

# Award of Contracts

Strategic Alignment - Enabling Priorities

Public

**Tuesday, 7 June 2022**

**The Committee - Pre-Council  
Discussion Forum**

**Program Contact:**

Grace Pelle, Manager Finance & Procurement

**Approving Officer:**

Amanda McIlroy - 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 the following services:

1. Project 1: Asphalt supply and install - to secure several asphalt suppliers, with the capacity to supply and install asphalt and associated concrete works across the CoA's road and footpath network.
2. Project 2: Provision of catering services to the Adelaide Town Hall (ATH). Council will charge the hirer a fee for services. The supplier will pay to the Council a commission fee (revenue generating) based on an agreed percentage.
3. Project 3: Physical security services to Council, providing physical security services in its buildings, facilities, Rundle Mall and the Adelaide Central Market.

This report outlines the procurement process undertaken, including the approach to market and process of evaluation, which has been undertaken in accordance with the approved City of Adelaide Procurement Policy and associated Contract Approvals 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.

---

The following recommendation will be presented to Council on 14 June 2022 for consideration

That Council:

1. Approves the award of contract to the preferred tenderer(s) as identified by the evaluation panel(s) for the following goods and services:
    - 1.1 Project 1: Supply and install asphalt and associated concrete works across the CoA's Road and footpath network.
    - 1.2 Project 2: Provision of catering services to the Adelaide Town Hall.
    - 1.3 Project 3: Physical security services.
  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	Project 1, 2, 3: The tender process and proposed award of contract comply with Council's Procurement Policy.
Consultation	Project 1, 2, 3: 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	Not as a result of this report
Risk / Legal / Legislative	Project 1 & 3: Not as a result of this report Project 2: A delay in approval may cause a reputational risk to Council as the ATH may not be able to commit to future events and increase utilisation.
Opportunities	Project 1: Tender approach enabled ability to choose preferred tenderer increasing ability to deliver in a timely manner and achieve value for money. Project 2: The tender approach enabled Council to pursue a diverse range of potential providers which incorporates the CoAs diversity, cultural and inclusion principles. Project 3: The proposed term of the contract 1+1+1 will allow Council to further refine Council's security requirements in alignment to security advisor recommendations.
21/22 Budget Allocation	Project 1: The budget allocation for asphalt over the 3 + 1 + 1 year time period is \$5m per annum. Project 2: Council will charge the hirer the fee for Services. The Supplier will pay to the Council a commission fee based on an agreed percentage. Project 3: The overall budget for security related costs for the organisation is \$2.1m per annum. This contract award is within budgeted expenditure.
Proposed 22/23 Budget Allocation	These contracts are awarded for multiple years in accordance with the legislation in that there is a likely to be a budget adopted by Council in the future that will provide for these services.
Life of Project, Service, Initiative or (Expectancy of) Asset	Project 1: Contract term for Asphalt is 3 + 1 + 1 years Project 2: Contract term is 3 +2 years subject to Council's sole discretion and the supplier's performance. Project 3: This is an ongoing service the proposed contract is 1 +1 +1 years
21/22 Budget Reconsideration (if applicable)	Not as a result of this report
Ongoing Costs (eg maintenance cost)	Not as a result of this report
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 for Projects 1, 2 and 3 to ensure suitably qualified suppliers are appointed. 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 Short-listing 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 to ensure there is evidence-based decision making to shortlist preferred tenderers.
  - 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 approval is required for all contracts awarded over \$2 million in accordance with the Procurement Policy and associated Contract Approvals Guideline.
3. This report seeks approval to authorise 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(s) based on the procurement process conducted.

## **Project 1: Supply and install asphalt and associated concrete works across the CoA's Road and footpath network.**

4. Background and special considerations:
  - 4.1. The existing asphalt contract (awarded to a single supplier) is ending and due for renewal. The previous forward procurement plan presented to Council identified that we would test the market. This is reflected in the annual forward procurement plan available on our website.
  - 4.2. The requirement to continue to maintain and renew roads and footpaths in the city is critical and regular maintenance and renewal programs ensure that risk of failure is managed appropriately.
  - 4.3. Consideration was given to replacing the single supplier for supply and lay of asphalt with a pool of suppliers that can deliver the asphalt services for the roads and footpaths capital works programs. This will assist with responsiveness for urgent works and increase our ability to deliver through diversification of workloads and alignment of supplier capability.
  - 4.4. Ensuring maximum value of contracts will assist in removing the high costs associated with low productivity rates and increase the ability to deliver the entire program in shorter timeframes, whilst ensuring value for money in project delivery and work allocation.
5. The evaluation criteria utilised for this contract award were set prior to agreeing the procurement methodology and are as follows:
  - 5.1. Resource and experience - demonstrated appropriate skills, knowledge, and past performance in implementing the proposed solution in similar projects.
  - 5.2. Methodology - clear and comprehensive methodology which demonstrates ability to meet all key timeframes of the project and detailing the approach in undertaking the stakeholder management.
  - 5.3. Capacity - existing workload is manageable and proof that their team and sub-contractors can manage this program.
  - 5.4. Employment Contribution Test - % of labour hours performed in South Australia.
  - 5.5. Price - price and costing for the services is comprehensive of value and considers all aspects of requirements as set out in the relevant specification.

6. The evaluation panel consisted of six stakeholders with relevant expertise within the Infrastructure and Procurement workgroups, and two external advisors from industry providing expert advice on submissions received. In accordance with Procurement Policy (Link 1 view [here](#)), integrity and probity in the evaluation process has been documented and filed.
7. Four tenders were submitted by bidders for the proposed works package. In accordance with the evaluation process, short lists were created based on the tenderers' ability to complete the work on a periodic basis and their capacity to supply and install asphalt based on program delivery requirement. Each tenderer was determined as meeting evaluation criteria.
8. Following evaluation, three tenderers were identified as the preferred tenderers. These three tenderers achieved the highest weighted average scores at the conclusion of the evaluation process.
9. It is recommended that three contracts be executed with the preferred tenderers, with projects allocated based on their capacity to deliver in accordance with established CoA deliverables and works programs. This approach mitigates risk in delivery as it enables the project team to achieve value for money by engaging with the supplier who has capacity and capability to deliver the project works in accordance with capital works programs. This will ensure timely delivery in maintaining and renewing roads for CoA residents, thus ensuring best outcomes for stakeholders and rate payers alike.

### **Project 2: Provision of Catering Services to the Adelaide Town Hall (ATH)**

10. Background and special considerations:
  - 10.1. The impacts of COVID-19 resulted in the existing supplier withdrawing from their catering contract and ceasing their catering operations at the ATH. ATH has entered into an interim catering agreement with a supplier to ensure the continuation of the ATH venue service, including honouring existing bookings and accepting new bookings. The interim catering contract does not include exclusivity of the venue. The interim agreement is until June 2022.
  - 10.2. CoA intends to control all venue bookings, including catered and non-catered. This will allow for a sustainable and achievable approach to build on the ATH's strengths and increase collaborations with the cultural sector, whilst maintaining and further developing its central role as the Civic hub of the city. ATH is intended to be a place that delivers social value and revenue for the city and supports its cultural life.
11. The evaluation criteria utilised for this contract were set prior to agreeing the procurement methodology and are as follows:
  - 11.1. Comprehensive and competitive price - Scope and value for money of the project offered, including pricing and menu samples. Operators' ideas for overall business development and commercial improvement of Adelaide Town Hall from an events and catering perspective.
  - 11.2. Experience and Capability - Demonstrated capability and motivation to meet or exceed product and service standards as identified by the guiding information sector of the invitation to tender.
  - 11.3. Methodology - Operators approach and methodology for overall business development, product quality and commercial improvement of Adelaide Town Hall from an events and catering perspective. Understanding of and motivation to support, the CoA's strategic objectives. Demonstrated capability and motivation to support the environmental leadership objectives of the CoA and Adelaide Town Hall. Demonstrated motivation to work in partnership with the CoA toward maximising opportunities and achieving mutually beneficial outcomes.
  - 11.4. Value Added - Demonstration of a range of options allowing for high quality events and catering as well as more cost effective cultural and community options, such as a shared human resource, marketing ailments and business referrals.
  - 11.5. Inclusive – Ability to accommodate a wide range of common dietary requirements including gluten free, nut free, vegan, vegetarian, pescatarian and halal. Has a good understanding of diverse needs and a willingness and ability to adapt menu's to suit the hirers needs. Cultural inclusions must be considered. Can accommodate small groups and low budgets up to large/formal events.
  - 11.6. Local – A local business and/or use locally sourced produce and other food and beverage products and commitment to environmental goals outlines in the strategic plan and carbon neutral city status.
12. The evaluation panel consisted of four key stakeholders with relevant expertise across the organisation and Procurement. In accordance with Procurement Policy, integrity and probity in the evaluation process is evident in the records completed and filed.
13. Two tenderers were shortlisted, the preferred tenderer achieved the highest ranking score, is deemed the most suitable, and is best placed to provide the Services and to enter into a long-term contract with the ATH.

14. Key features of the preferred tenderer's proposal include flexible catering options that meet the needs of hirers, ranging from premium lunch and dinner packages to simple tea/coffee packages. The preferred tenderer has indicated a strong commitment to locally sourced food as well as other products such as linen etc. The preferred tenderer has demonstrated capability and motivation to support Council's goals and willingness to invest in ATH infrastructure such as mobile bars, uniforms and crockery.
15. The preferred tenderer has opted for an exclusive rights model which provides for sole use of the kitchen and facilities and catering provision at the ATH.
16. The establishment of a long-term contract with a supplier will provide an opportunity to create a more streamlined, effective relationship that will have a positive impact on both costs and customer service. It will also provide stability to the ATH to secure bookings and increase the utilisation.
17. Utilisation, events and financial performance of ATH are reported to Council each quarter in the Quarterly Business Update.

### **Project 3: Physical security services**

18. Background and special considerations:
  - 18.1. Council requires the provision of physical security services in its buildings, facilities, Rundle Mall and the Adelaide Central Market.
  - 18.2. Services required include concierge duties in the Town Hall, attendance at and participation in Council meeting proceedings, vehicle patrols and response to alarms and after hours call out services, and patrols in Rundle Mall and Adelaide Central Market. Vehicle patrols are required to visit each of the U-Parks and provide static guarding at select U-Park locations.
  - 18.3. Council was advised at their meeting on 11 May 2021, that a security, operations and contracts coordinator will manage security across council and all subsidiaries whilst working within the business to improve security operations. This procurement and subsequent contract award follows this approved approach to physical security at CoA.
  - 18.4. The contract term of 1+1+1 allows for CoA to incorporate the advice of the security operations and contracts coordinator to strategically prepare for future procurement and or contract extension(s).
19. The evaluation criteria utilised for this contract award were set prior to agreeing the procurement methodology and are as follows:
  - 19.1. Mandatory criteria – Must have a current security agents license
  - 19.2. Resource & Experience - demonstrated appropriate skills, knowledge, and past performance in providing the services in a government environment. Evidence of effective relationships with other government agencies, for example SA Police, and emergency response agencies. Demonstrated knowledge and understanding of the Council environment as a capital city.
  - 19.3. Methodology - clear and comprehensive methodology which demonstrates ability to meet all key timelines during transition if required.
  - 19.4. Capability – demonstrated human resource capacity to meet the requirements of the contract, teams having worked successfully together in the past providing a similar service, ability to respond to Councils requests, including schedule of past and or proposed response times. Demonstrated capability to meet the physical security requirements of Council.
  - 19.5. Employment Contribution Test - % of labour hours which contributes to the South Australian economy.
  - 19.6. Employment or the use of Aboriginal and Torres Strait islander owned or operated businesses, which will be directly used on this contract
  - 19.7. Price - price and costing for the services is comprehensive, of value and considers all aspects of requirements as set out in the relevant specification.
20. The evaluation panel consisted of six key stakeholders with relevant expertise across the organisation and Procurement. In accordance with Procurement Policy, integrity and probity in the evaluation process is evident in the records completed and filed.
21. Twelve tenders were submitted by bidders for the provision of physical security services. Per the evaluation process, the nominated panel members individually evaluated and scored each tenderer in accordance with the criteria.

22. Two tenderers were shortlisted to attend a clarification meeting with the evaluation panel to inform the outcome. The result is that one tenderer has been identified as the preferred supplier. As an outcome of the strict evaluation criteria and process, this tenderer achieved the highest score of all twelve tenderers and is the tenderer that will provide the services which best meets Council's security requirements.
23. Key features of the successful tenderer's tender submission included demonstrated understanding of Council's security environment as a capital city, appropriate resource structure, and demonstrated risk identification processes and treatments.
24. The recommended financial value is within the budget for physical security of \$2.1 per annum.

---

## DATA AND SUPPORTING INFORMATION

**Link 1** – Procurement Policy

---

## ATTACHMENTS

Nil