

Management report to Council

Agenda item 6.2

Clean City Services Tender Contract 3668 and 3669

Council

Presenter: Evan Counsel, General Manager Strategy, Planning and Climate Change

28 November 2023

Purpose and background

1. The purpose of this report is to award two tenders for the provision of Clean City Services as two separate contracts, being:
 - 1.1. Street Cleaning and Ancillary Services contract 3669 to Tenderer A
 - 1.2. Graffiti Management and Pressure Cleaning Services contract 3668 to Tenderer B.
2. Both contracts will be for five years commencing on 1 April 2024, with each having an option to extend for up to a further five years.
3. The two contracts provide Clean City Services for the entire municipality, inclusive of street cleaning, ancillary services, graffiti management and pressure washing services.
4. Spotless delivers the current Street Cleaning Services contract (3441) which expires on 1 January 2024, with a month-to-month extension for up to 12 months.
5. Calcorp delivers the current Graffiti Management contract (100091) which expires on 31 March 2024, with a month-to-month extension for up to nine months.
6. The two stage tender process commenced on 19 June 2023 with an expression of interest, and the select tender closed on 31 July 2023. The weightings of the evaluation criteria declared in the invitation to tender documents were Cost (40 per cent), Plan for Proposed Services (15 per cent), Experience, Capability and Past Performance (30 per cent), Sustainability (10 per cent) and Local Economic Benefit (five per cent).
7. The tender evaluation reports are provided at confidential Attachments 2 and 3.

Key issues

8. Attachment 4 provides a high level summary of service improvements for Clean City Services, which highlights efficiencies and improvements between the current contracts and the new contracts.
9. The inclusion of the Melbourne Clean Team is structured as an optional year-on-year service within the Street Cleaning and Ancillary Services contract. At the commencement of the contract this is specified at a service level inclusive of 12 precincts. Details of the service and various service levels are provided in Attachment 5.
10. The cost to Council of appointing the two recommended tenderers is \$233,669,896 (excluding GST) over ten years. Based on an annual Consumer Price Index (CPI) increase of three per cent from next financial year, in a cost comparison between the current contracts and the new contracts, Council is expected to realise a saving of approximately \$2.6 million in the first financial year of the new contracts.

Recommendation from management

11. That Council:
 - 11.1. Awards the contract for the provision of Street Cleaning and Ancillary Services, contract number 3669, to Tenderer A for a term of five years commencing 1 April 2024 with an option to extend the contract term by up to a further five years, for the contract sum listed in section 7 of Attachment 3 of the report from management, plus the inclusion of the Melbourne Clean Team in year one as listed in section 7 table 7.1 of Attachment 3 of the report management and otherwise in accordance with the negotiated terms and conditions of contract.
 - 11.2. Awards the contract for the provision of Graffiti Management and Pressure Cleaning Services, contract number 3668, to Tenderer B for a term of five years commencing 1 April 2024 with an option to extend the contract term by up to a further five years, for the contract sum listed in section 7 of Attachment 2 of the report from management and otherwise in accordance with the negotiated terms and conditions of contract.
 - 11.3. Authorises management to release the names of Tenderer A and Tenderer B following the execution of both contracts by the relevant parties.
 - 11.4. Resolves that the information contained in Attachments 2 and 3 of the report from management is to remain confidential pursuant to section 3(1) of the *Local Government Act 2020*, because it contains private commercial information, which if released, would unreasonably expose the business to disadvantage by disclosing financial information to competitors.

Attachments

1. Supporting Attachment (Page 3 of 32)
2. CONFIDENTIAL – Tender Evaluation Report Graffiti Management and Pressure Cleaning Services (Page 5 of 32)
3. CONFIDENTIAL – Tender Evaluation Report Street Cleaning and Ancillary Services (Page 17 of 32)
4. Service Improvements Clean City (Page 29 of 32)
5. Melbourne Clean Team Service Models (Page 31 of 32)

Supporting Attachment

Legal

12. Pursuant to section 109(1) of the *Local Government Act 2020*, a Council must comply with its Procurement Policy before entering into a contract for the purchase of goods or the carrying out of works.
13. The Chief Executive Officer must ensure that any report to Council that recommends entering into a procurement agreement includes information in relation to any opportunities for collaboration with other councils or public bodies which may be available.

Finance

14. The two contracts are forecast to deliver \$2,601,865 of savings for the next financial year in comparison to this financial year's total operating budget. The operating costs of the new contracts will be covered by the branch operating budget.

Procurement

15. This matter accords with the Centre Led Procurement Policy and all procurement processes were adhered to during the tender process.

Conflict of interest

16. No member of Council staff, or other person engaged under a contract, involved in advising on or preparing this report has declared a material or general conflict of interest in relation to the matter of the report.
17. As part of the Council's usual tender management process, all those involved in the evaluation process were required to complete a declaration of interests prior to commencing work on the tender, with the intent of identifying and managing possible conflicts before the evaluation process commences.

Health and Safety

18. Prior to operational commencement in 2024, as part of the contract conditions, the provider will be required to submit an Occupational Health and Safety (OHS) Plan and a Risk Assessment Plan to ensure that all aspects of health and safety have been considered, including:
 - 18.1. Ensuring the provider's employees, subcontractors and agents, satisfy and comply with all legislative requirements.
 - 18.2. Acknowledgement by the provider of its obligations to ensure that the health and safety of any person is not put at risk as a result of the provision of the services.
 - 18.3. Acknowledgement by the provider it will inform itself of, and comply with all OHS issues, procedures or measures implemented or adopted by Council and/or any occupiers of any premises at or within which the Service Provider will carry out its obligations under the contract/agreement.
 - 18.4. Acknowledgement by the provider it must at all times provide and maintain a safe working environment, and must ensure that the systems, procedures and practices necessary for the protection of the health and safety of all persons in or near the area where the services are being carried out are implemented.
 - 18.5. Acknowledgement by the provider that community health and safety has been considered: Identify where the provision of service will have a positive effect on the health and safety of the wider community. Outline the anticipated benefits to both the physical and psychological health of the community.

Stakeholder consultation

19. External stakeholder input has been provided via the following avenues:
 - 19.1. Community consultation via Participate Melbourne for the Melbourne Clean Team service.
 - 19.2. Community feedback received through City of Melbourne's neighbourhood partners, community groups and business concierge service.
 - 19.3. Community feedback received through Salesforce work orders and reports.
 - 19.4. Probity officers, to ensure the process in delivering the tender process did not breach probity.

Relation to Council policy

20. The recommendation is consistent with:
 - 20.1. Waste and Resource Recovery Strategy 2030
 - 20.2. Major Initiative 51 – Delivery and maintain a clean city through the Rapid Response Clean Team;
 - 20.3. Council Emissions Reduction Targets.

Corporate social responsibility

21. In developing this proposal, consideration has been given to the inclusion of Corporate Social Responsibilities in the provision of the service including:
 - 21.1. Social Enterprises supporting employment opportunities.
 - 21.2. Aboriginal and Torres Strait Islanders strategies in the form of Reconciliation Action Plans and employment opportunities.
 - 21.3. Procurement of local goods and services.
 - 21.4. Environmental benefits identified through the tender process:
 - 21.4.1. The recommended service providers are maximising the use of Electric Vehicle fleet where the technology is suitable and available to deliver the service requirements. Doubling the quantity of existing fleet based on the current service contracts and reducing carbon emissions.
 - 21.4.2. Organic street sweepings collected during leaf and pollen seasons will be sent for organic composting.
 - 21.4.3. The recommended service providers have ISO 14001:2004 for Environmental Management Systems and certification.
 - 21.4.4. New technology presented by the service provider delivering the pressure washing service will reduce annual fuel consumption by more than 100,000 litres. This is the estimated equivalent of over 250 tonnes of greenhouse emissions saved per annum.
 - 21.4.5. The recommended service provider has commissioned rainwater tanks and a water treatment plant to enable the use of B grade water for the pressure washing service.

Attachment 4 – High level summary of service improvements for Clean City Services

Separable Portion A Contract 3669 (Street Cleaning & Ancillary Services)

Service	Current Contract 3441	New Contract 3669
Programmed Street Cleaning (Central City)	Hoddle Grid daily	Hoddle Grid, Southbank, Docklands + high usage visitor and tourist locations outside the central city daily
Programmed Street Cleaning (outside the Central City)	Weekly	Weekly + high usage areas daily
Service area for programmed Street Cleaning (Major Roads)	Major Roads every second day	Major Roads every second day + additional high usage areas daily
Programmed Street Cleaning (All other roads)	Weekly	Weekly + high usage areas daily
Melbourne Clean Team	X	✓
Cleaning of alcoves, doorways and ledges (Central City)	X	✓ *Once per day, 7 days per week
Parklet cleaning	X	✓ *Once per day, 7 days per week
Proactive hot spot service	✓	✓ Plus new locations
Major Event special cleaning program (Pre, during and post cleans around event zones)	X	✓
Electric vehicle (EV) Fleet	6	12
Fleet	Currently 11 years old	100% new

Separable Portion B Contract 3668 (Graffiti Management and Pressure Washing Services)

Service	Current Contract 100091	New Contract 3668
Service hours	7.00am - 3.00pm Monday to Friday	24 hours per day, seven days per week
Large scale Graffiti (48sqm+) in the Central City	A schedule of rates per square metre applies	Included in lump sum service costs *excluding costs associated with difficult access (crane hire etc.)
Large scale Graffiti (48sqm+) outside the Central City	A schedule of rates per square metre applies	A schedule of rates only applies to graffiti over 48sqm, with the first 48sqm included in lump sum service costs
Rapid response times	2 hours	1 hour
Hotspots in high usage areas	Removed within 12 days from reported	Removed within 3 days when reported by the public. Inspected and graffiti removed daily by the service provider.
Other hotspots	12 or 20 days depending on location	Removed within 3 to 12 days when reported by the public. Inspected and graffiti removed daily by the service provider and in some cases within 3 days.
Graffiti removal from the ground surfaces	X	✓
Special cleans (Deep cleans of footpaths pre busy event or holiday periods)	X	✓
Regular programmed pressure washing service (Street furniture, footpaths, bins)	X	✓
Hotspot pressure washing in high usage areas, including laneways (Removing stains, graffiti and bodily waste)	Weekly	Daily
Electric vehicle (EV) Fleet	2	6

Attachment 5 – Melbourne Clean Team Options Considered

Background

The Melbourne Clean Team is a new service which was designed inclusive of a range of input across Council, to manage the service expectations for cleaning within the central city. This is a precinct based approach to cleaning with Melbourne Clean Team cleaners taking pride and ownership of the cleaning and reporting of issues within their allocated precinct.

The service model removes the barriers of mechanical machinery and allows cleaners to provide a more bespoke service and response.

This service commenced as a trial in March 2023 across two central city precincts for three months. After the success of the trial and positive community feedback the service was expanded in July 2023 for 12 months.

The Melbourne Clean Team service model has been included in the Clean City Services tender 3669 specification.

Management's recommendation is for option two (12 precinct) service level to be in scope for the first year of the contact. This option is based on the financial assessment identified and a decrease in operational costs of 10 per cent per annum across the Clean City Services contract.

The service provides 12 individual cleaners dedicated to their allocated precinct, resulting in focused attention and clear responsibility for the condition of each precinct.

The Melbourne Clean Team service has the option year on year to be altered or discontinued based on budget and management recommendations (circa 6 months' notice required for implementation of significant service changes).

Tender 3669 specification for the Melbourne Clean Team

Tenderers were invited to provide pricing to deliver an option one, two or three Melbourne Clean Team Service.

The inclusion of the Melbourne Clean Team is structured as an optional year on year service within the Street Cleaning and Ancillary Services contract. At the commencement of the contract this is specified at a service level inclusive of 12 precincts (option 2).

Option 1. (24 precinct model)

Option 2. (12 precinct model – current service in 23/24 financial year trial period)

Option 3. (6 precinct model)

A precinct size and location is variable and subject to change based on usage, activation and service demand. An example of a precinct is shown in table 1.

Table 1. Example of one precinct (area marked in green)

