

Award of Contract

Strategic Alignment - Enabling Priorities

Public

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City Finance and Governance
Committee

Program Contact:

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Approving Officer:

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EXECUTIVE SUMMARY

Council's Procurement Policy requires Council to approve the award of contracts valued at \$2,000,000 (ex GST) and above. The City of Adelaide approached the market for goods and services listed below.

1. Project 1: Adelaide Town Hall Façade Conservation
2. Project 2: Rymill Park Lake Renewal and Surrounds

This report outlines the procurement process which has been undertaken in accordance with the approved CoA Procurement Policy, Procurement & Contracts Management Operating Guideline and associated Procurement and Contract Approvals Operating Guideline.

Council approval is sought to award the contract to the preferred tenderer(s) as determined by the evaluation panel(s). Authority is sought for the Chief Executive Officer, or delegate, to execute the contract, including the approval of any variation (financial and non-financial) to the contract awarded based on this procurement process.

RECOMMENDATION

The following recommendation will be presented to Council on 23 May 2023 for consideration

THAT THE CITY FINANCE AND GOVERNANCE COMMITTEE RECOMMENDS TO COUNCIL:

That Council:

1. Approves the award of contracts to the preferred tenderers as identified by the evaluation panels for the following goods and services:
 - 1.1 Project 1: Adelaide Town Hall Façade Conservation
 - 1.2 Project 2: Rymill Park Lake Renewal and Surrounds.
2. Authorises the Chief Executive Officer or delegate to execute the relevant contract(s) including the approval of any variation (financial and non-financial) to the contract based on the procurement process conducted.

IMPLICATIONS AND FINANCIALS

City of Adelaide 2020-2024 Strategic Plan	Strategic Alignment – Enabling Priorities
Policy	Projects 1, 2: The tender process and proposed award of contract comply with Council's Procurement Policy (Link 1 view here).
Consultation	Project 1, 2: In accordance with Council's Procurement Policy, the published forward procurement plan is available on our website for public viewing included the planned procurement for these contracts.
Resource	Projects 1, 2: An outsourced procurement advisor to conduct the procurement process and legal for tailored AS4000 contracts.
Risk / Legal / Legislative	<p>Projects 1, 2: A delay to approval has the potential to impact project material lead times and availability in addition to project pricing and their practical completion dates. A delay to the award of project 2 has the potential to impact on events within Rymill Park and subsequent secondary impacts to east end traders.</p> <p>Project 1: The prudential reporting requirement under Section 48 (1)(b)(ii) of the Act states: (ii) where the expected capital cost of the project over the ensuing five years is likely to exceed \$4,000,000.00 (indexed, excluding GST); and Section 48 (6d) requires the \$4,000,000.00 to be indexed annually from January 2011. The Adelaide Town Hall project budget is under the current indexed threshold, of \$5,475,479.74 (Indexed from September quarter 2009 to September quarter 2022: Source Reserve Bank of Australia).</p> <p>Project 2: In relation to prudential reporting as required under the Act, legal advice was sought from Norman Waterhouse on the requirement for a prudential report. Norman Waterhouse confirmed the Rymill Lake project is predominantly a drainage project and is therefore exempt as per Section 48 of the Act where a report is not required under subsection (1), (b) drainage works.</p>
Opportunities	Projects 1, 2: Tender approach enabled ability to choose preferred tenderer increasing our ability to deliver the projects in a timely manner and achieve value for money.
22/23 Budget Allocation	<p>Project 1: The approved budget allocation for Adelaide Town Hall over the project program is \$4.6m (inclusive of 10% contingency).</p> <p>Project 2: The budget allocation for Rymill Lake over the project program is allocated in Separable Portions, detailed as follows:</p> <ul style="list-style-type: none"> • Separable Portion 1: Upgrade works (core works) \$4.53M • Separable Portion 2: Ancillary works (renewal works) \$1.357M • Separable Portion 3: Master Plan implementation works (capital works) \$1.85M • Total Budget: \$ 7.737m <p>*Separable Portion 2 and Separable Portion 3 are subject to Council's endorsement of the 2023/2024 business plan and budget</p>
Proposed 23/24 Budget Allocation	Separable Portion 2: Ancillary works (renewal works) \$1.357M and Separable Portion 3: Master Plan implementation works (capital works) \$1.85M, subject to Council's endorsement of the 2023/2024 Business Plan and Budget

<p>Life of Project, Service, Initiative or (Expectancy of) Asset</p>	<p>Project 1: Adelaide Town Hall - Contract term valid until September 2024 (indicative) + 12 Months Defects Liability period</p> <p>Construction Timelines (subject to award of contract)</p> <ul style="list-style-type: none"> • Tender award post council decision (May) • Construction program to be provided upon award – estimated 12 months construction period (to be confirmed) • Estimated completion date end of September 2024 (indicative) <p>Project 2: Rymill Lake - Contract term valid until April 2024 (indicative) + 12 months Defects Liability period</p> <p>Construction Timelines (subject to award of contract)</p> <ul style="list-style-type: none"> • We anticipate works will commence in the 3rd quarter of the 2023 calendar year and estimated completion by end of April 2024. • Note: Commencement of the works will be dependent on the contractor availability, as well as the supply of stormwater drainage pipes and material.
<p>22/23 Budget Reconsideration (if applicable)</p>	<p>Project 1: Not as a result of this report Project 2: Not as a result of this report</p>
<p>Ongoing Costs (eg maintenance cost)</p>	<p>Project 1: Not as a result of this report Project 2: \$5,000 per annum for rain garden and general maintenance</p>
<p>Other Funding Sources</p>	<p>Not as a result of this report</p>

DISCUSSION

Procurement Process

1. In accordance with Council's Procurement Policy, an open market approach was undertaken for Projects 1 and 2, to ensure a suitably qualified contractor is appointed under the appropriate engagement terms and conditions. The evaluation process consisted of following stages:
 - 1.1. Stage 1 – Preliminary Evaluation

The preliminary evaluation allows for receipt of tenders via the public call for tender submission. All documents are viewed and downloaded into the record management system. Conflict of interest forms are submitted to the evaluation panel members. Panel members are trained and educated in good governance to ensure probity and transparency in decision making.
 - 1.2. Stage 2 - Initial shortlisting of tenderers

Panel members complete individual evaluations and rate the tenderers prior to the formal evaluation meeting. The panel discusses the individual evaluations collectively at the formal meeting. Any major discrepancies in scores are identified through this process thereby ensuing fact and evidence-based decision making to shortlist preferred suppliers.
 - 1.3. Stage 3 – Final shortlisting of tenderers

Where applicable and identified in the procurement plan, external consultant advice is applied by issuing further clarifications to shortlisted tenderers to minimise risk points raised during the evaluation panel meeting. Final negotiations, reference checks and financial viability assessments are conducted where deemed necessary. Following closure of the due diligence process, the preferred tenderer is established, and relevant authorisations are sought for financial delegations and contract award.
2. Council is required to approve all contract awards \$2,000,000 and over in accordance with the Procurement Policy and associated Procurement and Contract Approvals Operating Guideline.
3. This report seeks approval to authorise the Chief Executive Officer, or delegate, to execute the relevant contracts, including the approval of any variation (financial and non-financial) to the contracts based on the procurement process conducted.

Project 1: Adelaide Town Hall Facade Conservation

4. Background and special considerations:
 - 4.1. The Adelaide Town Hall project requires conservation work that will consist of (but not limited to) repair of structural cracking, bracing, repointing, stone repairs, cleaning and addressing rising and falling damp in order to maintain the visual and structural integrity of the building.
 - 4.2. Delivery of the contract provides value to Council by ensuring that the works provide facilities to an appropriate standard for public use.
 - 4.3. The evaluation criteria utilised for this contract award were set prior to agreeing the procurement methodology and are as follows:
 - 4.3.1. Experience & Capability: The tenderer demonstrated that key personnel have appropriate skills and experience to deliver the project, specifically working on Heritage Conservation Projects (this extends to sub-contractors), a sound organisational experience, and by demonstrating effective past performance working with contractors/stakeholders on like projects of a similar scale and background.
 - 4.3.2. Methodology: The tenderer demonstrated sound methodology for staging construction including (but not limited to) examples of the proposed reporting methods to be used, through presenting a clear and comprehensive understanding of necessary heritage, safety and environmental management controls for the construction works that may be required around town hall, presented a sound approach in stakeholder management abilities.
 - 4.3.3. Program: The tenderer demonstrated existing workload is manageable in line with program sequencing and staging.
 - 4.3.4. Employment Contribution Test: % of labour hours performed in South Australia.
 - 4.3.5. Price: Price and costing for the works is both competitive and comprehensive and is inclusive of all aspects of the requirements as set out in the specification.
 - 4.4. The evaluation panel consisted of five key stakeholders with relevant expertise within the Infrastructure and Procurement workgroups. In addition to the panel, two internal advisors from the

Assets and Infrastructure Project Delivery team provided expert advice on submissions received. In accordance with Procurement Policy (Link 1 ACC2022/3765), integrity and probity in the evaluation process is evident in the records completed and filed in our record system.

- 4.5. Two tenders were submitted by tenderers for the proposed works package. Per the evaluation process, the nominated panel members individually evaluated and scored each tenderer in accordance with the criteria. Clarifications were sought from the preferred tenderer.
- 4.6. Upon review of the clarifications, the evaluation panel arrived at consensus to award the contract to the preferred tenderer. As an outcome of the strict evaluation criteria and process, the tenderer as identified as bringing the best value for money is proposed to be engaged to deliver this critical infrastructure project.
- 4.7. This report seeks approval to authorise the Chief Executive Officer or delegate to execute the relevant contract including the approval of any variation (financial and non-financial) to the contract based on the procurement process conducted.

Project 2: Rymill Park Lake Renewal and Surrounds

5. Background and special considerations:

- 5.1. The Rymill Park Lake Renewal and Surrounds project will provide a high-level community amenity, and a leading example of a sustainable outcome, that supports Rymill Park as a highly utilised and flexible entertainment hub in the eastern parklands.
- 5.2. Delivery of the contract provides value to Council by ensuring that the works provide facilities to an appropriate standard for public use.
- 5.3. The evaluation criteria utilised for this contract award were set prior to agreeing the procurement methodology and are as follows:
 - 5.3.1. Price: Price and costing for the works is both competitive and comprehensive and is inclusive of all aspects of the requirements as set out in the specification.
 - 5.3.2. Methodology & Program: The tenderer demonstrated a sound methodology for the provision of the works including, but not limited to examples of the proposed reporting methods to be used, a clear and comprehensive methodology that identified all key timeframes can be met, that the sequence of the works is logical and achievable and are in alignment with the general specification and general requirements.
 - 5.3.3. Capacity: The tenderer demonstrated that their existing workload is manageable inclusive of the proposed works under this Contract. The tenderer was asked to disclose the team of subcontractors that will be utilised to deliver the works.
 - 5.3.4. Resource & Experience: The tenderer demonstrated that their key personnel have appropriate skills and experience to deliver the project, that their organisation has sound experience and good past performance in delivering projects of a similar nature and scale, and that they have relevant experience in managing and coordinating works of a similar complexity.
 - 5.3.5. Employment Contribution Test: % of labour hours performed in South Australia.
- 5.4. The evaluation panel consists of four key stakeholders with relevant expertise within the Infrastructure and Procurement workgroups. In accordance with Procurement Policy (Link 1 view [here](#)), integrity and probity in the evaluation process is evident in the records completed and filed in our record system.
- 5.5. The procurement was conducted across two stages. Stage 1 was an expression of interest with seven responses received. The evaluation panel met with the purpose to review the seven responses and to arrive at a shortlist of tenderers. Four tenderers were identified and were shortlisted to proceed in stage 2, a request for quote. Per the evaluation process, the nominated panel members individually evaluated and scored the tenderer's response in accordance with the criteria. Clarifications were sought from the preferred tenderers.
- 5.6. Upon review of the clarifications, the evaluation panel arrived at consensus to award the contract to the preferred tenderer. As an outcome of the strict evaluation criteria and process, the tenderer as identified as bringing the best value for money approach is proposed to be engaged to deliver this critical infrastructure project.
- 5.7. This report seeks approval to authorise the Chief Executive Officer or delegate to execute the relevant contract including the approval of any variation (financial and non-financial) to the contract based on the procurement process conducted.

DATA AND SUPPORTING INFORMATION

Link 1 – Procurement Policy

ATTACHMENTS

Nil

- END OF REPORT -