

4.5 2019084 ANNUAL SUPPLY CONCRETE WORKS – VARIATIONS EXCEEDING OFFICERS DELEGATION – NON-EXCEPTIONAL CIRCUMSTANCES¹
(CF2019084: VD)

Responsible Director: Jarrod Doake

RECOMMENDATION*

That Council:

1. *Approves a variation to Contract 2019084 Annual Supply Concrete Works, in the amount of \$8,990,851 for the second extension option ending 31 March 2024 and a further \$7,000,000 for the third and final contract extension option ending 31 March 2026;*
2. *Notes that the annual expenditure will increase from \$14M to \$22,990,851 for the second extension term ending 31 March 2024 and from \$14M to \$21M for the third and final extension option concluding 31 March 2026;*
3. *Notes that the revised estimated contract value inclusive of all extension options is \$64,990,851; and*
4. *Notes that there are no financial implications increasing the value of this contract as the renewal budgets are set and approved as part of the Annual Budget Approval process.*

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

BACKGROUND

On 26 March 2019 Council approved the tender for 2019084 Annual Supply Concrete Works as a schedule of rates contract with an average annual expenditure of \$7M per annum. A copy of the original Council Report is attached for supporting background information.

The contract was awarded for an initial period of one (1) year ending 31 March 2020 with three separate optional extensions of two years each at the discretion of the Chief Executive Officer subject to satisfactory performance during the preceding contract term. The maximum contract term subject to all available extensions concludes on 31 March 2026.

The contract includes provision for a panel of contractors to undertake activities associated with concrete maintenance, construction, reinstatement, grinding and other minor works on various roads and locations within the City of Monash.

The original contract value was based upon an average annual expenditure of \$7M determined from previous budgets and forecast asset renewal at the time of tendering and allowing for future CPI increases.

During the overall contract term, spend has been higher than anticipated due to the following factors:

- Significant increase in Capital budget for Footpath and Kerb and Channel renewal programs allowing for additional volumes of work to be delivered;
- Increase in delivery of reactive concrete maintenance work through this contract to meet Road Management Plan obligations;
- Increased costs in building & raw materials post Covid shortage and supply chain issues;.
- Increased use of annual supply contractors to deliver capital works projects that would normally be delivered through public tender/quotation due to the reduced availability of construction contractors across the civil construction industry (all levels of government/private sector);
- Delivery of additional projects generated through grant funding introduced through the Covid pandemic eg LRCI Program;
- Higher than expected CPI increases reflective of high demand and shortages of civil construction trades.

In accordance with the Procurement Policy, consideration was given in consultation with Strategic Procurement to determine whether it is likely that Council may have received more and/or more competitive tenders than were received in response to the original tender process had other service providers been aware of the increased volume and value and been afforded an opportunity to tender accordingly.

In this instance it was determined that there is no benefit in retendering this contract as the panel of contractors have been reliable and fulfilled all their obligations under the contract. Their work has been good with a collaborative working relationship established to achieve Council outcomes as has their attention to customer service and worksite safety.

FINANCIAL

The contract was awarded with an estimated annual contract value of \$7M per annum and an estimated contract value of \$49M inclusive of all available extension options as outlined in the following table:

Contract Term	Approved Contract Value (Cumulative)	Actual Expenditure (Cumulative)	Forecast Future Expenditure	Revised Contract Value (Cumulative)
Initial term (1/4/2019 – 31/3/2020)	\$7,000,000	\$7,033,692		
Extension Option 1 (1/4/2020 -31/3/2022)	\$21,000,000	\$22,454,026		
Extension Option 2 (1/4/2022 – 31/3/2024)	\$35,000,000	\$34,190,851*	\$9,800,000	\$43,990,851
Extension Option 3 (1/4/2024 – 31/3/2026)	\$49,000,000	N/A	\$21,000,000	\$64,990,851

All figures are GST Incl.

*Actual expenditure for contract extension option 2 only includes expenditure up to 30 June 2023.

Due to the increased volume of work undertaken through this contract the forecast contract expenditure is expected to exceed the original value awarded by Council for the second and final extension option available for this contract. The contract value is forecast to increase by \$8,990,851 for the second contract extension option and a further \$7,000,000 for the final extension option (1 April 2024 – 31 March 2026) subject to CEO approval.

The forecast expenditure outlined above aligns with the approved 2023/24 budget and Council's Long Term Financial Plan for asset renewal expenditure. There are no financial implications increasing the value of this contract as the renewal budgets are set and approved as part of the Annual Budget Approval process.

In line with Councils Financial Delegation Limits (Item 3.5 Delegation Manual), Council must approve variations to Council Approved Contracts that are greater than 10% of the awarded sum including Contingency, or greater than \$100,000 of the original contract sum.

CONCLUSION

That Council approves the recommendations contained within this report.

4.2 TENDER FOR ANNUAL SUPPLY CONCRETE WORKS

(CF2019084 :MG)

Responsible Director: Ossie Martinz

RECOMMENDATION*That*

1. *Awards the tender for the Annual Supply Concrete Works submitted by*
 - *Allgood Contracting Pty Ltd Rate*
 - *Asphalt & Civil Construction Pty Ltd*
 - *Benrab Paving Pty Ltd*
 - *McDonough Contracting*
 - *Rabcon Paving Pty Ltd*
 - *Rabot Paving Pty Ltd*
 - *Ultimate Group Aust*
 - *Urban Civil Construction Group Pty Ltd*

for the Annual Supply Concrete Works, Contract No. 2019084 for the schedule of rates based contract with an estimated annual contract value of \$7M and an estimated total contract value of \$49M inclusive of all available extension options;

2. *Authorises the Chief Executive Officer or their delegate to execute the contract agreement; and*
3. *Notes that the contract will commence on 1 April 2019, with an initial term of one calendar year with a further three (3) extension options of two (2) years each and authorises the Chief Executive Officer to approve extension options subject to satisfactory performance.*

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

INTRODUCTION

Council has tendered for Annual Supply Concrete Works

BACKGROUND

Council is seeking to appoint a panel of Contractors to undertake activities associated with concrete maintenance, construction, reinstatement, grinding and other minor works on various roads and locations within the City of Monash.

DISCUSSION

The following information supports the evaluation panel's recommendations.

Tender interviews were undertaken, reference checks were conducted and site inspection of tenderer's active work sites conducted.

The panel confirms that eight suppliers are required to satisfy Council's service needs. The final evaluation (including price and non-price evaluation criteria) ranked the following eight suppliers the highest.

1. Asphalt & Civil Construction Pty Ltd
2. Rabot Paving Pty Ltd
3. Urban Civil Construction Group Pty Ltd
4. Rabcon Paving Pty Ltd
5. Benrab Paving Pty Ltd
6. Ultimate Group Aust
7. Allgood Contracting Pty Ltd
8. McDonough Contracting

As such, the evaluation panel recommends these suppliers as representing the best value outcome for Council.

NOTIFICATION

A public notice was placed in The Age newspaper on 19 January 2019 and the tender closed on 15 February 2019.

TENDERS RECEIVED

Twelve (12) tender submissions were received by the appointed closing time. The tenders received are listed below:

- Accomplished Plumbing Services Pty Ltd
- Allgood Contracting Pty Ltd Rate
- Asphalt & Civil Construction Pty Ltd
- Benrab Paving Pty Ltd
- Blue Peak Constructions Pty Ltd
- Infinite Construction Group
- McDonough Contracting
- Rabcon Paving Pty Ltd
- Rabot Paving Pty Ltd
- The Australian Grinding Co Pty Ltd
- Ultimate Group Aust
- Urban Civil Construction Group Pty Ltd

Tender Conformance:

All submissions were accessed for their compliance with the tender conditions including the contractual terms and conditions and the requirements of the response schedules. All tender submissions were deemed conforming.

TENDER EVALUATION

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

Evaluation Criteria:

The remaining conforming tenders were assessed in accordance with the evaluation criteria published in the tender documentation: *(Note: Financial Viability may be treated as either a weighted percentage or pass/fail)*

Key	Key Evaluation Criteria	Weighting (%)
<i>Non-Price (40%)</i>	<i>Quality</i>	<i>10%</i>
	<i>Ability to meet timeframes</i>	<i>10%</i>
	<i>Sustainability, Environmental Initiatives</i>	<i>5%</i>
	<i>Capacity, crews and culture</i>	<i>5%</i>
	<i>Traffic Management</i>	<i>5%</i>
	<i>Working within road environment</i>	<i>5%</i>
<i>Price (60%)</i>	<i>Tender Price</i>	<i>60%</i>
	Total	100%
Mandatory	<i>OHS Management System</i>	Pass/Fail

FINANCIAL IMPLICATIONSBudget

The combined budgets for Operational Maintenance and Capital Works Program concrete and minor Civil works undertaken in the previous year throughout the Municipality was approximately \$6.6M and may increase in future years to meet asset renewal requirements.

The concrete asset renewal component of the contract comprises approximately 80% of the contract works with the remainder of the program being other Capital Works or Operational funded projects delivered through this contract.

CONCLUSION

That Council approves the recommendations contained within this report.