

Delegation to Award Contract

Strategic Alignment – Thriving Communities

Public

Tuesday, 19 September 2023

City Finance and Governance
Committee

Program Contact:

Anthony Spartalis - Manager
Finance and Procurement

Approving Officer:

Michael Sedgman – Acting Chief
Operating Officer

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 (CoA) approached the market for goods and services for the Pitt Street Redevelopment.

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 as determined by the evaluation panel. 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 26 September 2023 for consideration

THAT THE CITY FINANCE AND GOVERNANCE COMMITTEE RECOMMENDS TO COUNCIL
THAT COUNCIL

1. Approves the Award of Contract to the preferred tenderer as identified by the Evaluation Panel for the Pitt Street Redevelopment.
 2. Authorises 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.
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IMPLICATIONS AND FINANCIALS

City of Adelaide 2020-2024 Strategic Plan	Strategic Alignment – Thriving Communities
Policy	The tender process and proposed award of contract comply with Council's Procurement Policy (Link 1 view here).
Consultation	In accordance with Council's Procurement Policy, the published forward procurement plan available on our website for public viewing included the planned procurement for this contract.
Resource	An outsourced procurement advisor to conduct the procurement process and external legal counsel to develop the tailored AS4000 contract.
Risk / Legal / Legislative	A delay to approval has the potential to impact material project lead times; availability and pricing; and commitments from subcontractors, as well as impacts on the date for practical completion.
Opportunities	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	N/A
Proposed 23/24 Budget Allocation	The approved budget allocation for the Pitt Street Redevelopment over the project program is \$2.61M (inclusive of contingencies). Budget is built up by the following: <ul style="list-style-type: none"> • \$2M new and upgrade • \$200K greening • \$410K asset Renewal
Life of Project, Service, Initiative or (Expectancy of) Asset	Contract term valid until March 2024 (indicative) + 12 months Defects Liability period Project commencement October 2023 (subject to finalisation of contract): <ul style="list-style-type: none"> • Tender award post Council decision on 26th September 2023 • Estimated date Practical Completion early March 2024 (indicative)
22/23 Budget Reconsideration (if applicable)	Not as a result of this report
Ongoing Costs (eg maintenance cost)	Estimated at \$30,000 per annum for greening and general maintenance
Other Funding Sources	Not as a result of this report

DISCUSSION

Procurement Process

1. In accordance with Council's Procurement Policy, an open market approach was undertaken, to ensure a suitably qualified contractor is appointed under the appropriate engagement terms and conditions. The evaluation process consisted of the 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.

Pitt Street Redevelopment

4. Background and special considerations:
 - 4.1. At its meeting on 22 August 2023 Council resolved (in part) to approve the continuation of the Pitt Street project with the two-way design as presented at the Infrastructure and Public Works Committee meeting on 25 July 2023 and detailed in Attachment A to Item 4.2 on the Agenda for the meeting of the Infrastructure and Public Works Committee held on 15 August 2023.
 - 4.2. The Pitt Street Redevelopment project is the final remaining stage of the Market to Riverbank link project, a joint investment between the City of Adelaide (CoA) and the State Government (through Renewal SA). The works include a boundary-to-boundary full street upgrade of Pitt Street between Franklin and Grote streets, as well as maintenance of landscaping for 12 months after practical completion.

The extent of construction works includes, but is not limited to, upgrading existing kerbs, stormwater system, footpaths, road surface, and installation of new trees and lighting.
 - 4.3. Delivery of the contract provides value to Council by ensuring that the works provide facilities to an appropriate standard for public use.
 - 4.4. The evaluation criteria utilised for this contract award were set prior to agreeing the procurement methodology and are as follows:
 - 4.4.1. Experience & Capability: The tenderer demonstrated that 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.
 - 4.4.2. Methodology: The tenderer demonstrated sound methodology for delivering the construction scope of works including (but not limited to) an ability to manage necessary permits, traffic and pedestrian management and stakeholder engagement. Also included was a comprehensive understanding of necessary safety and environmental management controls.

- 4.4.3. Program: The tenderer demonstrated clear and logical program sequencing and staging as well managing with delivery within existing workload.
- 4.4.4. Employment Contribution Test: % of labour hours performed in South Australia.
- 4.4.5. 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.
- 4.5. The Evaluation Panel consisted 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.
- 4.6. Four submissions were received 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 two shortlisted tenderers.
- 4.7. Upon review of the clarifications, the Evaluation Panel arrived at consensus in choosing a preferred tenderer. As an outcome of the strict evaluation criteria and process, the tenderer selected is considered as bringing the best value for money and is proposed to be engaged to deliver this critical infrastructure project.
- 4.8. 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

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