

16.1 AWARDING OF CONTRACT - DETAILED TRANSPORT INFRASTRUCTURE ASSETS REVALUATION AND CONDITION ASSESSMENT

Responsible officer: Tony Secomb, Manager Corporate Services

Attachments: 1. Bid Comparison Summary

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Section under the Act	The grounds on which part of the Council or Committee may be closed to the public are listed in Section 90(2) & (3) of the <i>Local Government Act 1999</i> .
Sub-clause and Reason:	(k) - tenders for the supply of goods, the provision of services or the carrying out of works.

Executive Summary

The purpose of this report is to enable Council to consider approving additional budget to undertake a detailed transport infrastructure assets revaluation and condition assessment and to determine the awarding of the lump sum contract for this project. There is a detailed bid comparison attached to this report.

The preferred contractor for this project is HDS Australia Pty Ltd for a lump sum contract price of \$64,300.00 (excluding GST).

The Chairperson, Deputy Mayor Cr Paul Ireland, requested a suspension of meeting proceedings for 10 minutes to allow for discussion at 8.28pm

Meeting proceedings resumed 8.35pm

RECOMMENDATION

That Council:

- 1. approves additional budget expenditure on the detailed transport infrastructure assets revaluation and condition assessment of \$44,300.00.**
- 2. awards the lump sum contract for the delivery of the detailed transport infrastructure assets revaluation and condition assessment to HDS Australia Pty Ltd for a contract price of \$64,300.00 (excluding GST).**

**MOVED COUNCILLOR JEFFREY NICKOLLS
SECONDED COUNCILLOR TREVOR HANCOCK**

That Council:

- 1. approves additional budget expenditure on the detailed transport infrastructure assets revaluation and condition assessment of \$44,300.00.**
- 2. awards the lump sum contract for the delivery of the detailed transport infrastructure assets revaluation and condition assessment to HDS Australia Pty Ltd for a contract price of \$64,300.00 (excluding GST).**

CARRIED.

Background

Council has an allocation of \$20,000 in the current budget for the revaluation and condition assessment of council's transportation class of assets. This asset class includes roads (sealed and unsealed), footpaths and kerb and gutters. Council is required to undertake a revaluation at a minimum every five years to meet financial and reporting obligations and consider the impacts of depreciation.

Council's auditors have highlighted the necessity of this work and the project forms part of the Audit Committee's annual work program.

Context

Condition assessments of transportation assets should occur every 3-5 years to help council plan, prioritise and budget for future capital and maintenance works. Both the revaluation and condition assessment are important as they provide critical information that feeds into council's strategic plans including the asset management plans and the long term financial plan.

Policy and statutory implications

The Local Government Act 1999 and Local Government (Financial Management) Regulations 2011 are relevant to this matter. Valuations also need to comply with Australian accounting standards – AASB116 Property, Plant and Equipment and AASB13 Fair Value Measurement.

Council's procurement policy is relevant to this matter.

Issues

Council utilised the Vendor Panel service provided by LGA Procurement to seek quotations from 5 pre-qualified and preferred contractors to local government. The select group of contractors included HDS Australia, AssettVal, Tonkin's, Asstetic Australia and GHD Pty Ltd. These contractors were chosen with consensus from the Manager Corporate Services, Manager Infrastructure Services and Finance Consultant, Vanessa McDonald based on their locality, previous experience with Southern Mallee and previous experience and expertise in a local government setting.

The tender process opened on 19 February 2020 and closed 12 March 2020. Through the online process one contractor failed to respond, 2 contractors formally declined to quote and the remaining two submitted quotes for consideration as shown below:

- HDS Australia -\$64,300 ex GST
- AssettVal -\$36,000 ex GST

Council's Manager Corporate Services and Manager Infrastructure Services undertook an extensive review of the proposal's received noting both were over the budget allocation.

The proposal from AssettVal was heavily detailed from a valuation point of view with minimal detail on condition assessments of assets and as such they were asked to provide a revised quote with more detail on their provision of a condition assessment and the methodology they would use. Upon receiving the revised quote the price had not changed from the original quoted price which suggests to council administration they have not fully considered or understood what council has asked for in the scope of works.

The proposal from HDS provided a detailed response from both a revaluation and condition assessment point of view with strong methodology. HDS were equally asked to provide a revised quote as there were discrepancies on what they based their price on with regards to roads, footpath, and kerb and gutter lengths. The revised quote was at a considerably reduced price.

There is considerable difference between the two quotes, however the work to be done in the condition assessment is vital for future planning and decision making. Given that council needs to continually review and update strategic plans that look 10 years ahead it needs clear and precise information to support plans and budgets for capital works on roads, footpaths and kerb and gutters and ensure continuing financial sustainability. It is noted that road condition assessments are critical to ensure council can make fully informed decisions.

Council administration notes that HDS is currently performing work for the Murraylands and Riverland Local Government Association to produce transport related documentation. HDS is also currently undertaking a similar project to ours for a neighbouring council.

The main reason for the price difference is primarily related to the condition assessment of the transportation assets. This is an essential and critical component of the project for council.

Council is not obliged to accept the lowest or any tender.

Alternate options

Council could elect to do the revaluation only this year and condition report next year to save costs this year. However the costs would still occur in the following year. This is not recommended as there are benefits to be gained from appointing one contractor to undertake both key elements of the project. The project findings will provide critical evidence to support future decision making.

Financial implications

The original budget figure of \$20,000 was based on the valuation component only of the project and did not include the costs of the condition assessment component.

Council could fund the shortfall within the current year's budget utilising savings such as the \$19,000 savings from the footpath projects. The savings can be identified and formalised as part of budget review 3.

Work Health and Safety and Risk implications

Utilising the services of LGA Procurement ensures that contractors submitting quotes have already been pre-qualified ensuring they have current licences, insurances and comply with current WHS regulations.

There are substantial risks identified in not completing this work. These include: being subjected to a qualified financial audit which is not desirable; having outdated and incorrect information for key strategic documents; and the potential for errant budget decision making based on opinion rather than evidence.

Consultation

The LGA Procurement Vendor Panel platform was used to support this tender process.

Transportation Assets Valuation and Condition Assessment report

BID COMPARISON SUMMARY

			HDS		Asset Val	
Description of Goods or Service	Quantity required	Unit/s	Cost per Unit Quantity	Cost per Item	Cost per Unit Quantity	Cost per Item
Transportation Assets Valuation and Condition assessment report				\$64,300.00		\$39,600.00
				\$-		\$-
				\$-		\$-
				\$-		\$-
				\$-		\$-
				\$-		\$-
				\$-		\$-
Item Sub Total				\$64,300.00		\$39,600.00
Contingencies (%)	10%					
Item & Contingencies Sub Total				\$64,300.00		\$39,600.00
GST (10%)	10%			\$6,430.00		\$3,960.00
GRAND TOTAL				\$70,730.00		\$43,560.00

Transportation Assets Valuation and Condition Assessment report

BID COMPARISON SUMMARY

Vendors Name		HDS		Asset Val	
Tendered Price		\$70,730.00		\$43,560.00	
	WEIGHTING (%)	Point Score (out of 5)	Weighted Score	Point Score (out of 5)	Weighted Score
Price	20	3.1	12.3	5.0	20.0
Availability	50	5.0	50.0	5.0	50.0
Quality/Experience	30	5.0	30.0	2.0	12.0
			0.0		0.0
TOTAL (out of 100%)	100		92.3		82.0

Recommendation:

Median Price = \$57,145.00

There is requirement for the Road Transport Asset class to be revalued by the 30th June 2020. The LGA Procurement Vendor Panel was used for expressions of interest targeting 5 preferred suppliers based on previous experience. From that process 2 declined to quote, 1 never responded and two were submitted for consideration.

The Manager Infrastructure Services and Manager Corporate Services have met and evaluated the submissions and recommend that HDS be engaged for the services required.

Whilst their fee is higher they provide a much more detailed report including a road condition assessment that would be presented back to council. This would also help form the next 5-10 year road, footpath and sealing program. HDS are highly qualified and respected engineers and currently work with the MMLGARTS committee. Asset Val on the other hand appear to offer more valuation services and not the other crucial data required by the Infrastructure Services team.

Evaluator's Name: Matthew Sherman/Tony Secomb
Date: 19-Mar-20

Supported by Manager: Jason Taylor – but subject to final decision by council
Date: 25-Mar-20

<p>Supplier / Contractor / Consultant Rating:</p> <p>5 = Excellent 4 = Very good 3 = Good, better than average 2 = Acceptable 1 = Marginally adequate - success likely but not assured 0 = Will fail to satisfy required standards (disqualification)</p>
