

2. CHANGE OF CONTRACTING PRACTICES - PROPERTY UNIT FIRE, SAFETY & HVAC MAINTENANCE CONTRACT – SPOTLESS SERVICES (NZ) LTD

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The purpose of this report is to seek the Council's approval to enter into a maintenance service contract with Spotless Services (NZ) Ltd, trading as Asset Services, for the Council's fire, door and HVAC equipment.

EXECUTIVE SUMMARY

In the report to the March 2002 Council meeting (Change of Contracting Practices - Property Unit), approval was granted to negotiate a FMM contract with City Care. That report outlined a four stage process; the first being to rationalise the specialist services trades so that new single-supplier maintenance contracts could be established for lifts, fire, doors and HVAC.

At the June 2002 Committee meeting a further report (Change of Contracting Practices – Lift Maintenance Service Contract) sought and obtained approval to proceed with the lifts portion of this rationalisation.

At the July 2002 Committee meeting, a report sought and obtained approval to proceed with the main FMM contract with City Care Limited.

This report completes the process to rationalise specialist services trades for fire protection and detection, doors and heating, ventilation and air conditioning (HVAC). The RFP process was completed. It involved five lead contractors for this category of service (Chubb, Fulton Hogan, Spotless, Tyco and Guardian/Airco/Doortech).

Given the diversity of assets and asset condition, it was judged impractical and uneconomical to enter into a fully comprehensive contract in the first year of the contract. Spotless offered the best value arrangement for the Council, a 30% (\$101,500) net savings on scheduled maintenance services for each of the next four years has been achieved.

BACKGROUND

Existing and Proposed Form of Contracts

The Council currently maintains HVAC, doors and fire equipment in more than 100 locations. Several sites are maintained on an ad hoc basis. Doortech maintains powered doors in 23 locations under contracts with remaining terms of one to five years.

A report to the March 2002 Council meeting (Change of Contracting Practices - Property Unit) supported recommendations for entering into a comprehensive Facilities Maintenance Management (FMM) contract with City Care. A staged approach was recommended:

- Stage 1 – put contracts for Lifts, Fire, Door and HVAC maintenance in place – (EOI/RFP tender process)
- Stage 2 – negotiate contract with City Care Limited (CCL) for the supply of gardens and buildings maintenance and overall contract and customer management (FMM related work)
- Stage 3 – pass the task management responsibility for Lifts, Fire, Door and HVAC maintenance to CCL under the FMM contract – mid 2003
- Stage 4 – public re-tender/re-negotiation of the full FMM contract – mid 2007

Stage 1 was partially completed with the submission and approval in June 2002 of the lifts contract generating savings of \$24,350 annually (15%). This report concerning the fire, doors and HVAC services will address the remaining issues and enable Council staff and CCL to progress towards completion of Stage 3.

Stage 2 was completed with the approval of the general terms of the FMM contract with CCL in July 2002. City Care has confirmed a capped FMM program for \$2.75M for the first year portion of the work they are to carry out under the provisions of the FMM agreement, confirming minimum anticipated savings of \$200,000 annually for Stage 2.

Tender Process and Results

In December 2001, the Council issued an Expression of Interest (EOI) document for the purpose of securing aggregated, rationalised and comprehensive maintenance services for the fire, door and HVAC. In February 2002, following the evaluation of responses to the EOI, it was decided to seek integrated Requests for Proposals (RFP) for the three designated services. Five organisations or business consortia were invited to participate, based on their response to the EOI. RFP documents were issued to Chubb, Fulton Hogan, Spotless, Tyco and Guardian/Airco/Doortech in June and responses received in July.

The basic terms of the contract will be for a term of four years, with a right of renewal for one further year at the sole discretion of the Christchurch City Council. The closing time and date for proposals was 12 noon on 31 July 2002 and at that time four proposals were received; the fifth proposal from Doortech/Guardian/Airco was received late (1pm) on the same date and subsequently refused. After application by Doortech of their late proposal, as provided for under the terms of the RFP, and on advice of CCC legal counsel, their submission was finally accepted.

On the basis of a weighted attribute score, proposals were ranked:

Spotless Services (NZ) Ltd
Tyco Services Ltd
Doortech/Guardian/Airco
Chubb
Fulton Hogan

Both price and non-price attributes supported the Spotless Services Ltd (SSL) proposal. Pursuant to clause 21 of the RFP, SSL were nominated as the preferred registrant and were offered the opportunity to enter into negotiations. The current level of service is based mainly on scheduled maintenance services and set rates for responsive services. In a minority of cases there were some fully comprehensive arrangements. The negotiated offer is based on comprehensive arrangements for all doors and the heating and ventilating equipment (other than the Leisure Unit equipment). All of the fire alarms and equipment will be on the basis of scheduled maintenance services and set rates for responsive services. Over the next two years it is intended to negotiate a fully comprehensive arrangement for all equipment in the portfolio. The details of those negotiations are included in a public excluded report as part of this reporting process.

CONCLUSION

The Christchurch City Council is moving towards a Facilities Maintenance Management contract philosophy and the amalgamation of all of its fire, door and HVAC equipment maintenance responsibility into one contract over a period of four years is in line with this philosophy. Spotless Services Ltd have proven to offer the best deal for the Council at this point in time. (refer to public excluded section for financial details). Spotless offered the best value arrangement for the Council, and a 30% (\$101,500) net savings on scheduled maintenance services for each of the next four years has been achieved.

Recommendation: That the Christchurch City Council enter into a five year contract for the provision of fire protection and detection, doors and HVAC maintenance services with Spotless Services Ltd, trading as Asset Services, for \$293,763 plus GST pa in terms of the schedule, and as the individual existing contracts expire.