

## **11.1 Confidential - Contract No. 11031 Reconstruction of Taylors Avenue, Morphett Vale**

*This report is seeking Council approval to award the construction contract for the Taylors Avenue Road Reconstruction project.*

*This is information seeking Council direction.*

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Attachments: 1. Council Tender Evaluation Summary (4 pages)  
2. Probity Audit Report (Contracting and Tendering Services)  
(1page)

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### **1 Executive summary**

#### **1.1 Topic**

This report is seeking Council approval to award the construction contract for the Taylors Avenue Road Reconstruction project.

#### **1.2 Context**

Tenders were received through an open tender process and assessed through Council's Tender Management System (TMS) Contract No. 11031 OT.

The contract value of the Taylors Avenue Road Reconstruction project falls outside the Chief Executive Officer's delegated authority (\$500,000), therefore requiring a decision of Council to approve the Contract.

It is suggested that Council consider this item in Confidence. Section 90(3)(k) of the *Local Government Act 1999* is suggested as the most appropriate to use for this purpose.

This item is presented as a confidential item because it presents commercial tenders for carrying out of works for Council's consideration and award. Our procurement policy and process focuses on ensuring that the confidentiality of all information in the course of tendering is preserved.

The possible implications of not considering this item in confidence could reasonably be expected to prejudice the commercial position of the companies that supplied the information, or to confer a commercial advantage on a third party.

#### **1.3 Suggested outcome**

That Council approve the award of the contract to T & J Constructions Pty Ltd as recommended by the assessment team.

## **2 Recommendation(s)**

### **1. That:**

- a) under the provisions of Section 90(2) of the *Local Government Act 1999* an order be made that the public be excluded from attendance at the meeting in order to consider in confidence this item.
  - b) the Council is satisfied that it is necessary that the public be excluded to enable the Council to consider the report at the meeting on the following grounds:
    - (i) Section 90 (3) (k) tenders for the supply of goods, the provision of services or the carrying out of works.
  - c) accordingly, on this basis the principle that meetings of the Council should be conducted in a place open to the public has been outweighed by the need to keep the information or discussion confidential.
2. That Council accept the tender submitted by T & J Constructions Pty Ltd for Contract No. 11031 for the reconstruction of Taylors Avenue, Morphett Vale at a cost of \$1,518,989.99 (GST inclusive).
  3. That Council delegate authority to the Chief Executive Officer to sign all required documentation to finalise the contract with T & J Constructions Pty Ltd for works associated with the Taylors Avenue Road Reconstruction.
  4. That Council delegate authority to the Chief Executive Officer to authorise all expenditure in relation to the Taylors Avenue Road Reconstruction Contract up to the budgeted amount of \$1,870,500.
  5. That an order be made under the provisions of Section 91(7) and (9) of the *Local Government Act 1999* that the abovementioned document (or part of such document) including the minutes and the report of the Council relating to discussion of the subject matter of that document with the exception of part 2 of the recommendation and resolution, having been dealt with on a confidential basis under Section 90 of the Act, should be kept confidential on the grounds of information contained in 90(3)(k) until the purchase order has been placed and confirmed.

## **Key factors**

### **3 Discussion**

#### **3.1 Design and estimates**

The project has been designed by council staff with both an internal and external estimate undertaken to validate the anticipated tender prices we could expect. The internal estimate utilising unit rates from similar works was \$1,798,423 with the external estimate undertaken by Rider Levitt Bucknell being \$1,792,773. The quantities and prices provided were utilised as part of the assessment of submissions.

### 3.2 Details of Tender

In accordance with Council's Contracts, Tenders and Purchasing Policy and Procedures an open tender invitation was issued through SA Tenders and Contracts.

Tenders were assessed in accordance with our procurement procedures. The process was overseen by a probity auditor, Tim Dawson from Contract and Tendering Services (CTS)

### 3.3 Number of Tenders Received

Five tenders were received and the following table summarises the tender submission prices.

Name of Tenderer	Tender Amount (GST Inclusive)	Tender Amount (GST Exclusive) *
ADCIV Pty Ltd	\$1,248,011.03	\$1,134,838.41
BMD Constructions	\$1,644,914.48	\$1,495,749.71
SA Civil	\$1,334,912.50	\$1,213,832.00
SEM Group of Companies	\$1,643,619.43	\$1,494,572.10
T & J Constructions P/L	\$1,518,989.99	\$1,381,213.12

\* The Tender Amount (GST Exclusive) value includes the CITF Levy, which is a GST exempt component of the Tender.

### 3.4 Tender Management System (TMS)

All tender prices were entered into the TMS database program. The database calculates (using the Australian Consulting Engineers Association calculation) the price score based on the median price.

All evaluation scores (other than price) are determined by the evaluation team based on the weighted criteria selected for this tender as shown in the attached Tender Evaluation Summary (Attachment 1).

#### 3.4.1 Criteria Assessment

The tender evaluation team scored the tenders in accordance with the agreed selection criteria. The criteria was provided to the tenderers as part of our tender documentation.

Tim Dawson from CTS was present to audit the tender process. The auditing role ensures that the award of the contract process is fair and transparent. (Audit report attachment 2). All tenderers provided the required documentation to satisfy the mandatory criteria (attachment 1 Table 3).

All tenderers provided documentation to satisfy the risk assessment criteria (attachment 1 table 5). All tenderers scored a low risk rating with the exception of

SEM who were rated as a medium risk as they provided a large number of qualifications within their tender submission with regard to specification compliance and they provided no specific detail on local employment and the use of local suppliers and sub contractors.

The following comments relate to the qualitative criteria as per attachment 1 table 4.

Whilst ADCIV Pty Ltd (ADCIV) scored highly with regard to the Price (cheapest submission received) and Demonstrated Ability criteria they scored very poorly with regard to the Current Commitments / Time and Methodology / Appreciation of Task criteria. They submitted basic project and resource allocation schedules and an indicative construction program only with no methodology and were scored accordingly by the evaluation team on these elements.

SA Civil's submission scored highly with regard to the Price (second cheapest submission received) and Current Commitments / Time criteria however, they scored poorly with Demonstrated Ability and Methodology / Appreciation of Task criteria. They only submitted basic project and resource allocation schedules. A detailed construction program was provided however with no construction methodology and were scored accordingly by the evaluation team on these elements.

BMD Constructions and SEM Group of Companies both scored well on all criteria, however their cost proposal was significantly higher than all other tenderers.

T & J Constructions Pty Ltd (T&J) was the highest ranked tenderer. Their tender price was the median price received. They provided detailed information relevant to the three remaining qualitative criteria, this being Demonstrated Ability, Current Commitments / Time and Methodology / Appreciation of Task.

They provided information on numerous projects completed of a similar nature to this project. This included specific demonstrated ability in the delivery of not only projects of a similar financial scale to the Taylors Avenue Road Reconstruction project but also projects of comparable scope, which includes full road reconstruction, stormwater upgrades and footpath upgrades.

T&J's construction program provided for staging of the works, which will enable them to complete the project in the time frames specified and minimise disruptions to local residents and through-traffic.

Their methodology requires the closure of small (up to 200m) sections of Taylors Avenue over three stages with traffic diverted around the site via States Road, Wheatsheaf Road and local side streets as required. Access for residents will be maintained at all times with appropriate notifications given prior to any immediate works. The local businesses located at the Wheatsheaf Road end will also have access maintained at all times with traffic impacts being constantly monitored.

#### **4 Conclusion**

The information provided by T&J gave the evaluation panel a clear understanding of their ability to undertake the project and that they clearly understood the

requirements of the project through their detailed methodology and construction program provided in their submission.

The tender price is within the project budget and the evaluation team is confident they can satisfactorily complete the project. The evaluation team's tender assessment identified T & J Constructions Pty Ltd to have met the mandatory criteria, having low risks in relation to Contractual Compliance, Specification Compliance and Local Employment and have the highest weighted score in relation to the qualitative criteria, and therefore recommends them as the preferred contractor to undertake this project.

## **5 Financial implications**

The Taylors Avenue Road project is funded through the project and capital works plan from within the roadworks and footpaths categories and has a combined budget of \$1,870,500. The project comprises of the road reconstruction project (\$1,715,000) and associated footpath works (\$155,000).

The design and project management for the project is funded from within infrastructure operational budgets.

The construction tender includes provision of 12 months defects/liability period upon completion of works. Maintenance beyond this period will be met through our operational budgets. Information about new and redeveloped facilities is also recorded as part of our asset registers to inform future planning.

The lump sum contract for the construction including GST is \$1,518,989.99, which is therefore within the project budget allocation approved through Council's Project and Capital Works Plan. It is proposed that the remaining available funds remain as a contingency sum to address any variations that may arise.

Subject to approval and execution of the contract documentation, it is anticipated that the works will commence in December 2011 and be completed by April 2012.