



- 13.5** **TENDER: DRAINAGE ASSET CLEANING AND PIPE REHABILITATION SERVICES (PANEL)**
- EXECUTIVE MEMBER:** LACHLAN JOHNSON, GENERAL MANAGER, CUSTOMER, OPERATIONS AND INFRASTRUCTURE
- PREPARED BY:** MARK THOMPSON, ACTING MANAGER MAINTENANCE & ASSETS
PETER JUMEAU, COORDINATOR INFRASTRUCTURE & MAINTENANCE
TIM BROWN, PROCUREMENT ADVISOR

1. PURPOSE

- 1.1. To present the report of the Tender Evaluation Panel (TEP) for Tender RFT000194 – Drainage Asset Cleaning and Pipe Rehabilitation Services and to recommend the creation of two panels of contractors by awarding contracts:

Part A - Drainage Asset Cleaning

- a) Citywide Service Solutions Pty Ltd;
- b) Veolia Environmental Services (Australia) Pty Ltd;
- c) MetroEnviro Maintenance Pty Ltd (as trustee for MetroEnviro Maintenance Trust);
- d) Rangedale Drainage Services Pty Ltd;

Part B - Pipe rehabilitation services

- a) Veolia Environmental Services (Australia) Pty Ltd;
- b) M Tucker and Sons Pty Ltd;
- c) TDM Pipeline Solutions Pty Ltd; and
- d) Melbourne Drintech Pty Ltd.

2. EXECUTIVE SUMMARY

- 2.1 Council is responsible for the maintenance of a significant network of stormwater drainage pits and pipes across the City. As a low lying community abutting Port Phillip Bay, the effective maintenance of this infrastructure is critical to reducing inundation during storm events.
- 2.2 An internal review of Council's operation and maintenance delivery processes recommended the establishment of panels of suppliers for both the cleaning and rehabilitation of the stormwater network.
- 2.3 Under the proposed panel arrangement, no contractor is guaranteed any projects or works. They are available to be engaged to undertake works as required as per Council's Procurement Policy.
- 2.4 Public tender RFT000194 was advertised on 8 October 2022 and closed on 28 October 2022. The tender was divided into two separate service categories:
- 2.4.1 Part A – Drainage Asset Cleaning; and
 - 2.4.2 Part B – Pipe Rehabilitation Services.
- 2.5 The Part A services include, but are not limited to:



- a) drainage pipe cleaning services including high pressure jetting and cleaning of drainage lines, educting, hydraulic tree root cutting, impact cutting, confined space entry, quickview and CCTV inspection;
 - b) drainage pit cleaning services including side entry pits, grated side entry pits, grated pits, junction pits, soaker pits and serviceability inspection of pits;
 - c) gross pollutant trap cleaning;
 - d) waste disposal of Category A,B and C contaminated material in accordance with environmental controls; and
 - e) miscellaneous cleaning services such as cleanouts of the wash bays at the Operations Centre and the Resource Recovery Centre in South Melbourne, educating and cleaning sump pits, cleaning of outlets and end walls to Port Phillip Bay using excavation, non-destructive digging using hydro-excavation and dry suction, and the provision of traffic management services.
- 2.6 The Part B services include, but are not limited to:
- a) drainage pipe rehabilitation schedule of pipes from 150mm to 1200mm diameter; and
 - b) traffic management.
- 2.7 The intention of inviting tenders was to appoint a panel of contractors for both Part A and Part B. The proposed contracts have an initial term of five (5) years with an optional two (2) years (at the Council's discretion), meaning a potential seven (7) year contract.
- 2.8 Prospective tenderers were invited to bid for:
- a) all of Part A;
 - b) all of Part B; or
 - c) all of Parts A and Part B.
- 2.9 Based on current financial projections and available data, the estimated expenditure for Part A – Drainage Asset cleaning services, over the potential life of the seven (7) year contract is \$7,900,000
- 2.10 It was decided to provide additional capacity in the contract up to a total value of \$2,100,000 over the life of the contract. This provision provides Council the contractual capacity to undertake additional maintenance in case Council's inspection program identifies further works that are required, if and only if, Council allocates additional funding as part of its annual budget process to undertake such works. A total contractual spend has therefore been estimated at \$10,000,000.
- 2.11 Based on current financial projections and asset management data, the estimated expenditure for Part B – Pipe Rehabilitation Services, over the potential life of the seven (7) year contract is \$6.75M. Whilst the capital budget is estimated at \$15,100,000, all activities undertaken under our capital works program will not be delivered through Part B of this contract. New and major pipe upgrades will be tendered out under separate projects.
- 2.12 Appointment to both the Drainage Asset Cleaning and Pipe Rehabilitation Panel will not guarantee any successful tenderer any volume or value of works at any time.
- 2.13 The tenderers were requested to submit on a schedule of rates basis. There is no lump sum component and the amount paid to contractors will be dependent on a range of



factors, including, but not limited to, cost of scoped works in accordance with the works schedule, contractor availability, and complexity of scope.

- 2.14 The specification provided that the rates submitted are to be indexed annually in accordance with the ABS Producer Price Index
- 2.15 Value from the panels will be derived through seeking quotes from panel members who have the right plant and equipment to perform the required scope. Using the right specialist equipment has significant time savings, reduces carbon emissions from machinery hours and provides project cost savings

3. RECOMMENDATION

That Council:

- 3.1 award contracts for Part A– Drainage Asset Cleaning based on the rates submitted, with an estimated value of \$10.0M (Inc.GST), commencing on 1 March 2023, for the contract term of five (5) years with an optional two (2) year extension to:
 - a) Citywide Service Solutions Pty Ltd;
 - b) Veolia Environmental Services (Australia) Pty Ltd;
 - c) MetroEnviro Maintenance Pty Ltd (as trustee for MetroEnviro Maintenance Trust);
 - d) Rangedale Drainage Services Pty Ltd.
- 3.2 award contracts for Part B- Pipe Rehabilitation Services based on the rates submitted, with an estimated value of \$6.75M (Inc.GST) commencing on 1 March 2023, for the contract term of five (5) years with an optional two (2) year extension to:
 - a) Veolia Environmental Services (Australia) Pty Ltd;
 - b) M Tucker and Sons Pty Ltd;
 - c) TDM Pipeline Solutions Pty Ltd; and
 - d) Melbourne Draintech Pty Ltd.

4. KEY POINTS/ISSUES

- 4.1 In January 2022, Council officers undertook an internal review of Council’s annual maintenance and capital infrastructure delivery program to identify opportunities for improvement of delivery. The purpose of the review was to identify effective ways to support Council in delivering services more efficiently and with increased oversight of contractor engagements.
- 4.2 The review recommended the initial step of seeking to establish two (2) panels of suppliers for both cleaning and rehabilitation services. The recommendation was based on the following predicted outcomes:
 - a) increased service capacity annually, with added ability to meet seasonal demands;
 - b) reduced resourcing allocation and cost required to engage contractors, selecting contractors based on fit for purpose equipment for each project;
 - c) pre-qualified contractors to meet required licensing and insurance requirements; and



- d) improved data to support strategic decisions for future years' programs.
- 4.3 The initial proposal to establish panels of contractors was in part driven by the need for highly specialised equipment, in recognition that the supplier environment is fragmented (i.e., one supplier is unlikely to be able to solely meet Council's requirements) and due to the evolving nature of Council's drainage maintenance program. The intent is that over the life of the panel contracts, better asset data will enable the development of a consistent and scheduled cleansing program. Until such time that this is possible, the panels approach provides the flexibility for Council to maintain its drainage network in an agile manner.
- 4.4 The tendering process has been conducted in accordance with the provisions of the Local Government Act 2020 (LGA 2020) and Council's Procurement Policy. The tenders were advertised on 8 October 2022 and closed on 28 October 2022.
- 4.5 Prior to the advertising, the evaluation criteria and weightings were determined and the tender evaluation panel (TEP) appointed. The TEP membership is shown in Table 1.

Table 1 – Tender Panel Members		
Tim Brown	Procurement Advisor	TEP Chairperson
Mark Thompson	Acting Manager Asset Management & Maintenance	Panel member
Peter Jumeau	Coordinator Infrastructure Maintenance	Panel Member
John Tran	Asset Portfolio Planner- Integrated Water	Panel Member

- 4.6 All TEP members signed the standard form indicating they had no conflict of interest and would keep the tender information confidential.
- 4.7 The evaluation criteria and weightings were as shown in Table 2.

Table 2- Description	Criteria
Mandatory Filter Criteria: An Occupational Health and Safety (OHS) Management System in accordance with ISO 45001 Insurance Certificates of Currency: a) \$20M Public Liability Insurance b) \$10M Professional Indemnity Insurance	Pass/fail
CRITERIA WEIGHTINGS	
Criteria	Weighting
Price	45%
Capacity to meet the requirements of the specification	20%
Relevant experience and track record	20%
Occupational health and safety	10%
Corporate social responsibility	5%



4.8 Twelve (12) submissions were received by the specified closing time

Table 3-Tenders Received	
No.	Tenderer's name
1	Tenderer A
2	Tenderer B
3	Citywide Service Solutions Pty Ltd
4	Tenderer C
5	Tenderer D
6	Melbourne Draintech Pty Ltd
7	Rangedale Drainage Services Pty Ltd
8	TDM Pipeline Solutions Pty Ltd
9	Tenderer E
10	MetroEnviro Maintenance Pty Ltd (as trustee for MetroEnviro Maintenance Trust)
11	M Tucker and Sons Pty Ltd
12	Veolia Environmental Services (Australia) Pty Ltd

4.9 Three (3) tenders were deemed to be non-conforming for one or more of the following reasons:

- a) failure to comply with the mandatory criteria;
 - A) lack of evidence of independently audited, prequalified Occupational Health and Safety Management System to a recognised Australian or international standard, such as AS/NZS4801:2001 or ISO 45001 (OHS);
 - B) insurance certificates of currency in accordance with the proposed Conditions of Contract - public risk – coverage of \$20m -
- b) one tenderer submitted documentation and schedules relating to another metropolitan council and was deemed non-conforming;
- c) insufficient responses to questionnaires relating to the capacity to meet the requirements of the specification, occupational health and safety and corporate social responsibility;
- d) non-submission of rates in accordance with schedule; and
- e) request for alternate conditions of contract

Table 4- Non Compliant Tenders		
No.	Tenderer's Name	Reason for Non-conformance
1	Tenderer A	Mandatory Criteria A – OHS No capacity to perform contract

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2	Tenderer B	Mandatory Criteria A & B noted in tender. Requested documents be sent by email and they did not respond to request
9	Tenderer E	Documentation submitted related to another council and schedule not completed.

4.10 Below is a summary of the received submissions received for Part A & B of the tender:

Part A – Twelve (12) submissions;

- a) nine (9) considered to be conforming; and
- b) three (3) considered non-conforming due to the reason outlined in Table 4.

4.11 Part B – Seven (7) total submissions;

- a) six (6) considered to be conforming; and
- b) one (1) was considered to be non-conforming due to missing schedule of rate responses.

4.12 Part B - six (6) conforming submissions of which two (2) had technical scores that were significantly below the other submissions and were not recommended by the TEP.

4.13 The TEP met on two occasions and scored the tenders (out of 1,000) as shown in Tables 5 and 6.

4.14 The initial price scoring was conducted by giving the lowest priced tenderer a score of 450 with the other tenderers' prices scored in proportion to the lowest priced tenderer.

4.15 Table 5: Scoring for part A

TABLE 5 PART A- DRAINAGE CLEANING SERVICE	
Tenderer's Name	Score
Citywide Service Solutions Pty Ltd	840.06
Veolia Environmental Services (Australia) Pty Ltd	808.74
MetroEnviro Maintenance Pty Ltd (as trustee for MetroEnviro Maintenance Trust)	823.75
Rangedale Drainage Services Pty Ltd	786.79
TDM Pipeline Solutions Pty Ltd	741.54
M Tucker and Sons Pty Ltd	724.66
Tenderer D	713.39
Tenderer C	691.64
Melbourne Draintech Pty Ltd	No cost submitted

4.16 The TEP determined that the four (4) highest scoring tenderers were suitable and that a difference of nearly 45 points between tenderer four and the next tenderer was significant enough to warrant a cut-off point of 780 points.



TABLE 6- PART B- PIPE REHABILITATION SERVICES	
Tenderer's Name	Score
Veolia Environmental Services (Australia) Pty Ltd	926.25
TDM Pipeline Solutions Pty Ltd	747.73
M Tucker and Sons Pty Ltd	435.70
Melbourne Draintech Pty Ltd	452.44
Citywide Service Solutions Pty Ltd	No cost provided
Tenderer D	171.40
Rangedale Drainage Services Pty Ltd	292.14

- 4.17 The TEP noted the wider range of scores across Part B of the tender when compared with Part A. Weighing up the difference in these scores with the need to provide flexibility in the panel, the TEP determined that the top four (4) submissions were most advantageous to Council as the gap between tender four and tender five was 143 points.
- 4.18 The TEP did not conduct formal interviews with tenderers as clarifying questions were minor in nature.
- 4.19 Citywide provided pricing in schedule B, however the prices submitted were not in accordance with the required schedule and after clarification was omitted from the ranking assessment.
- 4.20 Following shortlisting, the TEP resolved to assess and recommend panel members based on their submitted prices and not to seek Best and Final Offers (BAFOs) from the shortlisted panel members as the proposed contract rates provided for day labour, plant rates and disposal of contaminated material are requirements under legislated employment awards and EPA guidelines. The plant rates submitted were for various machinery and tools and were in line with industry standards chargers.
- 4.21 The TEP determined that submitted prices represented best value and that given the nature of the panel, there was little opportunity to extract further value for Council through a BAFO process.

5. CONSULTATION AND STAKEHOLDERS

- 5.1 Relevant Council departments were consulted in the preparation of the specifications, Procurement Plan and the Evaluation Plan.
- 5.2 Pitcher Partners were appointed as probity advisers to oversee the tendering process.

6. LEGAL AND RISK IMPLICATIONS

- 6.1 The recommended tenderers hold -
- public liability of \$20M insurance coverage;
 - professional indemnity of \$10M; and
 - WorkCover.
- 6.2 The tendering process was conducted according to the provisions of the LGA 2020 and Council's Procurement Policy and was overseen by Pitcher Partners. There are no



obvious legal or risk implications and being panel contracts, the proposed contractors are not guaranteed any projects/works of any volume or value.

7. FINANCIAL IMPACT

- 7.1 For services outlined in Part A of the proposed contract, the current budget in Council's Long Term financial plan over the potential seven (7) year contract is \$7,900,000.
- 7.2 An additional \$2,100,000 contractual capacity amount has been accounted for to allow for the case of further works, if and only if, Council allocates additional funding as part of its annual budget process.
- 7.3 For services outlined in Part B of the proposed contract, the estimated expenditure over the potential seven (7) year contract term is \$6.75M. This represents part of the \$15.1M allocated for capital projects over the next seven (7) years.
- 7.4 Any works allocated to recommended contractors via this panel arrangement will be funded by operational (maintenance) and project (renewal works) budgets. Both these allocations are subject to Council's annual budget process including the development of the project portfolio each year.
- 7.5 The estimated expenditure is projected utilising the current ten (10) year financial plan.

8. ENVIRONMENTAL IMPACT

- 8.1 The Contractors are required to submit a detailed environmental management plan (EMP) conforming to ISO 14001 covering all activities performed. The EMP will be approved by the Council contract manager with the contractors nominating an environmental representative to ensure effective management of, but not limited to, forms of pollution, waste management and protection of habitat. Environmental reporting will form part of the contract management plan.
- 8.2 Environmental aspects were the subject of a questionnaire in the Conditions of Tender and were a component of the weighted scoring. All of the recommended tenderers addressed the key issues to varying degrees, contractors certified under ISO14001 scored highest with responses including, but not limited to:
 - a) relevant certifications;
 - b) relevant policies;
 - c) reduction of waste;
 - d) water conservation;
 - e) reducing greenhouse gas emissions;
 - f) biodiversity enhancement; and
 - g) recycling.
- 8.3 Tenderers who scored the highest in this area had a net zero policy and action plans and showed a strong commitment to offsetting greenhouse gas emissions.

9. COMMUNITY IMPACT

- 9.1 Improved delivery of maintenance and minor renewal work to Council's stormwater assets is essential to ensure infrastructure is operating at 90% of its intended design capacity. This service level reduces the likelihood of flash flooding and the severity of damage to property during moderate to major storm events.



9.2 Tenderers who scored highest in this area had a diversity policy and demonstrated in their responses a commitment including, but not limited to:

- a) gender equity;
- b) inclusive employment;
- c) indigenous employment;
- d) long term unemployed or entrenched disadvantage employment;
- e) people with disabilities;
- f) migrants and refugees;
- g) youth; and
- h) family violence leave policy.

10. ALIGNMENT TO COUNCIL PLAN AND COUNCIL POLICY

10.1 The appointment of the recommended tenderers will support Council in its delivery of key initiatives of the Council Plan 2021-2031, including:

Direction 5 – Well Governed Port Phillip

- a) Improved procurement and contract management practices to deliver best value and embed corporate social responsibility outcomes
- b) Invest to improve the condition, functionality, capacity and sustainability of community assets to achieve best value for our community, protect them for future generations and ensure asset management requirements of the LGA 2020 are achieved.

Direction 2 – Sustainable Port Phillip

- a) Port Phillip has cleaner streets, parks, foreshore areas and waterways where biodiversity flourishes.
- b) The city is actively mitigating and adapting to climate change and invests in designing, constructing and managing our public spaces to optimise water sustainably and reduce flooding (blue/green infrastructure).

11. IMPLEMENTATION STRATEGY

11.1 TIMELINE

11.1.1 The proposed contracts will commence on 1 March 2023.

11.1.2 Unsuccessful tenderers will be advised of the outcome of the tendering process and will be offered the opportunity to debrief with officers.

11.2 COMMUNICATION

11.2.1 Council's contract management system will hold updated contracts and records. The contract administrator and manager will notify key staff of the implementation of the new panel of contractors.

12. OFFICER DIRECT OR INDIRECT INTEREST

12.1 No officers involved in the preparation of this report have any material or general interest in the matter.

ATTACHMENTS

Nil