

7.2.2 2024206 ACTIVE MONASH HEALTH CLUB EQUIPMENT - VARIATION

Responsible Manager:	Tony Oulton, Manager Active Monash
Responsible Director:	Tanya Scicluna, Director Community Services

RECOMMENDATION

That Council

1. Approves a variation to lease contract 2024206 Active Monash Health Club Equipment, with Life Fitness Australia Pty Ltd in the amount of \$172,026, being greater than 10% of the original contract sum awarded.
2. Notes that a variation increase to the value of \$33,109 was approved under Officer Delegation and applied to the contract in July 2025.
3. Notes that the total revised contract value, inclusive of the awarded contract sum, previously approved Officer variation and this pending variation increases from \$989,018 to \$1,194,153 and
4. Notes that the increased contract value resulting from this pending approval remains within the existing approved and adopted Active Monash Budget.

Please note that all values in this report are GST exclusive unless stated otherwise.

INTRODUCTION

In accordance with Council's Contract Variation delegation rules, this report explains the reason for a Contract Variation for Council approval.

COUNCIL PLAN STRATEGIC OBJECTIVES

A healthy, safe and connected community

A community where all people have the opportunity to experience enhanced levels of social, emotional, and physical wellbeing.

BACKGROUND

On 29 April 2025, Council approved the tender for 2024206 Active Monash Health Club Equipment with Life Fitness Australia Pty Ltd for a fixed lump sum price of \$989,018 under an operating lease agreement. A copy of the original Council Report is attached for supporting background information.

The contract was for an initial period of four years and has an expected completion date of 30 April 2029. The contract includes provision for and replacement of cardio and strength equipment by Life Fitness across the three Active Monash centres to ensure the ongoing delivery of safe, contemporary, reliable and commercially competitive health and wellness services to the community.



Life Fitness equipment is currently embedded throughout the Active Monash gym environments and forms the foundation of the existing operational, maintenance and member experience model.

The investment aligns with Active Monash's broader strategic objectives of supporting community health and wellbeing participation, improving customer experience, maintaining contemporary fitness offerings and protecting membership retention and revenue performance in an increasingly competitive health and fitness market.

DISCUSSION

At the time the original tender was awarded, the scope of replacement cardio and strength equipment across the three Active Monash centres was reduced to align with the available project budget. While this approach enabled the contract to proceed, it resulted in a significantly lower quantity of equipment being scheduled for replacement than was identified through the original asset assessment, as well as what was currently being provided at the time.

Following further operational review and consultation with onsite teams and users, it became evident that the reduced scope would not adequately meet current service delivery requirements or member demand. Retaining a larger proportion of ageing equipment would negatively impact the quality, consistency and reliability of the fitness facilities across Active Monash, increasing maintenance requirements, equipment downtime and the risk of service interruptions.

The proposed contract variation will enable additional cardio and strength equipment that formed part of the original asset replacement program but was deferred during the initial procurement process due to perceived budget constraints. This will ensure more complete and consistent equipment replacement across all three centres, delivering improved member experience, reducing lifecycle maintenance costs, supporting additional efficiency and maintaining Active Monash's competitive position within the Health and Fitness market.

FINANCIAL IMPLICATIONS

In line with Council's Contract Variation Delegation Rules, Council must approve variations to Council. Approved contracts that do not meet the definition of Exceptional Circumstances and where the variation is greater than 10% of the awarded sum, including approved contingency, or greater than \$100,000 of the awarded sum including approved contingency.

Please refer to the following table for a summary of the contract expenditure:

Spend Information	Value (GST Exclusive)
a. Fixed Lump Sum under an operating lease agreement	\$989,018
b. Approved Contingency	\$0
c. Total Available Contract Funds	\$989,018
d. Approved Contract Variations to date under Officer Delegation	\$33,109
e. Contingency Remaining	\$0
f. Value of Contract Variations pending approval in this report	\$172,026
g. Additional Contingency required (f less e)	\$172,026
h. Total revised Contract Value, including contingency (c plus d plus g)	\$1,194,153

Budget Confirmation: The proposed contract variation will increase the total contract value by \$172,026, resulting in a revised contract value of \$1,194,153. The additional expenditure will be fully accommodated within the existing approved Active Monash operating budget and does not require any additional funding allocation or budget adjustment. Accordingly, the variation will have no adverse impact on Council's current financial position, and future budget bids will reflect the revised ongoing contractual commitment.

POLICY IMPLICATIONS

There are no policy implications to this report.

CONSULTATION

Community consultation was not required.

SOCIAL IMPLICATIONS

There are no social implications to this report.

HUMAN RIGHTS CONSIDERATIONS

There are no human rights implications to this report.

GENDER IMPACT ASSESSMENT

A GIA was not completed because this policy/program/service does not have a 'direct' and 'significant' impact on the community.

CONCLUSION

That Council approves the recommendations contained within this report.



ATTACHMENT LIST

1. 2024206 Council Recommendation Report PUBLIC [**7.2.2.1** - 4 pages]

7.2.2 CF2024206 ACTIVE MONASH HEALTH CLUB EQUIPMENT

Responsible Manager:	Tony Oulton, Manager Active Monash
Responsible Director:	Russell Hopkins, Director Community Services

RECOMMENDATION

That Council

- Awards the tender from Life Fitness Australia Pty Ltd for Active Monash Health Club Equipment, Contract No. 2024206 for a fixed Lump Sum of \$1,087,920 under an operating lease agreement.**
- Authorises the Chief Executive Officer to execute the contract agreement.**
- Notes that the contract will commence on 1 May 2025 for a period of four years, and the expected completion date is 30 April 2029.**
- Notes that the total budget including the contract fixed Lump Sum, Contingencies and Provisional Items is \$1,087,920.**

INTRODUCTION

Council has conducted a tender for the provision of 2024206 Active Monash Health Club Equipment.

As part of its planning process for this tender, Council officers considered its procurement options, including whether to go to market itself, participate in regional or sector collaboration or to access established contracts via other compliant Procurement agreements. Due to the specificity of equipment required for Active Monash Centres, Council officers determined that it would be most appropriate to go to market itself.

BACKGROUND

Council is seeking to appoint a supplier for the lease, supply and maintenance of fitness and wellness equipment for Monash Aquatic & Recreation Centre, Oakleigh Recreation Centre, and Clayton Aquatic & Health Centre for four years commencing 1 May 2025.

Council currently engages the services of Matrix Fitness Equipment, operating under Johnson Health Tech. The current contract expired on 1 January 2025 and Council has continued to pay a lease on the existing equipment whilst going through this tender process. The old equipment, following this tender process, will either be returned to the finance company CHG-Meridian or disposed of in accordance with Council's Asset Disposal policy at the time the centres' transition to the new supplier.

The new equipment for the centres under this contract will consist of strength pin and plate-loaded, strength equipment, cardio equipment, pilates reformer beds and wellness products, all leased for a period of 48 months on an operating lease.

Council seeks to appoint Life Fitness as the preferred supplier of equipment. This tender has been awarded based on an evaluated submission, questioning and evaluation process that deemed Life Fitness to be the most conforming and which offers the best value and quality to Council. The equipment is top-of-the-range with proven performance and feedback. It meets the needs of Active Monash's diverse demographic, enabling more members to 'Participate Their Way' by the accessibility of the products exceeding the minimum requirements for people with a disability.

Furthermore, Life Fitness' industry experience exceeded other suppliers in the industry, are in the Monash municipality and can meet the short project timeline to align with the upcoming MARC and CAHC gym reflooring project, ensuring minimal closing time.

NOTIFICATION

A public notice seeking Expressions of Interest was placed in The Age newspaper on 30 November 2024 and the Expression of Interest closed on 20 December 2024. Shortlisted parties were subsequently invited to participate in a selective Tender on 14 February 2025 with submissions closing on 7 March 2025.

TENDERS RECEIVED

Three tender submissions were received by the appointed closing time.

The tenders received are listed below:

- *Johnson Health Tech Australia Pty Ltd – Matrix Fitness*
- *Life Fitness Australia Pty Ltd*
- *Technogym Australia Pty Ltd*

TENDER CONFORMANCE

All submissions were assessed for their compliance with the tender conditions including the contractual terms and conditions and the requirements of the Specification.

All tender submissions were deemed conforming.

The tenderers were then further evaluated as per the agreed evaluation criteria.

TENDER EVALUATION

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

The tenderers were assessed in accordance with the evaluation criteria published in the tender documentation:

Pass/Fail Assessment Criteria	Score
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Scope Requirements Schedule	<i>Pass/Fail</i>
Quality Systems	<i>Pass/Fail</i>
OHS third part certification	<i>Pass/Fail</i>
Mandatory Insurances	<i>Pass/Fail</i>
Responses to Cyber Questions	<i>Pass/Fail</i>

Table 2	Key Selection Criteria	Criteria Weightings
Qualitative Criteria	Capacity and Capability	25%
	Project Timelines	5%
	Sustainability (Mandatory)	20%
Quantitative Criteria	Price (Mandatory)	50%

Upon review, it was deemed that the spin bikes tendered by each supplier were not suitable for purpose and therefore, the spin bikes were removed from the tender and will be procured separately in accordance with Council's Procurement Policy.

DISCUSSION

The following information supports the evaluation panel's recommendations.

The final evaluation ranking (including the price and non-price evaluation criteria) ranked Life Fitness Australia Pty Ltd the highest and consequently, the evaluation panel recommends Life Fitness Australia Pty Ltd as representing the best value outcome for Council.

FINANCIAL IMPLICATIONS

A forecast budget of \$1,600,000 over four years has been allocated to the Health and Wellness Lease Payments Budget which covers this contract along with other related leases. The preferred supplier's total price schedule is aligned with the allocated budget within the Procurement Plan.

CONCLUSION

That Council approves the recommendations contained within this report.



ATTACHMENT LIST

Nil