



13.2 PROJECT MANAGEMENT SERVICES PANEL

EXECUTIVE MEMBER: LACHLAN JOHNSON, GENERAL MANAGER, OPERATIONS AND INFRASTRUCTURE

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1. PURPOSE

- 1.1 To advise Council of the outcomes of the public tender process for RFT000262 Project Management Services panel.
- 1.2 To seek Council's approval to appoint seven (7) recommended tenderers to a panel under a Deed of Standing Offer arrangement for Project Management Services for an initial term of three (3) years with two (2) potential one-year extensions at Council's discretion.

2. EXECUTIVE SUMMARY

- 2.1 Council manages approximately \$3.6 Billion of assets on behalf of the community. The renewal and upgrade of these assets to ensure they remain safe, economical and provide value to users and the community is a vital function of Council.
- 2.2 Over the last number of years, Council, like other local government entities, has faced considerable challenges with delivering capital renewal and upgrade programs. This has been exacerbated by the lingering impacts of the pandemic but fundamentally is influenced most heavily by the competition in the broader construction sector for materials and importantly specialised resources.
- 2.3 Council has sought to supplement the inhouse project management team with external expertise in response to the difficulty in recruiting and retaining professional project management staff in the current market environment as well as the size and complexity of the project delivery portfolio over the coming three-years requires specialist skills.
- 2.4 Council intends to make use of a pre-qualified panel of consultants to provide project and contract management services for capital works and other minor works projects in an efficient and effective manner.
- 2.5 The successful consultants will be responsible for providing project management and superintendent resources to manage a number of projects at differing stages through the project lifecycle from inception, to concept design and community engagement, detailed design and construction including the preparation and awarding of tender documentation and contract management thereof. This will be across the buildings, civil infrastructure and open space portfolio.
- 2.6 The engagement of resources under the panel will be to provide resource continuity in a high-turnover environment and/or where a project requires highly specialised expertise. All funding for any engagements will be sources from vacancy salary savings or through individual projects as outlined in respective business cases.
- 2.7 A panel of suitably qualified and experienced project management consultants will be engaged through a general deed. Appointment to specific projects will be made through a request for quote process, with a contract formed for each engagement between Council and the consultant. This will be on an as needed basis and acceptance onto the panel does not guarantee that a consultant will be engaged to undertake any of the services.



- 2.8 The quotations will be requested based on either the submitted schedule of rates by the tenderer or a fixed lump sum for the engagement.
- 2.9 RFT000262 was released as a public tender via Tenderlink on Friday 28 July 2023 and closed on Friday 18 August 2023.
- 2.10 The tender process has been conducted in accordance with Sections 108 and 109 of the Local Government Act 2020 and Council's Procurement Policy.

3. RECOMMENDATION

That Council:

- 3.1 Notes the need to supplement the inhouse project management team with external expertise in response to the difficulty in recruiting and retaining professional project management staff in the current market environment as well as the size and complexity of the project delivery portfolio over the coming three (3) years requiring specialist skills.
- 3.2 Enters into a Deed of Standing Offer for a panel of Project Management Service providers:
 - a) Accuraco Pty Ltd
 - b) Case Mealin (Vic) Pt Ltd
 - c) Ontoit Global Pty Ltd
 - d) RP Infrastructure Pty Ltd
 - e) SEMZ Property Advisory and Project Management Pty Ltd
 - f) Touch Projects Limited
 - g) Turner & Townsend Project Management Pty Ltdfor an initial term of three (3) years with an option of two (2) one-year extensions, at Council's discretion.
- 3.3 Delegates to the Chief Executive Officer, or their delegate, the authority to determine and exercise the extensions to the panel.
- 3.4 Awards the contracts under the Deed of Standing Offer to a value of \$3,500,000 (inc. GST) for the full term of the contract inclusive of extension options.
- 3.5 Notes that funding for the engagement of project management resources is within existing budget allocations.

4. KEY POINTS/ISSUES

- 4.1 Council has sought to supplement the inhouse project management team with external expertise in response to the difficulty in recruiting and retaining professional project management staff in the current market environment as well as the size and complexity of the project delivery portfolio over the coming three (3) years requiring specialist skills.
- 4.2 Council intends to make use of a pre-qualified panel of consultants to provide project and contract management services for capital works and other minor works projects in an efficient and effective manner



- 4.3 The scope of works for the panel arrangement provides Council with flexibility in its use. Consultants may be used for any part or all of the project lifecycle from inception to concept design and community engagement, detailed design and construction including the preparation and awarding of tender documentation and contract management thereof. It is intended to utilise the panel for buildings, open space and civil projects.
- 4.4 A panel of suitably qualified and experienced project management consultants will be engaged under a general deed of standing offer. Appointment to specific projects will be made through a request for quote process, with a contract formed for each engagement between Council and the consultant. This will be on an “as needed” basis.
- 4.5 The quotations will be requested based on either the submitted schedule of rates by the tenderer or a fixed lump sum for the engagement. The number of panel members asked to quote will be in accordance with Council’s Procurement Policy requirements.
- 4.6 Acceptance onto the Project Management Services Panel does not guarantee that a consultant will be engaged to undertake any of the Services.

Procurement Process

- 4.7 RFT000262 was released as a public tender via Tenderlink on Friday 28 July 2023 and closed on Friday 18 August 2023.
- 4.8 Twenty-nine (29) submissions were received in response to the tender.
- 4.9 Prior to the release of the tender on Tenderlink, the evaluation criteria and weightings were determined, and the tender evaluation panel (TEP) was appointed.
- 4.10 All TEP members signed the standard form indicating they had no conflict of interest to declare and that they would keep the tender information confidential.
- 4.11 The initial evaluation of the tender submissions was based on the qualitative elements:
 - a) Capacity to meet the requirements of the specification
 - b) Relevant experience and track record
 - c) Corporate social responsibility
 - d) OHS, quality and environmental management systems.This process provided an initial shortlist of fifteen (15) tenderers.
- 4.12 A financial model was built based on the estimated resource requirements for future projects. This allowed a lump sum to be calculated to be used for comparative purposes and to arrive at an overall comparative score that could be used for further shortlisting.
- 4.13 Adding price to the qualitative scores, created a shortlist of eleven (11) tenderers. Clarifications, interviews and reference checks provided further information for the TEP to review their scores.
- 4.14 The final scoring resulted in seven (7) tenderers being recommended for the Project Management Services Panel.
- 4.15 Financial viability of the seven (7) tenderers was checked using a Corporate Scorecard with all recommended tenderers having sufficient capacity to deliver the expected services under the Deed of Standing Offer.



4.16 The tender process has been conducted in accordance with Sections 108 and 109 of the Local Government Act 2020 and Council's Procurement Policy.

5. CONSULTATION AND STAKEHOLDERS

5.1 Relevant Council departments were consulted in the preparation of the specifications, procurement plan and TEP's evaluation plan.

5.2 A number of other councils were engaged to determine how they utilise specialised project management services. Various models exist across the sector, with bespoke engagements for individual projects all the way up to embedded consultant teams. On balance, the model adopted for the recommended panel arrangement seeks to provide flexibility for different types of engagements.

6. LEGAL AND RISK IMPLICATIONS

6.1 As part of the mandatory criteria for evaluation, recommended tenderers hold:

- a) Public Liability Insurance – minimum value of \$20 million.
- b) Workers' Compensation Insurance (Work Cover).
- c) Professional Indemnity – minimum value of \$10 million

6.2 All seven (7) recommended tenderers have accredited quality (ISO9001), health and safety (ISO45001) and environmental (ISO14001) systems.

6.3 The tender process has been conducted in accordance with Sections 108 and 109 of the Local Government Act 2020 and Council's Procurement Policy.

6.4 The proposed engagement is a panel arrangement; the successful consultants are not guaranteed any projects/works of any volume or value.

6.5 Collaboration opportunities were sought from other councils in order to take advantage of economies of scale and explore shared service opportunities. Opportunities for this request for tender process were not possible due to the other councils either already having a panel in place or they were not considering this path at this time.

7. FINANCIAL IMPACT

7.1 Based on current financial projections and future portfolio projects, the estimated expenditure for RFT000262 Project Management Services over the full life of the contract (three-year initial term plus two, one year extensions) is estimated at \$3,500,000 (inc. GST). The estimated expenditure was projected utilising the current ten (10) year financial plan.

7.2 To undertake the assessment for value for money, the TEP utilised a financial model that estimated the resource requirements for managing a number of projects. This model used the returnable schedule of rates submitted by the tenderers which provided a means for comparative, competitive assessment to ensure best value.

7.3 Appointment to specific projects will be made through a Request for Quote process, with a contract formed for each engagement between Council and the Consultant. The quotations will be requested based on either the submitted Schedule of Rates by the tenderer or a fixed lump sum for the engagement. The number of panel members requested to provide a quote will be undertaken in accordance with the Procurement Policy requirements based on value and complexity.



- 7.4 Any works allocated to recommended consultants via this panel arrangement will be funded by savings in salaries and wages provision due to staff vacancies or through individual project budgets where specialised resources are required. The later, will be outlined, justified and monitored through the project management framework. With budget provision itemised through the business case process.
- 7.5 No additional funding is required for the establishment and use of this panel.
- 7.6 The proposed engagement is a panel contract, the successful tenderers are not guaranteed any projects/works of any volume or value.

8. COMMUNITY, SOCIAL AND ENVIRONMENTAL IMPACT

- 8.1 As part of the tender process, tenderers were asked how they could support Council's strong commitment to Corporate Social Responsibility.
- 8.2 Responses from the recommended tenderers included a number of initiatives, policies and certifications in how their organisations manage their impact on the environment and local community, how they manage their staff and operate ethically and how they manage their supply chain.
- 8.3 Initiatives included:
 - a) All recommended tenderers were accredited in ISO9001, ISO14001 and ISO45001
 - b) All were measuring, to differing extents, the impact of their operations on the environment.
 - c) All had relevant HR policies that included at different levels, diversity and inclusion/equal opportunity, pay equity, bullying and harassment and family violence policies.
 - d) All had conflict of interest/code of conduct policies to ensure they operated ethically.
 - e) All had community initiatives ranging from volunteering, charity support to use of social enterprises and having reconciliation action plans in place.
 - f) They provided examples of how they have supported other organisations or are implementing initiatives to promote sustainable practices, achieve energy efficiency outcomes, promote recycling and reuse, reduce water usage and promote local sourcing.

9. ALIGNMENT TO COUNCIL PLAN AND COUNCIL POLICY

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

Direction 5 - Well Governed Port Phillip

- a) improved procurement and contract management practices to deliver best value and embed corporate social responsibility outcomes; and
- b) investment 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.



10. IMPLEMENTATION STRATEGY

10.1 TIMELINE

10.1.1 It is recommended that Council enters into a Deed of Standing Offer with the seven (7) recommended tenderers for the Project Management Services panel at the 15 November Council Meeting.

10.2 COMMUNICATION

10.2.1 Contract documentation will be prepared and forwarded to the recommended tenderers upon approval from Council.

10.2.2 All unsuccessful tenderers will be notified in writing and offered a telephone debrief with the TEP chairperson

11. OFFICER DIRECT OR INDIRECT INTEREST

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

ATTACHMENTS

1. ***Confidential***- Delegates Report RFT000262 - Project Management Services Panel