

## **TENDER RECOMMENDATION REPORT**

**TO: CHIEF EXECUTIVE OFFICER**

**FROM: DIRECTOR ASSETS**

**FILE REF: 39076: 23/201381**

**DATE: 19 JUNE 2023**

---

### **TENDER 23105 - PROVISION OF MECHANICAL AND HVAC SERVICES**

---

#### **Issue**

To consider Tender No: 23105, for Provision of Mechanical and HVAC Services for an initial contract term of 3 years with two (2) x 12-month options to extend at the City's discretion.

#### **Background**

Mechanical and HVAC Services are currently provided by Australian Airconditioning Services under contract 18060 and is due to expire on 30 June 2023.

Following a review of the City's requirements, it is proposed that a new contract be awarded for an initial period of three (3) years with two (2) x 12-month, or part thereof, extension options. This is intended to provide both budgetary and operational stability over the contract duration.

#### **Detail**

Tender 23105 was advertised on 3 May 2023 and closed on 19 May 2023. There were two (2) Addenda issued in response to bidder clarifications sought and which did not change the intent or scope of work included to the original tender document.

Essential details of the proposed contract are as follows:

<b>Item</b>	<b>Detail</b>
Contract Form	Goods and Services
Contract Type	Schedule of Rates
Contract Duration	3 Years
Commencement Date	1 July 2023
Expiry Date	30 June 2026
Extension Permitted	Yes, two (2) periods of 12 months

Tender submissions were received from the following companies, including an Alternative Offer from CMS Engineering Pty Ltd:

Legal Name	Trading Name	Abbreviation
Australian Airconditioning Services Pty Ltd		AAS
CMS Engineering Pty Ltd		CMS
D & E Airconditioning Pty Ltd		D&E
EQUANS Mechanical Services Australia Pty Limited		EQUANS
Fredon Air (WA) Pty Ltd		Fredon
Heru Holdings Pty Ltd	ME Engineering Group	ME Group
National Refrigeration Solutions Pty Ltd		NRS
Precise Air Group Pty Ltd		Precise

### Probity Oversight

Oversight to the tender assessment process was undertaken by an external Probity Adviser (William Buck Consulting (WA) Pty Ltd) and in conjunction with the City's Contracts Officer.

Please refer to the Confidential Attachment for reference to the external Probity Advisor Final Report.

Tender submissions were evaluated in accordance with the Procurement and Evaluation Plan (**PEP**) which included the following selection criteria:

Item No	Description	Weighting
1	Sustainable (Corporate Social Responsibility) Procurement a. Environmental Considerations 5% b. Buy Local 10% c. Reconciliation Action Plan 2.5% d. Disability Access and Inclusion 2.5%	20%
2	* Work Health & Safety (WHS)	20%
3	* Relevant Experience and Capability	30%
4	* Capacity and Methodology	30%

All tenderers must meet the City's minimum requirements (as determined by the City) for each of the qualitative criteria detailed above (\*) in order to be considered for further evaluation.

Pricing is not included in the qualitative criteria and is considered as part of the overall value for money assessment.

All received tenders were accepted on the basis that they were compliant and worthy of inclusion to the tender evaluation process.

**Evaluation Criteria 1 - Sustainable Procurement (20%)**

Evidence of Sustainable (Corporate Social Responsibility) Procurement was assessed based on the Tenderer's responses provided to the Questionnaires within Schedules 3A, 3B, 3C and 3D which formed part of the tender documentation.

**Sub Criteria a) Environmental Considerations (5%)**

The City is committed to procuring goods and services that provide positive environmental, social and economic impacts over the entire life cycle of a product or service. Respondents are encouraged to provide credentials of any environmental claims of the goods and/or services submitted in this tender.

Tenderers provided details of their environmental considerations within Schedule 3A, with the following ranking:

<b>Tenderer</b>	<b>Ranking</b>
AAS	1
Precise	2
CMS	3
D&E	3
EQUANS	3
Fredon	6
ME Group	6
NRS	6

**Sub Criteria b) Buy Local (10%)**

An assessment was made based on the response provided, detailing the following information:

- Location of tenderer's offices and workshops;
- Residential addresses of staff and company addresses of subcontractors;
- Purchasing arrangements through local businesses;
- Requirement for new employees arising from award of the contract.

Tenderers provided details of their "Buy Local" considerations within Schedule 3B, with the following ranking:

<b>Tenderer</b>	<b>Ranking</b>
NRS	1
AAS	2
CMS	3
D&E	3
EQUANS	3
ME Group	3
Fredon	7
Precise	7

**Sub Criteria c) Reconciliation Action Plan (RAP) (2.5%)**

An assessment was made to determine the ranking based on the responses provided that relate to:

- RELATIONSHIPS - building positive relationships between indigenous and non-indigenous people;

- RESPECT - recognising the contribution of Indigenous people to Australia and learning more about the history, culture and diversity in a two-way communication process;
- OPPORTUNITIES - attracting, developing and retaining organisational talent to build opportunities for aboriginal employment, training, and development and mentoring.

Tenderers provided information specifying differing levels of actions in relation to indigenous reconciliation action with assessment resulting in the following ranking:

<b>Tenderer</b>	<b>Rankina</b>
MS	1
CMS	1
EQUANS	3
Precise	4
NRS	5
Fredon	6
D&E	6
ME Group	8

#### **Sub Criteria d) Access & Inclusion Plan (AIP) (2.5%)**

An assessment was made to determine the ranking based on the responses provided that relate to:

- People with disabilities having the same buildings and facilities access opportunities as other people;
- People with disabilities receiving information in a format that will enable them to access information as readily as other people are able to access it;
- People with disabilities receiving the same level and quality of service from staff as other people receive;
- People with disabilities having the same opportunities as other people to make complaints;
- People with disabilities having the same opportunities as other people to participate in any employment opportunities.

Tenderers provided information specifying considerations for access and inclusion provisions with assessment resulting in the following ranking:

<b>Tenderer</b>	<b>Ranking</b>
MS	1
CMS	2
Precise	2
D&E	2
EQUANS	5
Fredon	5
NRS	5
ME Group	8

#### **Overall Sustainable Procurement Ranking Summary**

The overall assessment of the Sustainable Procurement criteria has resulted in the following overall ranking:

<b>Tenderer</b>	<b>Ranking</b>
NRS	1
AAS	2
CMS	3
EQUANS	4
D&E	5
Precise	6
ME Group	7
Fredon	8

### **Evaluation Criteria 2 -Work Health & Safety (WHS) (20%)**

Evidence of WHS management policies and practices was assessed from the tender submissions. The assessment for safety management was based on the tenderer's responses to a specific Questionnaire included within the tender documentation.

Tenderers provided details of their safety management systems with the following ranking:

<b>Tenderer</b>	<b>Ranking</b>
AAS	1
ME Group	2
CMS	3
Fredon	3
Precise	3
D&E	6
NRS	7
EQUANS	8

### **Evaluation Criteria 3 - Relevant Experience and Capability (30%)**

The tenderer's relevant experience in demonstrating the achievement of meeting client expectations as presented in their tender submission were assessed to evaluate their capability to meet the requirements of the contract. Assessment of this criterion considered the tendering entity's credentials to fulfil the requirements of the contract. The assessment of this criterion has resulted in the following ranking:

<b>Tenderer</b>	<b>Ranking</b>
AAS	1
CMS	2
Precise	2
D&E	4
EQUANS	5
Fredon	5
ME Group	5
NRS	5

### **Evaluation Criteria 4 - Capacity and Methodology (30%)**

The tenderer's resources as presented in their tender submission were assessed to evaluate their capacity to meet the requirements of the contract. Assessment of this criterion also considered the tenderer's proposed methodology along with available staff resources, vehicles, plant/equipment and workshop support to manage the contract.

Tenderers provided details of proposed methodology, resources and capacity with the following ranking:

<b>Tenderer</b>	<b>Ranking</b>
AAS	1
ME Group	2
CMS	3
D&E	4
EQUANS	5
Fredon	5
NRS	5
Precise	5

### **Overall Qualitative Weighted Assessment and Ranking**

Tenderer's submissions were reviewed in accordance with the Procurement and Evaluation Plan. The overall assessment of qualitative weighted criteria resulted in the following ranking:

<b>Tenderer</b>	<b>Ranking</b>
AAS	1
CMS	2
ME Group	3
D&E	4
Precise	5
NRS	6
EQUANS	7
Fredon	8

### **Pricing for the Goods/Services/Works Offered**

An assessment was made to determine the ranking based on the schedule of rates provided with the tender documentation.

CMS submitted an Alternative Offer consisting of a pricing schedule based on a proposed lower frequency attendance to several minor sites.

Based on the information provided, tenderers are ranked as follows:

<b>Tenderer</b>	<b>Ranking</b>
AAS	1
NRS	2
ME Group	3
D&E	4
Precise	5
CMS Alternative	6
Fredon	7
EQUANS	8
CMS	9

### **Value for Money Assessment**

A calculation based on the City's estimated requirement for items within the submitted schedule of rates was used to determine an equitable projected cost over the initial three (3) year contract period for each tenderer. Further detail is contained within the attached Confidential Memorandum.

The combined assessment of Price vs Qualitative Scores resulted in the following tender ranking (highest to lowest):

<b>Tenderer</b>	<b>Ranking</b>
AAS	1
NRS	2
ME Group	3
D&E	4
Precise	5
CMS Alternative	6
Fredon	7
EQUANS	8
CMS	9

### **Overall Assessment and Comment**

Australian Airconditioning Services were ranked highest in three of the four individual Qualitative Criteria resulting in their being ranked highest in the Overall Qualitative Weighting Assessment. They also ranked best for Pricing for the Goods/Services assessment and therefore satisfied the overall value for money assessment in accordance with the assessment criteria and weightings as detailed in the Procurement and Evaluation Plan.

Australian Airconditioning Services' submission is assessed as having suitable safety systems, experience, resources, capacity and a proven methodology to carry out the requirements of the contract and is therefore recommended as the successful tenderer.

### **Consultation**

Nil.

### **Statutory Compliance**

Tenders were invited in accordance with the requirements of Section 3.57 of the *Local Government Act 1995*. The tendering procedures and evaluation complied with the requirements of Part 4 of the *Local Government (Functions and General) Regulations 1996*.

### **Strategic Implications**

The proposal aligns with the following objective with the Strategic Community Plan 2021-2031:

#### "Goal 5

##### Priority 5.3

Wanneroo will be a City known for having high quality new and existing assets that are well maintained to be fit for purpose and valued by local communities. The City's assets will be future proofed by design and also provide maximum return on investment into the future.

**Enterprise Risk Management Considerations**

<b>Risk Title</b>	<b>Risk Rating</b>
CO-O13 Workplace Health and Safety	Low
<b>Accountability</b>	<b>Action Planning Option</b>
Corporate Strategy and Performance	Manage
<b>Risk Title</b>	<b>Risk Rating</b>
CO-O22 Environmental Factors	High
<b>Accountability</b>	<b>Action Planning Option</b>
Corporate Strategy and Performance	Manage
<b>Risk Title</b>	<b>Risk Rating</b>
CO-O08 Contract Management	Low
<b>Accountability</b>	<b>Action Planning Option</b>
Corporate Strategy and Performance	Manage

**Financial and Performance Risk**Financial Risk

A financial risk assessment was undertaken as part of the evaluation process and the outcome of this independent assessment advised that Australian Airconditioning Services has been assessed with a 'strong' financial capacity to meet the requirements of the relevant contract.

The financial risk is further mitigated by the contract conditions which provide for payment to be made only after satisfactory completion of services.

Performance Risk

Australian Airconditioning Services is the City's incumbent contractor for this service and has previously demonstrated it has the capacity and experience to fulfil the contract requirements. It is considered reliable and produces work to a high standard while maintaining alignment to budget and scheduling requirements without dispute or incident.

**Policy Implications**

Tenders were invited in accordance with the requirements of the City's Purchasing Policy.

**Financial (Budget) Implications**

The cost associated with the Provision of Mechanical and HVAC Services is included in the Asset Maintenance Operational Budget.



**Recommendation:**

**That the Chief Executive Officer, in accordance with Delegation 1.1.13 - Choice of Most Advantageous Tender of the Delegated Authority Register for the awarding of tenders ACCEPTS the tender submitted by Australian Airconditioning Services Pty Ltd for Tender 23105, for the PROVISION OF MECHANICAL AND HVAC SERVICES, as per the schedule of rates in the tender submission, for a period of three (3) years with two (2) twelve (12) month, or part thereof, options to extend at the discretion of the City, subject to appropriate funding availability for the 12-month contract term and subsequent approved contract extensions.**