

Award of Contracts

Tuesday, 31 January 2023

Council

Strategic Alignment - Enabling Priorities

Program Contact:

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Public

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: Jeffcott Street South Streetscaping - Renewal of bluestone kerb and water table infrastructure and minor ancillary works on Jeffcott Street, between Wellington Square and Montefiore Hill Link 2 view [here](#).
2. Project 2: Morphett Street Streetscaping – Renewal of road, kerb and footpath assets on Morphett Street between Gouger Street and Whitmore Square, and Waymouth Street to Franklin Street. Link 3 view [here](#).

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 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

THAT COUNCIL

1. Approves the award of contract(s) to the preferred tenderer(s) as identified by the evaluation panel(s) for the following goods and Services
 - 1.1 Project 1: Jeffcott Street South Streetscaping
 - 1.2 Project 2: Morphett Street Streetscaping
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

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| 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 | <p>Project 1, 2: 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.</p> <p>Jeffcott Street Engagement Project 1:</p> <ul style="list-style-type: none"> Engagement with impacted stakeholders will be undertaken in accordance with the Infrastructure Delivery Team's standard practices for works of this nature. Once construction times are confirmed key stakeholders will be contacted via a letter drop and inform them of construction timelines, impact and construction approach (individual meeting will ne held if and when required). Project Manager (PM) will be primary contact for works, Comprehensive Stakeholder Management Plan to be developed by PM, approved by Manager and Director <p>Morphett Street Engagement Project 2:</p> <ul style="list-style-type: none"> Engagement with impacted stakeholders will be undertaken in accordance with the Infrastructure Delivery Team's standard practices for works of this nature. This will involve notification from the contractor to all adjacent properties prior to commencement of the works, daily updates provided from the site staff to locations directly impacted by the works (e.g. when driveways are going to be closed, etc). |
| Resource | Projects 1, 2: Not as a result of this report |
| Risk / Legal / Legislative | Projects 1, 2: A delay to approval has the potential to impact project material lead times and availability as well as project pricing and practical completion date. |
| Opportunities | Projects 1, 2: Tender approach enabled ability to choose preferred tenderer increasing ability to deliver in a timely manner and achieve value for money. |
| 22/23 Budget Allocation | <p>Project 1: The budget allocation for Jeffcott Street South Streetscaping over the project program is \$2.5m</p> <p>Project 2: The budget allocation for Morphett Street Streetscaping over the project program is \$3.25 million</p> |
| Proposed 23/24 Budget Allocation | Not as a result of this report |
| Life of Project, Service, Initiative or (Expectancy of) Asset | <p>Project 1: Jeffcott Street - Contract term valid until December 2023 (indicative) + 12 Months Defects & Liability period</p> <p>Construction Timelines (subject to award of contract)</p> <ul style="list-style-type: none"> Lead time on pipes between 20 and 30 weeks will impact on construction |

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| | <ul style="list-style-type: none"> • Tender award post council decision (January 31st Council) • Construction program to be provided upon award – estimated 7 months construction period (to be confirmed) • Estimated completion date end of 2023 (calendar year) <p>Project 2: Morphett Street - Contract term valid until December 2023 (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 2023 calendar. • Note: Commencement of the works will be dependent on the contractor availability, as well as the supply of stormwater drainage pipes and material. |
| 22/23 Budget Reconsideration (if applicable) | Project 1, 2: 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 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 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 thereby ensuring 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. The Council is required to approve all contract awards over \$2,000,000 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 contract(s), including the approval of any variation (financial and non-financial) to the contract(s) based on the procurement process conducted.

Project 1: Jeffcott Street South Streetscaping

4. Background and special considerations:
 - 4.1. Jeffcott Street South requires heritage bluestone kerb and water table infrastructure to be renewed and minor ancillary works on Jeffcott Street, between Wellington Square and Montefiore Hill.
 - 4.2. Delivery of the contract provides value to Council by ensuring that the renewal 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 appropriate skills, knowledge, and past performance in delivering the proposed works in similar projects.
 - 4.3.2. Methodology: A clear and comprehensive methodology was provided which demonstrated consideration of scope and site management of the project, whilst detailing the approach to stakeholder management.
 - 4.3.3. Program: A clear and logical sequence of tasks relevant to the tenderer's methodology was provided. This identifies a critical path for overlapping stages of work, where applicable.
 - 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 consists of four key stakeholders with relevant expertise within the Infrastructure and Procurement workgroups. In addition to the panel, five internal advisors from assets, project delivery and infrastructure provided expert advice on submissions received. 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.
- 4.5. Five 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.
- 4.6. Short lists were created based on the methodology and pricing with resulting clarifications. Post receipt of the clarifications, the outcome supports that one tenderer is identified as the preferred supplier. 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.
- 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: Morphett Street Streetscaping

5. Background and special considerations:

- 5.1. The renewal works to Morphett Street requires supply and installation works to road, kerb and footpath assets, between Gouger Street and Whitmore Square, and Waymouth Street to Franklin Street.
- 5.2. Delivery of the contract provides value to Council by ensuring that the renewal 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 provided a programme of works that was comprehensive, logical and demonstrated an ability to meet all key timeframes required so that Council can deliver timely.
 - 5.3.3.Capacity & Capability: The tenderer demonstrated that their existing workload is manageable inclusive of the proposed works under this Contract. The tenderer will utilise subcontractors in the delivery of the works.
 - 5.3.4.Resource & Experience: Through the tender process, the evaluation panel reviewed the tenderers resources and experience and deemed the proposed tenderer capable to deliver the works to a standard acceptable by Council.
- 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. One tender was submitted by a tenderer for the proposed works package. Per the evaluation process, the nominated panel members individually evaluated and scored the tenderer's response in accordance with the criteria. Based on the evaluation panels comprehensive review of the response received, a tenderer has been identified to be awarded the contract for this critical infrastructure project.
- 5.6. Given only one tender response was received, the procurement team contacted relevant suppliers who downloaded the tender package from the SA Tenders website to obtain valuable feedback which has been shared with workgroups to improve responsiveness for future tenders.

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

Link 2 – Project 1 - Jeffcott Street South Streetscaping

Link 3 – Project 2 - Morphett Street Streetscaping

ATTACHMENTS

Nil

- END OF REPORT -