

19.1 AWARDING OF CONTRACT - SHOULDER WIDENING AT KULKAMI ROAD**RECOMMENDATION**

That:

1. Pursuant to Section 90(2) & (3) of the Local Government Act 1999 the Council order the public, with the exception of the Chief Executive Officer, Manager Corporate Services, Manager Infrastructure Services, Manager Property and Development Services, Manager Major Project Delivery, Coordinator Executive Services, Coordinator Organisations Development and the Minute Secretary be excluded from attendance at the meeting held on Wednesday 17 November 2021 for Agenda Item 19.1 Awarding of Contract - Shoulder Widening at Kulkami Road;
2. The Council is satisfied that pursuant to section 90 (3) (k) of the Local Government Act 1999, the information to be received, discussed or considered in relation to the Agenda Item 19.1 Awarding of Contract - Shoulder Widening at Kulkami Road is:
tenders for the supply of goods, the provision of services or the carrying out of works.
3. The Council is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed by the need to discuss this Agenda Item 19.1 in confidence.

MOVED COUNCILLOR MICK SPARNON

SECONDED COUNCILLOR TREVOR HANCOCK

That:

1. Pursuant to Section 90(2) & (3) of the Local Government Act 1999 the Council order the public, with the exception of the Acting Chief Executive Officer, Acting Manager Corporate Services, Manager Infrastructure Services, Manager Property and Development Services, Manager Major Project Delivery, Coordinator Executive Services and the Minute Secretary be excluded from attendance at the meeting held on Wednesday 17 November 2021 for Agenda Item 19.1 Awarding of Contract - Shoulder Widening at Kulkami Road;
2. The Council is satisfied that pursuant to section 90 (3) (k) of the Local Government Act 1999, the information to be received, discussed or considered in relation to the Agenda Item 19.1 Awarding of Contract - Shoulder Widening at Kulkami Road is:
tenders for the supply of goods, the provision of services or the carrying out of works
3. The Council is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed by the need to discuss this Agenda Item 19.1 in confidence.

CARRIED.

19.1 AWARDING OF CONTRACT - SHOULDER WIDENING AT KULKAMI ROAD

Responsible officer: Matthew Sherman, Manager Infrastructure Services

- Attachments:
1. Tender Bid Comparison
 2. Southern Contracting Group email [non-conforming]

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 carrying out of works.

Executive Summary

The purpose of this report is to enable Council to consider entering into a contract for the design and construction of shoulder widening works on Kulkami Road.

RECOMMENDATION

That Council awards the contract for 18.5 kilometres of shoulder widening on Kulkami Road to P.D. Excavations Pty Ltd for the contract price of \$1,500,000 (ex GST).

**MOVED COUNCILLOR REBECCA BOSELEY
SECONDED COUNCILLOR TREVOR HANCOCK**

That Council awards the contract for 18.5 kilometres of shoulder widening on Kulkami Road to P.D. Excavations Pty Ltd for the contract price of \$1,500,000 (ex GST).

CARRIED.

Background

Council allocated funding of \$500,000 in the 2021/2022 budget for Kulkami Road shoulder widening. This was a 1/3 contribution to the project with an additional 2/3 contribution of \$1,000,000 funding from the Special Local Roads Program for which Council was successful in obtaining.

The total budget figure for the project in the annual business plan and budget is \$1,500,000.00.

Context

Council advertised for tenders via the SA Tenders website. Tenders opened on Friday 1 October 2021 and closed on Tuesday 26 October 2021 at 5.00pm.

The tender specification provided for shoulder widening and sealing of 16 kilometres of Kulkami Road.

Council received a total of four tender submissions. The companies that made submissions were P.D. Excavations, Southern Contracting Group, BildInfrastructure and Milbus Bros. The t

response was good given the amount of infrastructure money that the federal and governments have made available for significant infrastructure projects.

Tenders were assessed on Thursday 28 October 2021 by Matthew Sherman [Ma Infrastructure Services], John Woolford [Coordinator Infrastructure Services] and Neil [Coordinator Infrastructure Services].

Policy and statutory implications

Council has a procurement policy and the tender process has been undertaken in accordance the policy.

All Council purchases must be carried out in compliance with the Local Government Act 1999 Act). Section 49 (a1) of the Act requires Council to develop and maintain procurement policie practices and procedures directed towards:

- Obtaining value in the expenditure of public money, and
- Providing for ethical and fair treatment of participants, and
- Ensuring probity, accountability and transparency in the procurement process.

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

Issues

The submitted tenders were varied with some tenders submitting different methodology provide options for council to consider. For easier comparison the two tenders with the methodology presented are highlighted below in yellow.

These two highlighted tenders use the same methodology for shoulder works already comp on Kulkami Road and is supported by the tender assessment team. The methodology us described as:

topping up existing shoulder with imported PM2/20mm product to match existing road and grades and mixing the Pm2/20mm product with existing shoulder while adding moi [i.e. wet mixing] to achieve a uniform and homogenous layer of new shoulder coarse and t coat sealing of 14 and 7.

P.D. Excavations

Kulkami Road - 16 kilometres of shoulder works - \$80,700 ex GST per km [total \$1,291,200]

Milbus Bros

Kulkami Road - 16 kilometres of shoulder works- \$82,307 ex GST per km [Total \$1,316,912]

Southern Contracting Group – [Non Confirming - refer attachment 2]

Kulkami Road - 16 kilometres of shoulder works - \$58,140 ex GST per km [Total \$930,240]

Kulkami Road - 16 kilometres of shoulder works - \$68,640 ex GST per km [Total \$1,098,240] - cement stabilising 1.5%

Kulkami Road - 16 kilometres of shoulder works - \$82,250 ex GST per km [Total \$1,316,000]

BildInfrastructure

Kulkami Road - 16 kilometres of shoulder works - \$72,700 ex GST per km [\$1,163,200] - cement stabilising 2%

Kulkami Road - 16 kilometres of shoulder works - \$107,840 ex GST per km [\$1,725,440] - b method

BildInfrastructure's proposal of using stabilizing cement at 2% is a different methodology, using imported material and is not recommended

Southern Contracting Group [Non-Conforming] have submitted the lowest price compared to other tenderers at the time of assessment. Upon getting clarification [not negotiating] whether they have the capacity to undertake an extra 9.5km given their original pricing, an answer was received 8 November 2021 at 4.30pm [refer attachment 2]. This informed Council that there was an error on their behalf which increased their pricing considerably and asked if this pricing can be considered. It should be noted that it was only by council staff seeking clarification that this error came to light. As part of the tender process, late tenders are not accepted and the re-submitted pricing by Southern Contracting Group is deemed non-conforming.

Good prices were received per km by the other tenderers therefore there can be further work completed within Council's approved budget being PD Excavations an additional 2.5km to 18km and Milbus Bros an additional 2km to 18km.

PD Excavations and Milbus Bros prices are very similar, both submitted construction proposals which clearly identify they can deliver the project within the timeframes required even with an additional length of Km's to fit within Council's budget as well as providing good references. PD Excavations is DIT [Department Transport and Infrastructure] accredited and has done this type of work for DIT consistently on an annual basis over a long period of time.

Alternate options

Council could decide not to proceed with the works; however this is not recommended given this project is reliant on substantial Commonwealth Government funding.

Financial implications

Council has approved \$1,500,000 through the 2021/2022 budget process. Works can be undertaken up to this allocated figure and there will be no additional financial implications if Council decided to allocate more funding to the project.

Work Health and Safety and Risk implications

A general work, health and safety management system was included in the P.D. Excavation tender submission to council.

Council could experience a challenge in attracting future commonwealth grant funding if unable to deliver this grant funded project within agreed timelines.

Consultation

The tender process was publicly advertised in SA Tenders.

BID COMPARISON SUMMARY

BID COMPARISON SUMMARY												
Vendors Name	Mibus		Bildinfrastructure		PD Excavations		Southern Contracting Group					
Tendered Price	\$82,300.00		\$72,700.00		\$80,700.00		\$58,140.00				N/A	
	WEIGHTING (%)	Point Score (out of 5)	Weighted Score	Point Score (out of 5)	Weighted Score	Point Score (out of 5)	Weighted Score	Point Score (out of 5)	Weighted Score	Point Score (out of 5)	Weighted Score	
Price	60	3.5	42.4	4.0	48.0	3.6	43.2	5.0	60.0	#VALUE!	#VALUE!	
Availability / Delivery	20	4.0	16.0	4.0	16.0	4.0	16.0	1.0	4.0		0.0	
Quality	15	3.0	9.0	2.0	6.0	4.0	12.0	1.0	3.0		0.0	
Adherence to Safety	5	3.0	3.0	4.0	4.0	4.0	4.0	4.0	4.0		0.0	
TOTAL (out of 100%)	100		70.4		74.0		75.2		71.0		N/A	

Recommendation:

Median Price = \$76,700.00

pricing presented was for the same methodology as presented by each company for which Council will be using to undertake the shoulder work. Bildinfrastructure had within there methodology to use cement stabilizer which uses less imported material. PD excavations and Bildinfrastructure pricing was very similar and both companies have undertaken many km's of this work recently with PD excavations doing many state roads for DIT for which they have accreditation for this. Southern Contracting Group had the lowest pricing which given the comparative between the other 2 companies raises some concerns especially given they haven't undertaken this work in the last 6 years.

The recommendation to Council is that PD Excavations be awarded the contract for shoulder works Kulkami Road

Evaluator's Name: Matthew Sherman, John Woolford & Neil Steer

Date: 28-Oct-21

Approved by Manager:

Date:

Supplier / Contractor / Consultant Rating:

- 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)

Matthew Sherman

From: Matt <Matt@scg.net.au>
Sent: Monday, 8 November 2021 4:30 PM
To: Matthew Sherman
Subject: Kulkami Rd Shoulder Reconstruction Tender

Hi Matthew,

During tender submissions, to assist me with pricing, I build spreadsheets to include all the costings, and then on this case divide it out to a per km price as was requested by Council.

It has come to my attention that my spreadsheet formula has left out a critical element to the tender which was the supply & delivery of the Road base material. The tonnage & delivered price was in the spreadsheet, however the total cost of this was not included in the job total before dividing it out on a per km basis.

This formula has been wrong on all 3 of my options, as i utilised the same spreadsheet for all three options but changing the variables applicable to each option.

I do understand if this excludes me from this tender, as I would rather withdraw my offer than undertake the works for a loss.

If however, you would still consider our tender with the updated price, please see the table below.

My workings for the delivered road base that were not included in my original tender were as follows:

Option 1 - 11,000t of PM2/20mm@ \$21.23 = \$233,530

Option 2 - 8,500t of PM2/20mm @ \$21.23 = \$180,455

Option 3 - 17,000 of PM1/20mm @ \$33.29 = \$565,930

Therefore, new prices including above delivered road-bases would be

OPTION 1 PRICE FOR PROVISION OF SHOULDER WIDENING KULKAMI ROAD PER KM	\$72,700 ex GST PER KM, Including Both Sides
OPTION 2 PRICE FOR PROVISION OF SHOULDER WIDENING KULKAMI ROAD PER KM	\$79,921 ex GST PER KM, Includes Both Sides
OPTION 3 PRICE FOR PROVISION OF SHOULDER WIDENING KULKAMI ROAD PER KM	\$117,610 ex GST PER KM, Including Both Sides

Please accept my sincere apologies for this mistake from my end

Let me know if you need any more information

Regards

Matt Ramke

Managing Director

Southern Contracting Group Pty Ltd

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CONFIDENTIAL

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RECOMMENDATION

That having considered agenda Item 19.1 in confidence under section 90 (2) and (3) (k) of the Government Act 1999, the Council pursuant to section 91 (7) of the Act orders that the documents considered by the Council, including the officer's report and all minutes be retained in confidence. This order is to be reviewed at or before the ordinary Council meeting to be held in January 2022, as to if this order is to continue in operation.

MOVED COUNCILLOR NEVILLE PFEIFFER

SECONDED COUNCILLOR PAUL IRELAND

That having considered agenda Item 19.1 in confidence under section 90 (2) and (3) (k) Local Government Act 1999, the Council pursuant to section 91 (7) of the Act orders that documents considered by the Council, including the officer's report and all minutes be retained in confidence. This order is to be reviewed at or before the ordinary Council meeting to be held in January 2022, as to if this order is to continue in operation.

CARRIED.