demand" nature of the work (e.g. preparing for events or

sporting use) it is difficult to engage someone part time to undertake this.

Existing mowing plant is underutilised, and increasing the amount of mowing undertaken by Council has merit from a machinery cost/benefit consideration.

The tender process has been completed by existing staff with assistance from Mr Dominic Fitzsimons (Nominated to represent Parks & Leisure Australia).

The ongoing contract will be managed by Council staff.

**4. Environmental**

All plant requirements set out in the tender document must meet appropriate standards. Some of the additional areas proposed to be mown by Council staff are along linear trails or watercourses, giving us greater control in operational issues, and flexibility to vary work practice to reduce impacts should they occur.

The recommended contractor has an environmental management system in place.

**5. Social**

Increase in Field Service (horticultural) staff person will provide a resource (0.4) to assist with general reserve management of community open space.

**6. Strategic Plans**

The maintenance service levels (msl's) of Council Reserves are set out in Council's Open Space Plan. The required msl's referred to in this tender for service have not been altered from this.

**7. Risk Assessment**

All contractors working on behalf of Council are obliged to meet both mandatory OH&S requirements, and all relevant Council policies.

Periodical audits of the contractor's performance will be undertaken by Council.

**8. Asset Management**

All Council reserves are subject to a prescribed and endorsed maintenance service level which is clearly documented and able to be measured. The proposed recommendation provides the most cost effective method for Council to achieve its desired service level standards and is therefore inline with best practise asset management principles.

The addition of one FTE will assist with the routine maintenance and condition inspections of reserves which is a requirement under the endorsed asset management policy.

Lifecycle costs of new plant have been considered in all budget calculations.

### **COMMUNITY CONSULTATION**

#### **1. Customer Needs Analysis**

If the recommendation is accepted, (Option B) some additional resources will provide for an increase in service provision for Council reserve maintenance. The gap between existing resources and the required service levels is such that while standards will be improved, but all set MSL's on all reserves will still not be met.

A review of all Council open space is currently being undertaken, and a draft report on this will be presented to Council by the end of the 09/10 financial year. From that, a revision of appropriate msl's for all reserves based upon industry standards and equity of service provision may be undertaken. This will be subject to a further report to Council next year.

#### **2. Promotion/Communications**

Not applicable.

## ITEM 17.2 ATTACHMENT 1

TENDER 2009.002 - RESERVES MOWING SLASHING  
TENDERED PRICES

ATTACHMENT 1 - CONFIDENTIAL

	TENDERER							
	Grounds & Gardens	Macclesfield Agri-cultural Contracting Pty Ltd	Programmed Property Services	M/S Mowing & Slashing Pty Ltd	GC & JM Nitschke	Landscape Pty Ltd	Adelaide Property & Gardens	Pridham Viticulture
RESERVES MOWING								
Reserves Mowing - North Zone	45,727	113,898	51,300	41,000			146,438	
Reserves Mowing - South Zone	27,041		47,110	32,000		93,102	133,881	280,096
Reserves Mowing - Central Zone (Option A)	155,844	480,240	263,250	190,000	246,000		551,961	
Reserves Mowing - Central Zone (Option B)	33,772		33,000	35,000		79,822	132,066	
TOTAL RESERVES MOWING NORTH ZONE, SOUTH ZONE & CENTRAL A ZONE (OPTION A)	\$ 228,612		\$ 361,660	\$ 253,000			\$ 832,280	
TOTAL RESERVES MOWING NORTH ZONE, SOUTH ZONE & CENTRAL ZONE B (OPTION B)	\$ 106,540		\$ 131,410	\$ 108,000			\$ 412,405	
ROADSIDE SLASHING (Based on 250 hours per annum x Tractor Slashing Rate)								
TOTAL ROADSIDE SLASHING ESTIMATED ANNUAL COST	\$ 21,250	\$ 21,000	\$ 21,250	\$ 13,750		\$ 20,070	\$ 16,000	
TOTAL NORTH ZONE, SOUTH ZONE & CENTRAL ZONE (OPTION A) PLUS ROADSIDE SLASHING	\$ 249,862.0		\$ 382,910.0	\$ 276,750.0			\$ 848,380.0	
TOTAL NORTH ZONE, SOUTH ZONE & CENTRAL ZONE (OPTION B) PLUS ROADSIDE SLASHING	\$ 127,790.0		\$ 152,660.0	\$ 121,750.0			\$ 428,405.0	