

CM13.2. Provision of Air Conditioning Services Panel Contract No. 22/00881

DATE	26 September 2022	FIL REFERENCE	FIL22/00881
CONFIDENTIAL	No		
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Purpose of Report

To recommend preferred contractors under a panel contract arrangement for the provision of planned servicing and maintenance, as well as reactive repairs to Heating, Ventilation, Air Conditioning and Refrigeration (HVACR) assets, through a qualitative and quantitative assessment.

Background

Tenders were invited for the provision of Heating, Ventilation, Air Conditioning and Refrigeration services, for a three-year period (2023 - 2025) as a panel contractor.

During the 2021/22 financial year, AlburyCity's average annual expenditure on air conditioning programmed service and maintenance, including reactive repairs and servicing, was \$208,361 (including GST).

Prior to the formation of a panel contract for air conditioning services in 2019, mechanical maintenance had primarily been reactive in nature. The move to a panel contract has resulted in an emphasis on preventative maintenance, reducing systems downtime, extending equipment life and a reduction in overall costs. Budgeted costs progressively shifting from reactive to planned maintenance, and improvements in asset data collection during maintenance, has resulted in more accurate asset condition forecasting enabling full lifecycle management of HVACR assets.

The panel contract includes HVACR at Albury Airport, Albury Entertainment Centre, Albury Library Museum, Albury Regional Emergency Management Centre, Council Administration Office, Murray Art Museum Albury, Lauren Jackson Sports Centre, Council owned or operated child care facilities, works depots, and other community assets such as community centres, halls and sporting pavilions.

The scope of this contract is based around a maintenance strategy developed in consultation with HVACR industry representative organisations and centred on a risk-based approach that considers both the age and usage levels of the assets, as well as the operational criticality to AlburyCity.

The core scope for this Request for Tender (RFT) includes undertaking the following HVACR works:

- programmed service and maintenance; and
- reactive repairs, service, and maintenance.

In addition to these core requirements, successful tenderers must include the following activities to be undertaken whilst performing the service:

- recurring asset-based maintenance testing, as per the intent of the below maintenance strategies, inclusive of asset pass/fail result (per asset);
- reporting upon completion of each maintenance service, noting recommendations for upgrades and repairs; and
- updating asset master data, noting any changes/modifications to installed equipment, condition ratings and expected lifespans.

There are several critical sites where the high-risk nature of the work undertaken means that there is the requirement for 24 hour on-call works, with a commitment to minimum response times within four hours for these sites.

Certain elements of Council's HVACR assets are specialised in nature requiring specialist knowledge and experience. On the contrary, there are other contractors who deal only with these items, and this tender process was designed as such that contractors could tender for all or only some of the panel work.

Tenders were invited for Contract No. 22/00881 – Provision of Air Conditioning Services, and advertised in the Border Mail, Sydney Morning Herald and released on Tenderlink on 9 June 2022. Tenders closed at 12 noon on Monday 4 July 2022.

Tenders were invited in a Schedule of Rates format, with requested pricing based on historical usage data, which included requirements for hourly labour charges for business hours, out of hours and emergency call out charges, with a standard CPI annual uplift as part of the contract.

Tender Assessment

At the close of tenders, submissions were received from the following four companies:

- Albury Gas Works Pty Ltd (Lavington, NSW);
- Plasair Pty Ltd (Albury, NSW);
- Celsius United Pty Ltd as trustee for Celsius Trust, T/A Real Refrigeration (Wangaratta, Vic); and
- Total Ventilation Hygiene Pty Ltd (Chipping Norton, NSW).

All tenders were evaluated in accordance with Council's Procurement Policy and Guidelines. The Assessment Panel for the tender comprised of David Elliot – Facilities Services Officer, Kerry Garland – Supervisor Building, Chris Cornell – Electrical Leading Hand, Richard Boucher – Team Leader Property and Building, and Brooke Starkey – Procurement Sourcing Coordinator.

Conformity Check

A conformity assessment was undertaken to ensure all submissions received were in accordance with the contract documentation and specification.

Company	Pricing Details	Supporting Information	WHS Documentation	Full Service	Limited Service
Albury Gas Works Pty Ltd	Yes	Yes	Yes	No	Yes
Plasair Pty Ltd	Yes	Yes	Yes	Yes * ¹	No
Real Refrigeration	Yes	Yes	Yes	Yes * ²	No
Total Ventilation Hygiene Pty Ltd	Yes	Yes	Yes	Yes	No

*Note – *¹ Full Service other than some minor specialised area, *² includes use of subcontractors.*

As indicated above, all submissions were assessed as conforming tenders, and all companies are either WHS registered or have demonstrated the requirements to become WHS registered with Council, should they be successful in being awarded this tender.

In accordance with the RFT process, Albury Gasworks Pty Ltd provided a limited service offering, covering only specialised gas appliances and evaporative coolers. All other tenderers, namely Plasair Pty Ltd, Real Refrigeration and Total Ventilation Hygiene, provided quotes for the full service offering being tendered.

Qualitative Assessment

A qualitative assessment considered a range of issues including:

- past performance – including referee checks, relevant experience and expertise in performing same or similar projects;
- methodology and program – project methodology and proposed program;
- capacity – current and future commitments and workload;
- capability – including availability of resources, equipment, and contract management capabilities; and
- benefit to local region – social and community benefit to the Albury/Wodonga region.

A summary of the quality assessment for each tender is provided below in order of highest to lowest scores.

Company	Past Performance (30%)	Methodology & Program (20%)	Capacity (20%)	Capability (20%)	Local Benefit (10%)	Total (100%)
Plasair Pty Ltd	26	18	16	18	6	84
Real Refrigeration	22	16	14	15	7	74
Albury Gas Works Pty Ltd	24	14	14	15	6	73
Total Ventilation Hygiene Pty Ltd	16	14	8	14	3	55

Plasair Pty Ltd is a locally owned and operated company that works in all aspects of the mechanical services industry. They offer over 15 years' experience specialising in bespoke services to the HVACR needs of commercial properties, including commercial heating, cooling and refrigeration. They are a current provider to this panel contract and have delivered various capital upgrade projects for AlburyCity.

Reference checks on Plasair Pty Ltd provided an average rating of superior in all relevant areas. Commentary considered their overall efficiency as being excellent and their communication between stakeholders as exceptional.

Plasair Pty Ltd provided a detailed methodology and program with consideration of all elements of required works. Their WHS systems and reporting programs demonstrated a thorough understanding of the requirements to deliver this contract. They nominated to use a web-based client portal for job tracking and automated weekly status reports to Council to manage the operational requirements of the contract.

Plasair Pty Ltd listed recent works for Indigo North Health to refurbish a HVACR system and a HVACR upgrade with Towong Shire Council. They have long standing contracts with Greater Hume Shire Council and Snowy Hydro Limited and are current providers to this panel contract.

The business is resourced by a broad team of qualified technicians with significant industry experience. As current providers to AlburyCity, they have proven capacity and capability to maintain delivery of these services throughout Albury City Council's asset base, including the addition of significant capital projects. This company identified in its tender documents that it was not able to undertake the specialist gas work at certain sites.

Plasair Pty Ltd is a long-established business with headquarters in Albury. The business employs 100% local labour and nominated 85% of materials as being sourced locally. Plasair Pty Ltd has suggested that their inclusion in the previous panel contract has enabled them to employ an additional qualified technician and apprentice. They suggest that they are open to sponsorship for local sporting clubs or charities.

Real Refrigeration is a regionally owned and operated company based in Wangaratta. They provide technical services and solutions for commercial and domestic refrigeration and air conditioning systems within the region. Prior to the establishment of Albury City Council's Air Conditioning Panel, Real Refrigeration were engaged by Council for preventative and reactive maintenance across Council's HVACR assets.

Referee reports indicate that Real Refrigeration is easy to deal with and always compliant with contract and WHS requirements. They demonstrate strong communication skills with stakeholders and are respectful and co-operative when delivering maintenance services.

Real Refrigeration provided a detailed methodology and program and are consistent with all elements of the required works, including additional considerations and systems optimisation methodologies. Their WHS systems demonstrated a commitment to workplace health and safety.

Real Refrigeration listed recent works as ongoing maintenance for HVACR at various regional sites including Thales Benalla, Westmont Aged Care and Beechworth Health. The moderate quantity of current workloads indicate that this tenderer is sufficiently resourced to have the capacity to undertake these additional obligations.

Their business is resourced by qualified refrigeration technicians with substantial industry experience. They have nominated a local subcontractor to undertake the specialist gas fitting works associated with this contract.

Real Refrigeration is a long-established business with headquarters in Wangaratta and qualified refrigeration technicians who reside in Albury and Rutherglen. The business employs more than 50% local labour, with 80% of material being sourced from within the Albury Wodonga region. They suggest that, should they be successful in this contract, they will be employing an additional apprentice. Real Refrigeration provides sponsorship to community organisations such as the CFA, Apex and Rotary as well as local sporting clubs. They also consult with Goulburn Murray TAFE to provide subject matter technical support.

Albury Gas Works Pty Ltd is a locally owned and operated company, established in 1995, who specialise in gas appliance installation, servicing and repairs, and additionally offer maintenance services to evaporative cooling units. They employ eight people locally and are a current panel contractor to AlburyCity.

Reference checks on Albury Gas Works rate their overall service as good to superior in all relevant fields. Referees comment that this contractor is very responsive to urgent reactive works and maintains excellent communications and co-operative relationships regarding the varying needs of the sites they operate within.

Albury Gas Works Pty Ltd demonstrated a strong focus on WHS systems and provided the technical detail relevant and appropriate to the specialised nature of the services they offer. They operate with a qualified and very well experienced team of technicians, all having undergone manufacturer training for the maintenance of a wide variety of heating and cooling appliances used by AlburyCity.

Albury Gas Works Pty Ltd list recent works with both domestic and commercial customers in the Albury Wodonga area. They maintain an ongoing contract with Murray Gardens Retirement Village to manage the gas fitting and general plumbing maintenance for the East Albury Aged Care complex. They are also contracted to APA Group to provide first response to all natural gas escapes, including managing the gas supply (metering) contract for the Albury Wodonga area.

As current providers to AlburyCity, they have proven capacity and capability to maintain delivery of these services and have indicated the potential for increased local employment, if required, to cater for any increased workload.

Albury Gas Works are a local organisation with a permanent presence. They source 100% of their labour locally, and procurement of goods is local when available. They are long term sponsors of local sporting organisations and provide extensive local training to their apprentices and employees.

Total Ventilation Hygiene Pty Ltd is located in Chipping North, NSW. The company has a national presence and offers technical solutions within Mechanical HVACR, HVACR Hygiene, Electrical and Fire Services across multiple sectors. Total Ventilation Hygiene Pty Ltd has not been engaged by Council previously.

Reference checks rated them well for most aspects of past dealings with Total Ventilation and Hygiene Pty Ltd. Services provided are focused in metropolitan areas, with limited provision in regional areas.

Total Ventilation Hygiene Pty Ltd provided a thorough methodology and program with consideration for all elements of the required works. Their WHS systems demonstrate a clear understanding of the requirements and a strong commitment to workplace safety. They propose to use an electronic CRM system to manage scheduled and on call servicing.

Total Ventilation Hygiene Pty Ltd list recent works with Ventia/Telstra, BGIS Transgrid, Essential Energy and NSW Police. These works include planned maintenance and ongoing servicing and repairs and are predominately delivered state-wide and nationally.

Total Ventilation Hygiene Pty Ltd nominated a Senior Management Team of technically qualified personnel, along with proposed refrigeration technicians, to be supported by a pool of additional technicians. The location of their existing workforce was uncertain and there was little evidence of the business being established within the local community. This, combined with the known challenges around resourcing in the market at this time, presents some level of risk to Council in delivering this contract.

Total Ventilation Hygiene Pty Ltd nominated to employ technicians within the area that they live and source materials locally where they are available. If successful in gaining a position on the panel, they may employ other technicians or apprentices within the region. Total Ventilation Hygiene Pty Ltd is open to sponsorship of local sporting groups and organisations.

From the information provided, Albury Gas Works, Real Refrigeration and Plasair Pty Ltd all demonstrate the required management systems, experience, equipment, resources and availability to provide AlburyCity with a scheduled and reactive maintenance service.

Due to the specialised requirements of various assets in use at AlburyCity sites, the Assessment Panel determined that the varied services offered by these tenderers would provide Council with a comprehensive coverage of services and surety in the delivery of well maintained assets.

Due to the limited available resourcing, and their capacity and experience in delivering regionally based services, the Panel decided that Total Ventilation Hygiene Pty Ltd were not well placed to successfully deliver the requirements of this contract, and they were not considered for further assessment.

Quantitative Assessment (100%)

Tenderers submitted hourly rates for servicing during business hours, after hours and for an emergency call out. The following table provides estimated contract prices for the tenderers, in each case modelled on historic usage data and the tendered schedule of rates for each submission. The estimated total contract cost is based upon the annual estimated hours for servicing of various HVACR equipment, based on manufacturer's recommendations.

Albury Gasworks Pty Ltd provided a price based upon a limited service offering for gas appliances and evaporative coolers only. Plasair Pty Ltd and Real Refrigeration both priced for a comprehensive service offering, and the estimated contract price for each is shown below.

Full Service Offering

Company	Estimated Contract Value (including GST) for 3 Year Term	Rating (100)
Plasair Pty Ltd	\$710,607	100
Real Refrigeration	\$799,434	89

The submission received for the full range of services from Plasair Pty Ltd was the most favourable from a cost perspective, being 12.7% less than Real Refrigeration for the full service offering, largely a result of a higher quoted hourly rate.

Limited Services – Gas Appliances and Evaporative Coolers

Company	Estimated Contract Value (including GST) for 3 Year Term	Rating (100)
Real Refrigeration *3	\$53,350	100
Albury Gas Works Pty Ltd	\$69,286	77

Note – *3 Based upon specification and costs provided to Real Refrigeration by its subcontractor.

The submission for limited services for specialised assets received from Real Refrigeration (and its subcontractor) was comparable to the other tenderer with a 23% variation in pricing in their schedule of rates submission in comparison to Albury Gas Works Pty Ltd.

This tender is for HVACR contractors to join AlburyCity's panel and the cost comparisons above provide an indication of the total costs for works that will be charged based upon a schedule of rates.

A comparison of the previous contracted schedule of rates to those tenders identified an increase in hourly rates of between 6.5% and 13%, which is considered reasonable over the three years of the panel contract. The budget for these works is incorporated into ongoing operational budgets and it is estimated that the annual cost will increase from \$208K to around \$250K per annum, which is deemed acceptable.

The shift in emphasis towards greater investment in preventative maintenance significantly reduced Council's exposure to, and cost of, unplanned reactive works. Investment of this nature also reduces the annual running and whole life cycle costs for these assets.

Risk

- **Business Risk** – Council's budget allocation to undertake these services is included within the relevant facility maintenance operational budgets, however, should equipment fail or deteriorate unexpectedly, this may increase the required expenditure. This risk is reduced through continued periodic maintenance as per manufacturers' requirements. Financial risk is further managed through the surety of rates provided under the contract. Resourcing requirements are managed through the creation of the panel contract with suitably qualified contractors.
- **Corporate Risk** – the selection of contractors with the appropriate qualifications, experience and proven safety and management systems will ensure that a consistent and high level of service is provided to the community.
- **WHS and Public Risk** – effective heating, ventilation and air conditioning maintenance has a positive impact on WHS and public liability risks. WHS risks are controlled as the works will be in accordance with AlburyCity procedures. The contractors will be WHS registered with AlburyCity, will be inducted to each site at the commencement of the contract, and will be required to implement relevant Safe Work Method Statements and safety inspections. All contractors have their own safety management systems.
- **Environmental Risk** – the provision of these services will ensure the environmental impact of the operation of HVACR infrastructure is minimised due to optimised efficiency of operation, reduced emissions and ensuring longevity of assets. The use of correctly licenced and experienced contractors manages the risk posed by refrigerant gases controlled under the Ozone Protection and Synthetic Greenhouse Gas Management Act.
- **Delivery Program Risk** – the provision of these services will assist in reducing reactive maintenance, thereby ensuring a more efficient use of resources. The provision of these services will not present a delivery risk to Council. The creation of a panel contract provides for flexibility and surety of service.

Community Engagement

The community facilities that are serviced in this contract are part of AlburyCity's ongoing commitment to maintain and improve its assets. Efficient maintenance of HVACR assets links in with Albury community expectations to minimise energy use, promote pride in the community, attract sport, business and recreation events, increase cultural opportunities and promote AlburyCity events.

The aim of panel appointments is to ensure well maintained heating and cooling systems in all AlburyCity facilities, which will enable them to continue to service the community for their intended

purpose. Maintenance of the AlburyCity HVACR equipment inventory supports Towards Albury 2050 and the Asset Management Strategy for the provision of quality infrastructure to the community.

Summary

The scoring for the qualitative assessment is summarised in the following table:

Company	Qualitative	Quantitative
Plasair Pty Ltd	84	100
Real Refrigeration	74	89

From the qualitative assessment, all shortlisted companies have the required management systems, experience, resources, and availability to successfully undertake this project.

From a quantitative perspective, the submission from Plasair Pty Ltd was assessed as being the most advantageous, being \$29.6K (or 12.7%) more favourable than Real Refrigeration.

The scoring for the qualitative and quantitative assessment for specialised gas appliances and evaporative coolers is summarised in the following table:

Company	Qualitative	Quantitative
Real Refrigeration ^{*3}	74	100
Albury Gas Works Pty Ltd	73	77

Note – ^{*3} Based upon specification and costs provided to Real Refrigeration by its subcontractor.

From a quantitative perspective, the submission for limited services from Real Refrigeration rates comparably to the other tenderer, being \$16K (or 23%) more favourable than Albury Gas Works.

Therefore, based on the qualitative and quantitative assessments, it is deemed that the submissions from the following tenderers provide the best value for Council to deliver panel services:

- Plasair Pty Ltd;
- Real Refrigeration; and
- Albury Gas Works Pty Ltd.

A panel contract arrangement provides Council with surety of service provision and agreed contracted rates and provides a level of flexibility when sourcing the required resources. A panel contract with multiple service providers is considered the most suitable option and reduces the risks associated with a single vendor's inability to service the requirements of the tender.

Conclusion

Council invited tenders for the Provision of Heating, Ventilation, Air Conditioning and Refrigeration (HVACR) Services for a three year period (2022-2025), and received four submissions.

The scope of the services of this contract is based on a maintenance strategy that was developed in consultation with HVACR industry representative organisations and is centred on a risk-based approach that considers both the age and usage levels of the assets, as well as the operational criticality to Albury City Council.

The core scope requirements include the requirement for programmed service and maintenance of HVACR assets and reactive repairs, service and maintenance of HVACR assets.

A panel contract will provide operational efficiencies for Council with regard to the surety of service, fixed contract pricing and reduced procurement administration.

A qualitative and quantitative assessment indicated that Plasair Pty Ltd, Real Refrigeration and Albury Gas Works Pty Ltd offer the best value for Council, and therefore should be appointed to the panel as Council's preferred suppliers for the provision of full service offering for HVACR programmed maintenance and reactive repairs, service and maintenance at an estimated cost of \$750,000 (including GST) for the three year term of the panel contract.

The budget for these works is incorporated into ongoing operational budgets and it is estimated that the annual cost will increase from \$208K to around \$250K per annum, which is deemed acceptable.

Recommendation

That Council accepts the panel contract tenders from Plasair Pty Ltd, Real Refrigeration and Albury Gas Works Pty Ltd for the Schedule of Rates Panel Contract No. 22/00881, Provision of Heating, Ventilation, Air Conditioning and Refrigeration Services for a three year period commencing 1 November 2022, for an estimated contract value of \$750,000 (including GST).