

**CONFIDENTIAL**  
**TENDER EVALUATION REPORT**

**CONTRACT NO: 2021096**

**CONTRACT TITLE: Animal Pound and After Hours Services**

## **SUMMARY\***

*The tender evaluation panel endorses the following recommendation.*

*That Council:*

- 1. Awards the tender from RSPCA Victoria for Animal Pound and After Hours Services, Contract No. 2021096 for an estimated first year annual fee of \$926,522 comprising (i) the fixed annual Lump Sum of \$840,887 for Pound Services and (ii) an estimated fee of \$85,635 for After Hours Services based on the tendered schedule of rates and historical volumes;*
- 2. Authorises the Chief Executive Officer to execute the contract agreement once contractual negotiations are completed;*
- 3. Notes that the contract is proposed to commence in September 2021 with an initial term of three years with two separate extension options of one year each and authorises the Chief Executive Officer to approve these extension options subject to satisfactory performance; and*
- 4. Notes that the total estimated value of this contract is \$4,542,143 inclusive of all available extension options and an assumed 2% annual CPI adjustment (except for the proposed year 4 Pound Services fixed lump sum).*
- 5. Notes and approves an additional \$49,820 GST exclusive to be added to the 2021/22 Pound Services budget to cover the anticipated contract costs for the full financial year.*

*(\*Please note that all dollar figures are GST Inclusive unless stated otherwise)*

## INTRODUCTION

Council has conducted a tender for Animal Pound and After Hours Services.

## BACKGROUND

Council is required to deliver a range of functions and responsibilities in accordance with the Domestic Animals Act 1996. Under these provisions Council must provide a means of holding impounded animals and ensuring their care until such time the animal can be claimed, rehomed or, if necessary, euthanized. It is also necessary to collect and impound animals after hours and as such the following services are required:

- Provision and maintenance of a high quality, readily accessible, responsive animal pound facility
- Ensuring that the pound meets the requirements of the Code of Practice for the Management of Dogs and Cats in Shelters and Pounds
- Secure impoundment and care of animals
- The correct release or disposal of impounded animals
- Registration of animals
- Keeping of accurate records of animals received, held and disposed of from the pound
- Collection and banking of fees and charges
- Provision of an after-hours animal collection service which satisfies Council's statutory obligations and objectives outlined in the Domestic Animal Management Plan
- Promotion of responsible pet ownership and public education.

Council currently engages the services of RSPCA Victoria.

## NOTIFICATION

A public notice was placed in The Age newspaper on 12/06/2021 and the tender closed on 2/07/2021.

## TENDERS RECEIVED

A tender submission was received from the following supplier by the appointed closing time.

No.	Tenderer	Annual Estimated Fee for the First Year (\$ Including GST)
1	RSPCA Victoria	Average \$979,171*

\*Please Note: This Fee consists of a fixed annual fee for Pound Services and a schedule of rates fee for After Hours Services. Contrary to Council's request for a fixed annual Pound Services fee for the initial term, the RSPCA tendered a separate price for each year of the initial three year term. However the average annual Pound Services fee for the first three years was \$893,536 and the estimated After Hours Call Out fee was \$85,632, totalling \$979,171.

The Animal Aid based in Coldstream also registered for this tender however they declined to submit a tender because they do not currently have the capacity to cater for some animals due to upgrades that they are scheduling in the near future.

## CONFORMANCE SUMMARY

The submission was assessed for compliance with the tender conditions including the contractual terms and conditions and the requirements of the response schedules.

The RSPCA Victoria submission was non-conforming as they did not propose one fixed annual lump sum for the initial three year term and they also proposed a number of contractual departures. However, officers chose to continue to evaluate the RSPCA Victoria submission on the basis that further discussion and negotiation (if required) would result in an acceptable outcome for Council.

## TENDER EVALUATION

In accordance with the Procurement Policy, the evaluation panel and evaluation criteria weightings were nominated prior to opening the Tender.

The evaluation panel consisted of:

Greg Talbot	Manager Community Amenity
Michael Somerville	Coordinator Community Laws
Peter Wisdom	Senior Animal Management/Community Laws Officer
Emma Anderson	Procurement Officer
Jason Farrugia	Manager Strategic Procurement

All members of the evaluation panel signed Conflict of Interest and Confidentiality forms and no conflicts were raised.

Given that the RSPCA Victoria submission was non-conforming, the evaluation panel meet with the RSPCA to clarify their tender proposal. During these meetings, the RSPCA explained that they have implemented a new cost recovery model for council contracts that proposes to recover a greater proportion of animal welfare costs as well as other related overheads to ensure that they are commercially viable for the longer term.

The Council evaluation panel also made it clear to the RSPCA that their initial tender offer was non-conforming and that their tender offer exceeded Council's current budget. The panel also expressed the view that the RSPCA's cost recovery model should include some shared responsibility for animal welfare beyond the statutory holding time of 8 days.

The RSPCA Victoria agreed to share some responsibility for animal welfare beyond the statutory holding period and revised their Pound Services annual lump sum fee to \$840,887 for the first year, subject thereafter to an annual CPI indexation (compared to the original average annual fee of \$893,536 for the first three years). The RSPCA Victoria also offered a price reset for the first option year (year 4) to further improve their competitiveness.

The tender was assessed in accordance with the following criteria as per the tender documentation.

<b>Table 1: Pass/Fail Assessment Criteria</b>	<b>Score</b>
Quality Systems	<i>Pass</i>
OHS	<i>Pass</i>
Mandatory Insurances	<i>Pass</i>
Complies with Specification Requirements Schedule	<i>Pass</i>

<b>Table 2</b>	<b>Key Selection Criteria</b>	<b>Criteria Weightings</b>	<b>Sub Criteria Weightings</b>	<b>Sub Criteria to be used in the Returnable Schedule</b>
Qualitative Criteria (40%)	Capacity and Capability	30%	7%	Experience
			6%	Resources
			7%	Risk Management
			7%	Legal Compliance
			3%	Performance and Innovation
	Sustainability (Mandatory)	10%*	3%	Environmental Sustainability
			3%	Local Sustainability
			4%	Social Sustainability
Quantitative Criteria	Price (Mandatory)	60%	60%	Comparison of Whole of Life Cost / Total Project Cost / Estimated Annual Cost

\*Sustainability was reduced to 10% because it was deemed appropriate given the nature of the service requirements. As such, price was increase to 60% as per Procurement Policy.

A summary of the average evaluation panel scores for the shortlisted tenders follows.

<b>Key Selection Criteria</b>	<b>RSPCA</b>
<b>Capacity and Capability (30%)</b>	23%
<b>Sustainability (10%)</b>	7%
<b>Price Score (60%)</b>	<b>60%</b>
<b>TOTAL WEIGHTED SCORE</b>	<b>90%</b>
<b>RANKING</b>	<b>1</b>

An independent financial assessment was conducted on the preferred tenderer by Corporate Scorecard with a score of 9.8 out of 10 indicating a very strong financial capacity to undertake the contract in question.

RSPCA Victoria is a well-established non-profit organisation with operations dating back to 1871. The Company has a working capital of over \$15.8M (ability to pay its short-term debts) and net tangible worth of \$62M. The contract in question represents only 1.86% of RSPCA Victoria's sales and is considered to be within acceptable limits. The company has had experience in undertaking similar contracts and based on the review of information supplied by Corporate Scorecard, there is minimal risk exposure to Council for the contract in question if RSPCA Victoria is used

The final evaluation ranking including the price and non-price evaluation criteria had the RSPCA Victoria ranked highest and as such, the evaluation panel recommends them as representing the best value outcome for Council.

## FINANCIAL

Assuming a 2% annual CPI adjustment (except for the optional year 4), the estimated annual contract cost follows:

<b>Year</b>	<b>Annual Lump Sum Price for Pound Services (including GST)</b>	<b>After Hours Call Outs (including GST)</b>	<b>Estimated Cumulative Spend (including GST)</b>
1	\$840,887	\$85,635	\$926,522
2	\$857,705	\$87,348	\$1,871,575
3	\$874,859	\$89,095	\$2,835,529
4 option*	\$753,982	\$90,877	\$3,680,387
5 option	\$769,061	\$92,694	\$4,542,143
<b>Total</b>	<b>\$4,096,495</b>	<b>\$445,648</b>	<b>\$4,542,143</b>
*negotiated price reset			

The table below summarises the budget requirements for the 2021/22 financial year.

Item	\$ (GST exclusive)	\$ (GST inclusive)
Current 2021/22 budget for Pound Services	\$743,000	\$817,300
Estimated spend for July and August covered by the current contract	-\$90,910	-\$100,000
Estimated spend under the proposed contract for the remaining 10 months of 2021/22	-\$701,910	\$772,100 <sup>1</sup>
Budget Shortfall	-\$49,820	-\$54,800

As such, a request is also being made for 49,820 (GST exclusive) to be added to the current budget to cover the anticipated costs for the full financial year.

## SUSTAINABILITY OUTCOMES

The RSPCA has demonstrated a commitment to environmental, social and local sustainability.

The redeveloped RSPCA Burwood facility has allowed for:

- Water saving design elements, recycling and rainwater collection.
- Air conditioning using mechanical systems and ventilation to reduce power usage.
- Automatic lights and air-conditioning.
- Design which incorporates the use of natural light.
- Subsurface wetlands, which reuses water for kennel wash down and irrigation.

They have established an Environmental Committee and an Environmental Policy and through this work have introduced initiatives such as Eco-Bins (separation of waste) and a means of promoting and re-using items that are no longer used in one area of the business but may be of use in another. These programs, along with a planned energy audit are examples where a reduction in carbon emissions has been targeted.

In terms of social and local sustainability the RSPCA employs staff and engages volunteers from within Monash and report having processes and procedures in place to support equal opportunities.

Social sustainability is further supported by through an offer to deliver up to \$20,000 per year (first three years), in addition to the tendered amount, worth of localised animal welfare prevention initiatives, to be designed, agreed upon and delivered during the life of the contract, totalling \$60,000.

<sup>1</sup> 10 month pro-rate of the annual estimated \$926,522 annual cost.  
Pound Council-Recommendation-Report-  
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The signatures of the evaluation panel below indicate their agreement with and acceptance of the details included in the tender evaluation report.

Name	Title	Signature
Greg Talbot	Manager Community Amenity	 <a href="#">Greg Talbot (Aug 10, 2021 14:28 GMT+10)</a> Aug 10, 2021
Michael Somerville	Coordinator Community Laws	 <a href="#">Michael Somerville (Aug 12, 2021 10:08 GMT+10)</a> Aug 12, 2021
Peter Wisdom	Senior Animal Management/Community Laws Officer	 <a href="#">Peter Wisdom (Aug 10, 2021 15:58 GMT+10)</a> Aug 10, 2021
Emma Anderson	Procurement Officer	 Aug 10, 2021
Jason Farrugia	Manager Strategic Procurement	 Aug 10, 2021

# Pound Council-Recommendation-Report-Confidential

Final Audit Report

2021-08-12

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