

TENDER RECOMMENDATION REPORT

TO: CHIEF EXECUTIVE OFFICER

CC: MANAGER INFRASTRUCTURE CAPITAL WORKS
COORDINATOR CONSTRUCTION

FROM: DIRECTOR ASSETS

FILE REF: 39088 20/123698

DATE: 29 APRIL 2020

TENDER 19251 – SUPPLY AND LAY BITUMINOUS SURFACING AND ASSOCIATED CIVIL WORKS

Issue

To consider Tender No. 19251 for Supply and Lay Bituminous Surfacing and Associated Civil Works.

Background

The current Supply and Lay Asphalt Contract 01504 with Roads 2000 is due to expire on the 30 June 2020.

Specialist contractors undertake the supply and laying of asphalt for capital works, road-resurfacing projects and for road maintenance purposes. In the past, the City has awarded contracts for this work for a three-year period, with provision for up to two 24-month extensions after the initial three-year period. The current Contract 01504 for asphalt supply and laying services, which have been provided by Roads 2000 Pty Ltd throughout the past five years, ceases on 30 June 2020, and no further contract extensions are available.

The scope of works covers the supply and laying of asphalt surface for new roads, paths, resurfacing of existing roads, road maintenance, kerb removal, drainage adjustments associated with the road resurfacing projects and related works.

The asphalt requirements were comprehensively reviewed prior to tendering and the specification has been rationalised to a more appropriate version in comparison to the expiring contract and incorporates associated civil works that are best undertaken in conjunction with the bituminous surfacing activities that are estimated to comprise up to 20% of total contract expenditure.

Detail

Tender No. 19251 for Supply and Lay Bituminous Surfacing & Associated Civil Works within the City of Wanneroo was advertised on 8 February 2020 and closed on Tuesday 4 March 2020.

One addendum issued on 27 February 2020 defined likely annual asphalt tonnage requirement of 10,000 tonnes with approximate proportion of mix types. It also defined the approximate annual estimated contract bituminous surfacing expenditure value of \$3M with clarification of testing requirements and working hour surcharges.

Essential details of the proposed contract are as follows:

Item	Detail
Contract Form	Minor Works
Contract Type	Schedule of Rates
Contract Duration	3 years
Commencement Date	1 July 2020
Expiry Date	30 June 2023
Extension Permitted	Yes, two 24 month extensions with price adjustment based on CPI or part thereof
Rise and Fall Included	Yes (for bitumen component only)
Provision for CPI rate adjustments to be incorporated into contract extensions	Yes

At the expiry of the initial contract period, the City may consider extending the contract for two additional periods of one year each or part thereof. Any extension will be in accordance with the terms and conditions contract and at the discretion of the City.

Tenders Received

Tender submissions were received from the following companies:

Tenderer
Asphaltec Pty Ltd (Asphaltec)
Downer EDI Works Ltd (Downer)
Kee Surfacing Pty Ltd (Kee Surfacing)
Fulton Hogan Industries (Fulton Hogan)
Roads 2000 Pty Ltd (Roads 2000)

The Tender Evaluation panel comprised:

Coordinator Construction, Infrastructure Capital Works – Panel Chairperson – Non Voting

Projects Engineer, Infrastructure Capital Works

Projects Officer Construction, Infrastructure Capital Works

Maintenance Engineer, Engineering Maintenance

Coordinator Safety Systems, People & Culture

Probity Oversight

Oversight to the tender assessment process was undertaken by the City's Contracts Officer and an appointed independent Probity Advisor from William Buck Consulting (WA) Pty Ltd.

Tender submissions were evaluated in accordance with the Procurement and Evaluation Plan (PEP). The PEP included the following selection criteria:

Item No	Description	Weighting
1	Sustainable Procurement (Corporate Social Responsibility) <ul style="list-style-type: none">• Environmental Considerations 10%• Buy Local 10%• Reconciliation Action Plan 2.5%• Disability Access & Inclusion 2.5%	25%
2	Occupational Health and Safety *	25%
3	Demonstrated Experience of Tenderer *	25%
4	Demonstrated Resources and Capacity to perform the works *	25%
5	Pricing based on Schedule of Rates (assessed based exclusively on Value for Money principles)	Not weighted

Pricing is not included in the qualitative criteria and is considered as part of the overall Value for Money (VFM) assessment. The minimum acceptable baseline for Qualitative Criteria is set at 50% with acceptable minimum scores required for each qualitative criterion marked with an *.

All received tenders were deemed to be conforming and were included in the evaluation process.

Evaluation Criteria 1 – Sustainable Procurement (Corporate Social Responsibility) (25%)

Sub criteria a) Environmental Considerations (10%)

An assessment was made to determine the ranking based on tenderers' Environmental policy and practices.

Sub criteria b) Buy Local (10%)

An assessment was made to determine the ranking based on the responses provided, detailing the following information:

- Purchasing arrangements through local businesses;
- Location of tenderer's offices, depots and production facilities;
- Residential addresses of staff and subcontractors; and
- Requirement for new employees arising from award of the contract.

Sub criteria c) Reconciliation Action Plan (2.5%)

An assessment was made to determine the ranking based on the responses provided that relate to:

- RELATIONSHIPS - building positive relationships between indigenous and non-indigenous people
- RESPECT – recognising the contribution of Indigenous people to Australia and learning more about the history, culture and diversity in a two-way communication process
- OPPORTUNITIES – attracting, developing and retaining organisational talent to build opportunities for aboriginal employment, training, development and mentoring

Sub criteria d) Disability Access & Inclusion (2.5%)

An assessment was made to determine the ranking based on the responses provided that relate to:

- People with disabilities have the same buildings and facilities access opportunities as other people
- People with disabilities receive information in a format that will enable them to access information as readily as other people are able to access it.
- People with disabilities receive the same level and quality of service from staff as other people receive.
- People with disabilities have the same opportunities as other people to make complaints.
- People with disabilities have the same opportunities as other people to participate in any employment opportunities.

The consolidated overall Sustainable Procurement tender ranking is determined as follows:

Tenderer	Ranking
Roads 2000	1
Asphaltec	2
Downer	3
Fulton Hogan	4
Kee Surfacing	5

Evaluation Criteria 2 – Occupational Health and Safety (25%)

Evidence of safety management policies and practices was assessed based on the submission documentation received. The assessment for safety management included an evaluation of each tenderer's response to a customised Occupational Health and Safety Management System Questionnaire included within the tender and other documentation.

Based on the information supplied for assessment, all tenderers achieved a score above the minimum acceptable score for this criterion.

All tenderers provided details of their safety management systems with the following ranking:

Tenderer	Ranking
Fulton Hogan	1
Roads 2000	2
Downer	3
Kee Surfacing	4
Asphaltec	5

Evaluation Criteria 3 – Experience (25%)

The tenderers' relevant experience as presented in their tender submissions was assessed in undertaking similar works by the company in order to evaluate their capability to meet the requirements of the contract. Assessment against this criterion considered the tendering entity's credentials to fulfil the requirements of the contract.

Tenderer	Ranking
Roads 2000	1
Asphaltec	2
Downer	3
Fulton Hogan	4
Kee Surfacing	4

Based on the information supplied for assessment, all tenderers exceeded the minimum acceptable score for this criterion.

Evaluation Criteria 4 – Resources & Capacity (25%)

The tenderers' relevant resources as presented in their tender submissions were assessed in undertaking similar works by the company in order to evaluate their capability to meet the requirements of the contract. Assessment against this criterion considered the tendering entity's credentials to fulfil the requirements of the contract.

Tenderer	Ranking
Roads 2000	1
Asphaltec	2
Downer	3
Fulton Hogan	4
Kee Surfacing	5

Based on the information supplied for assessment, all tenderers exceeded the minimum acceptable score for this criterion.

Overall Weighted Assessment and Ranking

The tenderers' submissions were reviewed by the Tender Evaluation Panel (TEP) in accordance with the assessment criteria and weightings as detailed in the Procurement and Evaluation Plan.

The tenderers' bids were evaluated in accordance with the selection criteria and Roads 2000 was assessed as having the necessary resources, previous experience, capability, quality and safety management systems to undertake the tender.

The overall weighted qualitative assessment resulted in the following tender ranking:

Tenderer	Ranking
Roads 2000	1
Asphaltec	2
Downer	3
Fulton Hogan	4
Kee Surfacing	5

Non Weighted Evaluation Criteria 5 - Pricing for the Goods and Services Offered

Price evaluation is based on the tendered schedule of rates and is a non-weighted assessment consideration.

An assessment was made of all tender submissions to determine the ranking based on each tenderer's tendered zones 1 and 2 rates applied to a pricing assessment scenario over 3 years which was developed to approximate estimated annual total expenditure of which civil works approximated 20% and 80% bitumen surfacing. Please refer to the Confidential Attachment for details on the pricing comparison analysis.

Based on the schedule of rates information provided in each submission, tenderers have been ranked as per the table below:

Tenderer	Ranking
Roads 2000	1
Kee Surfacing	2
Asphaltec	3
Fulton Hogan	4
Downer	5

Note: Overall assessment scoring with price comparison is included as a confidential attachment.

Consultation

Key Capital Works Construction team and Engineering Maintenance team officers were consulted prior to Tenders being called to ensure that their needs would be met by the contract provisions.

Comment

The tender submission from Roads 2000 achieved the highest ranking and satisfied the overall value for money assessment in accordance with the assessment criteria and weightings as detailed in the Procurement and Evaluation Plan and is therefore recommended as the successful tenderer.

The Confidential Attachment provides commentary comparing existing contract rates with Tendered rates.

Statutory Compliance

Tenders were invited in accordance with the requirements of Section 3.57 of the *Local Government Act 1995*. The tendering procedures and evaluation complied with the requirements of Part 4 of the *Local Government (Functions and General) Regulations 1996*.

Enterprise Risk Management Considerations

Risk Title	Risk Rating
CO-001 Relationship Management	Moderate
Accountability	Action Planning Option
Director Corporate Strategy and Performance	Manage

Risk Title	Risk Rating
CO-008 Contract Management	Moderate
Accountability	Action Planning Option
Director Corporate Strategy and Performance	Manage

Risk Title	Risk Rating
CO-017 Financial Management	Moderate
Accountability	Action Planning Option
Director Corporate Strategy and Performance	Manage

Financial and Performance Risk

Financial Risk

An independent financial risk assessment was undertaken as part of the tender evaluation process by Equifax Australasia Credit Ratings Pty Ltd. The outcome of this assessment advised that Roads 2000 Pty Ltd presented a 'Satisfactory' financial capacity to undertake the contract.

The risk mitigation strategies identified in the report have been addressed.

Performance Risk

Roads 2000 has successfully completed a number of works for a variety of listed reputable clients with services provided as required and is experienced in servicing local government and other government instrumentality needs. Listed referees include City of Stirling and Shire of Dongara both large government entities. Notably City of Nedlands is the largest municipal. Roads 2000 is also the City's current contracted provider of asphalt laying and associated activities with a contract compliant track record that also extends over many other consecutive previous contracts throughout the past two decades. There are no previous disputes of claims from this company throughout that period.

Independent reference checks were provided by City of Stirling and City of Nedlands, with both reporting that Roads 2000 provide exceptional service and would recommend them to other LGAs.

Policy Implications

Tenders were invited in accordance with the requirements of the City's Purchasing Policy.

Financial (Budget) Implications

The costs associated with the Supply and Lay Bituminous Surfacing and Associated Civil Works are included in the 2020-2021 and future Capital and Operational Budgets. Costs are calculated to be up to \$3.5M per annum for this requirement of which at least 80% is bituminous surfacing and the remainder is comprised of associated civil works. The forecast

total contract cost for a 3 year contract period, estimated to be in the order of \$10.5M, will expand to a likely total contract cost of \$24.5M over a 7 year period if both of the two year contract extensions are exercised.

Recommendation

That the Chief Executive Officer in accordance with Council Resolution CE01-04/20 ACCEPTS the tender submitted by Roads 2000 Pty Ltd for Tender No 19251 for the Supply and Laying of Bituminous Surfacing and Associated Civil Works for a Period of 3 years, in accordance with the submitted Schedule of Rates and Conditions of Tendering (with an option to extend the contract for up to a further two, 24 month periods, or part thereof at the City's discretion)

SUBMITTED BY PROJECTS ENGINEER



29/04/2020

SIGNATURE

DATE

REVIEWED BY MANAGER CONTRACTS & PROCUREMENT

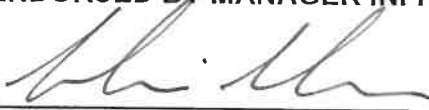


30 April 2020

SIGNATURE

DATE

ENDORSED BY MANAGER INFRASTRUCTURE CAPITAL WORKS



6 May 2020

SIGNATURE

DATE

RECOMMENDED BY DIRECTOR ASSETS



06.05.2020

SIGNATURE

DATE

APPROVED BY CHIEF EXECUTIVE OFFICER



SIGNATURE

7.5.20

DATE

Council at its meeting held on the 7 April considered the item Decisions During COVID-19 Pandemic CE01-04/20 HPE 20/110359 and resolved to vary the delegations for the Chief executive Officer including; Delegation 1.1.14 – Choice of Most Advantageous Tender and Delegation 1.1.16 – Selecting the Next Most Advantageous – as set out in Attachment 3 and will be reported to Council at the August Ordinary Council Meeting and notified to Council Members on a monthly basis through the Council Members' portal.