6.5 RFT IE384-2025 HVAC CHILLER REPLACEMENT - 246 VINCENT STREET LEEDERVILLE

Attachments: **1. Evaluation Worksheet RFT IE384-2025 - Confidential**

RECOMMENDATION:

That Council:

1. NOTES the outcome of the evaluation process for IE384/2025 HVAC Chiller Replacement - 246 Vincent Street Leederville; and

2. ACCEPTS the tender submission of Australian HVAC Services Pty Ltd ATF Skenpost Trust t/a Australian HVAC Services for Tender IE384/2025 HVAC Chiller Replacement - 246 Vincent Street Leederville.

PURPOSE OF REPORT:

For Council to consider and determine the outcome of Tender IE384/2025 HVAC Chiller Replacement – 246 Vincent Street Leederville.

DELEGATION:

The decision to accept or reject tenders with a value exceeding $250,000 requires a decision of Council in accordance with Council's adopted register of delegations, authorisations, and appointments.

BACKGROUND:

The City of Vincent's capital works program includes renewal or upgrade of heating, ventilation, and air conditioning (HVAC) units across the City Building's portfolio to meet energy efficiency targets.

The City sought tenders from experienced, qualified, and reliable respondents within the industry to removal and replacement HVAC chiller on Level 3 of the DLGSC Building, located at 246 Vincent Street, Leederville. The building is a City of Vincent asset and is leased to the State Government. The existing chiller has reached the end of its serviceable life, and maintenance costs have significantly increased, necessitating its replacement. The capital renewal is an obligation of the lessor under the lease agreement.

This project aims to install a new, efficient chiller system to ensure reliable cooling and improved energy efficiency. The selected HVAC company will be responsible for assessing the site, sourcing a new specified chiller, and performing the installation with minimal disruption to building operations. The new chiller is expected to enhance indoor comfort, reduce energy consumption, and lower long-term maintenance costs.

DETAILS:

Tender Submissions
There was a total of nine (9) submissions received from eight (8) respondents. One (1) respondent submitted a conforming and alternate response.

Evaluation Panel
The Evaluation Panel comprised of four members, being:
- three with the appropriate operational expertise and involvement in supervising the contract (voting); and
- one with tender preparation skills and probity advice provided by a Procurement and Contracts Officer (non-voting).

Compliance Assessment
Compliance assessment was carried out on all submissions. Seven (7) submission were assessed as fully compliant and progressed to the qualitative assessment stage.
One submission (Respondent 6) was assessed as non-compliant and did not progress to the qualitative assessment stage.

Evaluation Method and Weighting

The qualitative weighting method of tender evaluation was selected to evaluate the offer. The qualitative criteria and weighting used in evaluating the submission received were as follows:

Qualitative Criteria		Weighting
1	Project Understanding	45%
2	Capacity and Skills	45%
3	Environmental Sustainability	10%

Qualitative Assessment
The qualitative assessment of all submissions was as follows:

Respondent #	Weighted Percentage Score	Qualitative Ranking
Respondent 1	27%	7
Respondent 2 (Conforming)	72%	4
Respondent 2 (Alternate)	74%	3
Respondent 3	29%	6
Respondent 4	37%	5
Respondent 5	76%	1
Respondent 7	0%	8
Respondent 8	75%	2

Refer to **Confidential Attachment 1** for further details.

The Evaluation Panel shortlisted Respondent 2 (Conforming Submission), Respondent 2 (Alternate Submission), Respondent 5 and Respondent 8 to progress to the price assessment stage. The remaining Respondent did not progress due to the low qualitative scores and significant risk associated with the responses to the qualitative criteria.

Price Assessment
The Evaluation Panel carried out an assessment of the submitted pricing offered by the shortlisted Respondents.

Respondent #	Fixed Price (excl GST)	Rank
Respondent 2 (Conforming)	$530,630	3
Respondent 2 (Alternate)	$350,870	1
Respondent 5	$679,380	4
Respondent 8	$482,383	2

Refer to **Confidential Attachment 1** for further detail.

Risk Assessment
The evaluation panel conducted a comprehensive risk assessment of each submission, considering compliance with specifications, potential service delivery risks, and contractual risk exposure.

Respondent #	Compliance with RFT	Operational/Service Delivery Risk	Contractual Risk	Risk Rank
Respondent 2 (Conforming)	Fully compliant with specifications and contractual terms.	Low – Demonstrated capacity to meet all technical and service requirements.	Low – No departures from contract terms. Acceptable and industry-standard risk allocation	1
Respondent 2 (Alternate)	Compliant in structure but carries operational deviations from RFT specifications.	High – Reuse of aging infrastructure creates risk of system performance issues, increased maintenance and early failure.	Medium – Proposal retains contract terms but introduces potential for lifecycle cost blowouts.	3
Respondent 5	Fully compliant with	Low – Strong	Low – No departures	2

Respondent #	Compliance with RFT	Operational/Service Delivery Risk	Contractual Risk	Risk Rank
	specifications and contractual terms.	organisational resources and relevant experience. High capability.	from contract terms. Acceptable and industry-standard risk allocation	
Respondent 8	Fully compliant with specifications.	Medium – While operational capability is adequate, risks from weakened contractual terms may disrupt delivery or enforcement.	High – Numerous and material departures from key contract terms including indemnity, liability, termination, and confidentiality.	4

Value for Money Assessment
The Evaluation Panel undertook a comprehensive value for money assessment, considering the combined outcomes of the qualitative evaluation, pricing analysis, and risk assessment. This holistic approach ensured that the recommended submission offers the optimal balance of quality, cost-effectiveness, and low delivery and contractual risk to the City.

Respondent #	Qualitative Rank	Price Rank	Risk Rank	Value for Money Rank	Comment
Respondent 2 (Conforming)	4	3	1	1	Fully conforming tender. No contract departures. Demonstrates understanding and capacity to meet all requirements. Standard contractual protections remain intact, ensuring balanced commercial risk.
Respondent 2 (Alternate)	3	1	3	3	High-risk alternate offer. Proposes to reuse aging infrastructure, which may cause service reliability issues, increased maintenance costs, and reduced asset lifespan. Lower upfront price offset by likely higher long-term operational and replacement costs.
Respondent 5	1	4	2	2	Well-developed response with strong evidence of experience and organisational capability. No critical contract risks identified. However, premium pricing significantly above other offers. May offer reduced value for money unless specific features justify higher cost.
Respondent 8	2	2	4	4	High contractual risk. Proposes numerous and material departures from key contract clauses including indemnities, liability cap, defects rectification, confidentiality, and termination rights. These significantly erode the City's legal and commercial protections and transfer disproportionate risk to the Principal. Many amendments are not standard for public sector contracts and are not commercially acceptable.

Evaluation Summary
Following a detailed assessment of all submissions, the evaluation panel recommends the conforming tender from Australian HVAC Services Pty Ltd ATF Skenpost Trust trading as Australian HVAC Services for Request for Tender IE384/2025 – HVAC Chiller Replacement at 246 Vincent Street Leederville, as offering the best overall value for money to the City.

This recommendation is based on the following considerations:

- The submission fully complied with all mandatory requirements;
- The respondent achieved a strong qualitative ranking (4th overall);
- The pricing submission was competitively ranked 3rd;
- The response was assessed as presenting the lowest overall risk (1st in risk assessment);
- The pricing is considered to represent excellent value for money when balanced against quality and risk.

Based on this assessment, it is recommended that Council accepts the tender submitted by Australian HVAC Services Pty Ltd ATF Skenpost Trust trading as Australian HVAC Services for this project.

CONSULTATION/ADVERTISING:

This matter is subject to a statutory advertising requirement.

The Request for Tender IE384/2025 – HVAC Chiller Replacement at 246 Vincent Street Leederville was advertised in the West Australian on Wednesday 26 February 2025 and on both the City's website and Vendor Panel between 26 February 2025 and 26 March 2025.

LEGAL/POLICY:

The Request for Tender was prepared and advertised in accordance with:

- Section 3.57 of the *Local Government Act 1995*;
- Part 4 of the *Local Government (Functions and General) Regulations 1996*; and
- City of Vincent Purchasing Policy.

RISK MANAGEMENT IMPLICATIONS

Low: It is low risk for Council to accept the preferred Respondent.

The City of Vincent has adopted a low-risk appetite for third-party (contractor) failure and procurement failure, as articulated in its Risk Appetite and Tolerance Statements. These principles emphasise the importance of reliable contractor performance, value for money, quality service delivery, and the safety of staff and community.

The recommendation to award the contract for IE384/2025 – HVAC Chiller Replacement at 246 Vincent Street, Leederville to Australian HVAC Services Pty Ltd ATF Skenpost Trust trading as Australian HVAC Services presents a low risk to the City and is aligned with these risk tolerance thresholds for the following reasons:

- **Third-Party Risk**: The preferred Respondent has demonstrated adequate financial stability, relevant experience, and a track record of delivery that reduces the likelihood of contract failure. Their conforming submission reflects a strong understanding of the project requirements and an ability to meet performance expectations, which aligns with the City's low tolerance for contractor delays, performance issues or breaches.
- **Procurement Risk – Value for Money**: The recommended Respondent was ranked third on pricing and fourth on qualitative assessment and achieved the highest rating in the risk assessment. This combination provides the City with confidence in receiving a quality outcome at a competitive price, satisfying the City's low risk appetite for poor procurement outcomes.
- **Procurement Risk – Health and Safety**: The scope of works involves critical HVAC infrastructure. The contractor's approach, resources, and compliance history do not indicate any elevated safety risks to staff or community, aligning with the City's **zero tolerance** for procurement decisions that could endanger health and safety.

Overall, the recommendation is consistent with the City's risk framework and supports a decision that prioritises quality service delivery, contractor reliability, and responsible financial management.

STRATEGIC IMPLICATIONS:

This is in keeping with the City's *Strategic Community Plan 2022-2032*:

Enhanced Environment

We have minimised our impact on the environment.

Thriving Places

Efficiently managed and maintained City assets in the public realm.

Sensitive Design

More people living in and working in or enjoying our town centres.

Innovative and Accountable

Our decision-making process is consistent and transparent, and decisions are aligned to our strategic direction.

SUSTAINABILITY IMPLICATIONS:

This does not contribute to any specific sustainability outcomes of the *City's Sustainable Environment Strategy 2019-2024,* however the sustainability and environmental management practices of Respondents was a weighted qualitative criterion of this request, and the preferred Respondent provided some evidence of sustainability practices.

PUBLIC HEALTH IMPLICATIONS:

This is in keeping with the following priority health outcomes of the City's *Public Health Plan 2020-2025*:

Reduced exposure to environmental health risks

FINANCIAL/BUDGET IMPLICATIONS:

A total budget of $665,000 in 2024/25 budget was identified and approved through the Capital Works Budget and Procurement Plan.

COMMENTS:

The tender submission from Australian HVAC Services Pty Ltd ATF Skenpost Trust t/a Australian HVAC Services complies with all tender requirements and was presented to a high standard. The submission demonstrated a clear understanding of the project scope and addressed the specification requirements in a comprehensive and professional manner.

The Evaluation Panel considered the response to be credible, detailed, and well-aligned with the City's expectations for capability, capacity, and experience. Australian HVAC Services achieved strong rankings across all evaluation criteria, including qualitative assessment, pricing, and risk.

In particular, the submission posed the lowest level of contractual and delivery risk, aligning with the City's low risk appetite for third-party and procurement failure. Additionally, the submitted price of $530,630 is within the approved project budget of $665,000, providing further assurance of the submission's value for money.

Accordingly, the Evaluation Panel recommends the award of Tender IE384/2025 HVAC Chiller Replacement – 246 Vincent Street Leederville to Australian HVAC Services Pty Ltd.