



13.6 PAINTING SERVICES PANEL - CONTRACT EXTENSION

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1. PURPOSE

- 1.1 To seek Council's approval for a two-year extension of Contract 000582 Painting Services Panel (formally Contract 2350).

2. EXECUTIVE SUMMARY

- 2.1 Council awarded Painting Services (Panel) Contract on the 2 September 2020, for an initial three-year term with a further two-year option to extend at Council's discretion.
- 2.2 This contract has provided scheduled and reactive painting services across Council's building portfolio and is critical in ensuring Council assets are maintained in a presentable condition and their asset life is prolonged.
- 2.3 The contract provides painting services across the municipality in all buildings and is used by a number of departments including South Melbourne Market, Facilities Management, Libraries and Children Services.
- 2.4 The estimated contract value over the full five years of the contract is \$2,200,000.00 inclusive of GST. There remains sufficient available budget to service the two-year extension from 7 September 2023 to 6 September 2025. The estimated value of the extension is \$913,192.42 inclusive of GST.
- 2.5 The total contract expenditure to date over the initial three-year term is \$1,153,352.58 inc. GST.
- 2.6 The process to consider the extension of the contract commenced in March 2023 and determined that both contractors have performed well in the execution of the contract specifications and have continued to provide value for money over the current contract term.
- 2.7 As part of the review in the performance of the contract, Council officers have determined that both contractors in their execution of works and competitive pricing have provided consistent value for money over the contract term.

3. RECOMMENDATION

That Council:

- 3.1 Awards the extension of Contract 000582 Painting Services Panel (formerly Contract 2350) to The Trustee for The Sweeney Family Trust and Quayclean Australia Pty Ltd for two years commencing 7 September 2023.
- 3.2 Notes that Council officers have assessed the performance of the contractors to date under the contract as efficient and representing value for money.



- 3.3 Notes the estimated value of the two-year extension is \$913,192.42 (inclusive of GST).
- 3.4 Authorises the Chief Executive Officer to execute the necessary Deeds of Extension on behalf of Council with The Trustee for the Sweeney Family Trust and Quayclean Australia Pty Ltd.
- 3.5 Notes that no further extensions are available and that a new procurement process will be undertaken in the lead up to the end of the current contract on 7 September 2025 to ensure service continuity.

4. KEY POINTS/ISSUES

- 4.1 At a meeting on 2 September 2020, Council, following a competitive public tender, awarded panel contracts to The Trustee for the Sweeney Family Trust and Quayclean Australia Pty Ltd to provide painting services for an initial period of three years with a two-year extension.
- 4.2 Since the commencement of the contract, the panel has worked well and enabled Council to undertake painting and maintenance works across our building portfolio.
- 4.3 Number of works undertaken since the commencement of the contract is 266 individual work orders. Of these, 175 Work Orders, or 65% were allocated to The Trustee for the Sweeney Family Trust and 91 Work Orders, or 35% were allocated to Quayclean Australia Pty Ltd.
- 4.4 Works distribution within the contract are considered on type of works, cost of quotations provided and the contractor's availability.
- 4.5 The total contract expenditure to date over the initial three-year term is \$1,153,352.58 inc GST. The proposed two-year extension spend will be \$913,192.42 in GST. This combined total falls within the original five-year contract value of \$2,200,000 inc GST.

REVIEW OF CONTRACTOR'S PERFORMANCE

- 4.6 Both Contractors have provided scheduled and reactive painting services across the municipality building portfolio and collaborated with several internal Council departments on delivering these services.
- 4.7 Council's Contract Manager has conducted monthly audits of the contractors' performance against the contract specification. A target score of 95% is required to comply with the Key Performance Indicators (KPI's) outlined in the contract.
- 4.8 The Trustee for The Sweeney Family Trust and Quayclean Australia Pty Ltd have performed well over the initial contract term where they have constantly meet KPI score requirements exceeding the 95% target.
- 4.9 Council audits of delivered services found all delivered works to be of a high standard with no call backs / rectification works required.
- 4.10 OH&S field checks were undertaken on both contractors by Council officers. Both contractors performed well with no significant issues observed.
- 4.11 Both contractors have complied with Council requirements regarding licences, Working with Children Checks and Police Checks.
- 4.12 Overall contractor performance is seen to be satisfactory and meeting all requirements of the contract specification. Communication, administration, and service delivery are rated as excellent from stakeholders and the contract manager.



VALUE FOR MONEY

- 4.13 As part of the review in the performance of the contract, Council officers have determined that both contractors in their execution of works and competitive pricing have provided consistent value for money over the contract term.
- 4.14 In consideration of current market risks associated with increased inflation, material costs and labour shortages, it is estimated that undertaking a new public tender process could potentially see an increase in this contract's expenditure of 10-20%.
- 4.15 Due to successful delivery and financial implications, it has been recommended to extend the contract for a further two-year period.
- 4.16 The proposed extension will allow for planned painting works to continue as scheduled. Successful program delivery will effectively extend the life and appearance of Council assets (including childcare centres).

5. CONSULTATION AND STAKEHOLDERS

- 5.1 Feedback was sourced from Council's various building managers and facility users to seek general commentary on the contract and contractor performance. Regarding contractor performance, the feedback was as follows:
- Excellent contractors who have consistently delivered on the contract specifications addresses KPIs within the specification (including daily activity reports, OHS compliance)
 - The current contractors have responded well to requests over and above BAU, including significant COVID-19 related service request and has adapted to use of the OneCouncil solution
 - Communication in general has been satisfactory and there have been no administrative/ accounting issues from the contractors.
 - OHS management has been satisfactory as well as response to emergency/safety related service requests.

6. LEGAL AND RISK IMPLICATIONS

- 6.1 The provision of painting services is a key function of Council's commitment to maintaining assets for the use of the community.
- 6.2 If the proposed extension is not endorsed by Council, there is currently a risk present that expenditure associated with this contract may increase by 10-20%, due to changes within the current market, such as inflation, material costs and labour shortages, if Council were to undertake a new public tender process at this time.

7. FINANCIAL IMPACT

- 7.1 As per the current contract conditions, the contractors respective schedule of rates are subject to CPI adjustment (All Group Melbourne) on each anniversary of the commencement date. This adjustment has been factored into the 2023/2024 budget allocation for this service and can be accommodated.
- 7.2 The total contract expenditure to date over the initial three-year term is \$1,153,352.58 inc GST. The anticipated two-year extension spend will be \$913,192.42 in GST. This combined total falls within the original five-year contract value of \$2,200,000 inc GST.



8. ENVIRONMENTAL IMPACT

- 8.1 Contractors source their paint from Haymes Paints which is the only major paint brand made and owned in Australia. All paints used on Council assets are all VOC (Volatile organic compound) and are environmentally friendly.
- 8.2 Both Contractors hold third-party accredited Environmental Management Systems, compliant to ISO 14001:2015.

9. COMMUNITY IMPACT

- 9.1 The continuation of Painting Services supports the delivery of Council's Asset Management Plans to ensure assets are in good condition and support a positive experience for community users of Council facilities.

10. ALIGNMENT TO COUNCIL PLAN AND COUNCIL POLICY

- 10.1 The proposed extension of the above contract will continue to 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.

11. IMPLEMENTATION STRATEGY

- 11.1 Following the proposed endorsement, Council Officers will implement recommendations outlined in this report.

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