

10.1 Confidential contract award: Beach Road West Upgrade – Tender No 09007 OT

This report is seeking Council approval to award the construction contracts for the Beach Road West Upgrade project.

This is information seeking Council decision.

General Manager: Bruce Williams, General Manager Projects and Services
Report Author: Debbie Rich, Project Leader (debric@onkaparinga.sa.gov.au)
Contact Number: 8384 0562
Attachments: 1. Council Tender Evaluation Summary (2 pages)

1 Executive summary

1.1 Topic

This report is seeking Council approval to award the construction contracts for the Beach Road West Upgrade project.

1.2 Context

Tenders were received through an open tender process and assessed through Council's Tender Management System (TMS) Tender No 09007 OT.

Submissions were based on two stages of work. Stage one comprises road and path works, upgrade of the foreshore plaza and construction of the beach access ramp. Stage two consists of the upgrade of Rotary Park and is subject to council sourcing additional external funds for the project. Therefore, it is proposed that two contracts will be let in close succession to enable works to flow continuously. The contract for stage two works will be subject to a funding submission to Planning SA, the outcome of which will be known in June/July 2009.

The contract value of the Beach Road West Upgrade project falls outside the Chief Executive Officer's delegated authority (\$500,000), therefore requiring a decision of Council to approve the expenditure.

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

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.

1.3 Suggested outcome

The proposed outcome of this report is that Council approve the awarding of the stage one and stage two contracts as determined by the assessment team to McMahon Services Australia.

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 for the Beach Road West Upgrade construction project, Council:

- a) accept the tender proposed by McMahons Services Australia (number 09007) at a cost of \$2,789,347 (GST inclusive)**
- b) authorise the Chief Executive Officer to sign all required documentation for a contract for stage one works totalling \$1,583,098 (GST inclusive)**
- c) authorise the Chief Executive Officer to sign all required documentation for a contract for stage two works totalling \$1,206,249 (GST inclusive) subject to the successful application for external funding and Council approval for funding in the 2009/10 budget.**

- 3. 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, 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 contract has been placed and confirmed.**

Key Factors

3 Discussion

3.1 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 for the Beach Road West Upgrade construction project.

3.2 Number of tenders received

Three (3) tenders were received as a result of the open tender process.

Tender	Tendered Amount (GST Inclusive)	Tendered Amount (GST Exclusive)
CME Civil Pty Ltd	\$3,125,768.80	\$2,841,608.00
M&B Civil Engineering Pty Ltd	\$3,117,296.60	\$2,833,906.00
McMahon Services Australia	\$2,789,347.00	\$2,535,770.00

Council's Open Tender Assessment process has been followed. The Council Tender Evaluation Summary is detailed in Attachment 1.

3.3 Tender Management System (TMS)

Council staff use the TMS database program to enter all tender prices. 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 panel based on the weighted criteria nominated for this tender as shown in the Council Tender Evaluation Summary (Attachment 1).

3.3.1 Tender assessment

The tender evaluation panel scored the tenders in accordance with the agreed criteria. The selection criteria are made available in the tender document.

McMahon Services Australia (MSA) was the highest ranked tenderer. They provided a detailed methodology and work program that showed a solid understanding of the project supported by the lowest quote.

MSA's work program provided for the concurrent implementation of different project elements. This will enable them to complete the project in a shorter timeframe and minimise disruption at the project site.

Their methodology requires the closure of Beach Road and the Esplanade with traffic diverted through Grundy Terrace and Witton Road. It is not anticipated that this will cause major disruption to local residents who have alternate access points. There are also no local businesses within the proposed closure site.

Their previous works indicate that they have had experience in not only projects of a similar financial scale to the Beach Road West Upgrade but also projects of comparable scope. They are therefore recommended as the preferred contractor.

3.4 Funding

The total project budget excluding GST is \$3,100,000. The lump sum contract for the construction excluding GST is \$2,535,770. Items to be supplied by council under the contract total are estimated at \$303,195.

The total commitment is \$2,838,965 and therefore within the project budget approved through council's Project and Capital Works Plan.

Subject to relevant approvals, additional external funding and the contractor's staging program it is anticipated that the works will be completed in October 2009.

3.5 Contract conditions

Works under the project have been divided into two stages, as follows:

- stage one – roadworks, paths and crossing points, decking, foreshore plaza area, lookout and beach access ramp
- stage two – upgrade of Rotary Park.

Funding totalling \$750,000 was received from Planning SA (PSA) for stage one works in 2008/09 with Council approving \$800,000 for the project in the Major Projects Fund. The fund has a further \$1.5million proposed for the project in 2009/10, of which \$750,000 is estimated income. Stage two works will be subject to the successful application for a further \$800,000 of state government funding through PSA in 2009/10.

It is therefore proposed that an initial contract be let for stage one works with a subsequent contract to be entered into for stage two works subject to the outcome of the PSA funding application. If the application is not successful in 2009/10, further applications will be made to PSA and this stage of works deferred until funding is successfully sourced.

The contracts will also be subject to the following conditions:

- awarding of development approval and building consent for the project
- Council endorsement of the 2009/10 budget
- requirements under native title assessment, which is currently being reviewed by Norman Waterhouse lawyers.