

17.1 Procurement of Major Road and Civil Contract

File Number:	IN25/77
Responsible Director:	Director City Services
Attachments:	<ol style="list-style-type: none">1 Major Road and Civil Contracts Projects (confidential)2 EOI Recommendation Report - Major Roads and Civil Contract (confidential)3 Tender Outcome Report - MP001139 - Major Roads and Civil Contract (confidential)

PURPOSE OF REPORT

The purpose of this report is to seek Council approval to award the Major Road and Civil contract(s), following the completion of the procurement process as endorsed by Council on 28 November 2023.

EXECUTIVE SUMMARY

Our Capital works program has grown exponentially in the last five years. It is forecasted to continue to grow in both size and complexity of projects over the next 0-10 years, as per the long-term financial plan.

Key road and civil construction projects which have been in planning and design for several years have now reached the delivery phase of the project lifecycle.

At the 28 November 2023 Council Meeting, Council endorsed a 'bundled approach' procurement strategy for the projects included in attachment 1.

Officers have now completed the two-stage tender process endorsed by Council and seeking Council endorsement to award the contracts associated with this tender.

COUNCIL RESOLUTION

MOVED: CR CARLI LANGE
SECONDED: CR JIM GRIVAS

That Council:

- A. notes the content of this report and procurement process undertaken.**
- B. awards the following contracts:**
 - a) MP00139 – Separable Portion 1 – Jumping Creek Road, Package E - Vine Crescent to Homestead Road; to Winslow Infrastructure Pty Ltd for the lump sum tendered price of \$9,333,456.00 excluding GST.**
 - b) MP00139 – Separable Portion 2 – Templestowe Route, Package A - Parker Street (High Street to Parker Street), to BMD Construction Pty Ltd for the lump sum tendered price of \$5,331,486.19 excluding GST.**
 - c) MP00139 – Separable Portion 3 – Templestowe Route, Package C - Anderson Street (Atkinson to James Steet roundabout), to BMD**

Construction Pty Ltd for the lump sum tendered price of \$7,271,515.68 excluding GST.

- d) MP00139 – Separable Portion 4 – Dudley Road PPN, to Winslow Infrastructure Pty Ltd for the lump sum tendered price of \$1,541,962.00 excluding GST.
 - e) MP00139 – Separable Portion 5 – Yarra Road to Homestead Road path, to Ace Infrastructure Pty Ltd for the lump sum tendered price of \$1,308,231.18 excluding GST.
 - f) That Winslow Infrastructure Pty Ltd, BMD Construction Pty Ltd and Ace Infrastructure Pty Ltd, be awarded the panel contract to tender for future stage works being:
 - 1) Main Yarra Trail
 - 2) St Johns Road, Wonga Park
 - 3) Smiths Road (south of Reynolds Road), Templestowe
 - 4) Porter Street, Templestowe
 - 5) Warrandyte Reserve No.1 Oval Redevelopment
 - 6) Serpells Road and Footpath Reconstruction
 - 7) Templestowe triangle.
- C. authorises the Chief Executive Officer (or such person as they nominate) to formalise and execute all required contract documentation.
- D. notes that future stage works under this procurement strategy will be awarded under delegated authority pursuant to Manningham's Procurement Policy and Instruments of Delegation made under the *Local Government Act 2020*.
- E. notes the funding allocation for each project is to be approved by Council as part of the Annual Budget and Capital program adoption.
- F. pursuant to section 125(2) of the *Local Government Act 2020* resolves to make this resolution and report (excluding confidential attachments) public after all tenderers have been notified of this decision.

CARRIED UNANIMOUSLY

2. BACKGROUND

- 2.1 Council's capital works program has grown exponentially in the last five years. It is forecasted to continue to grow in both size and complexity of projects over the next 10 years, as per the long-term financial plan. Key road and civil construction projects which have been in planning and design for several years have now reached the delivery phase of the project lifecycle.
- 2.2 At the 28 November 2023 Council Meeting, Council endorsed a 'bundled approach' procurement strategy for the projects included in attachment 1. This approach involved going to market for a number of the defined sites in one procurement and award the projects to 3 or 4 suppliers. Subject to successful delivery and at our discretion, future projects will be sourced from these suppliers.
- 2.3 This option would allow for Council to retain control on the program and delivery of projects whilst also providing a strong basis to manage contractor performance. It would allow for continuity of works and collaborative relationship to be developed between Council and contractors. Contractor 'smarts' would be able to be considered at each stage and risks managed accordingly.
- 2.4 By testing the market initially and remaining in a competitive environment through-out the contract period, value for money would be established. This approach is compliant with Local Government Act and the Manningham procurement policy.
- 2.5 This approach allows us to meet the unique challenges of delivering these projects, including but not limited to:
 - 2.5.1 Large contracts with high expenditure.
 - 2.5.2 Projects with significant reputational impacts.
 - 2.5.3 Projects with extensive consultation and management of community impacts/risks during delivery.
 - 2.5.4 Projects which are complex civil design projects which require a higher calibre of contractors.
 - 2.5.5 Projects which require a more collaborative approach between contract managers and contractors to deliver successfully.
 - 2.5.6 Projects which require specialised forms of contract.
 - 2.5.7 In addition, this form of procurement strategy will allow us to:
 - 2.5.8 Progress components of projects in accordance with community feedback.
 - 2.5.9 Deliver the capital works program, earlier in financial year lifecycle.
 - 2.5.10 Remain agile and responsive to changing community expectations.

- 2.6 The procurement strategy involved an initial two stage tender process:
- 2.6.1 Stage 1 – An expression interest for the contract, with qualitative evaluation experience, capability, and capacity tenders. Shortlisted contractors would be selected to progress to stage 2.
 - 2.6.2 Stage 2 – Competitive tenders would be called for the shortlisted contractors, on several projects from the list which are ready to be delivered.
 - 2.6.3 The successful contractors would subsequently form part of a panel of contractors who will be provided the opportunity to tender for future works limited to the listed project in the original tender as part of a closed tender process.
 - 2.6.4 Future contracts post initial award – A closed tender process would be undertaken for future contract limited to those listed in the original tender. We will seek to invite all panel contractors to provide a proposal for each subsequent project, however at its sole discretion may choose to limit this due to performance and/or constructability issues.
 - 2.6.5 Officers have now completed this procurement activity and seek Council endorsement to award the respective construction contracts.

3. DISCUSSION / ISSUE

- 3.1 The procurement has been undertaken in line with Council's Procurement Policy and the *Local Government Act 2020*. A summary of the key activities is included below with further confidential details provided in attachments 2 and 3.
- 3.2 Stage 1 – Expression of Interest (EOI) – Attachment 2
- 3.2.1 EOI were sought from the market on the 15 December 2023 and closed on 14 February 2024.
 - 3.2.2 Council sought proposals from the market for five projects (Identified as separable portions)
 - a) **Separable Portion 1** – Jumping Creek Road, Package E - Vine Crescent to Homestead Road
 - b) **Separable Portion 2** – Templestowe Route, Package A - Parker Street (High Street to Parker Street)
 - c) **Separable Portion 3** – Templestowe Route, Package C - Anderson Street (Atkinson to James Steet roundabout)
 - d) **Separable Portion 4 – Dudley Road PPN**
 - e) **Separable Portion 5** – Yarra Road to Homestead Road path.
 - 3.2.3 Eight (8) submissions were received, and the evaluation panel undertook an initial assessment of the contractors against the Mandatory Criteria and Weighted Criteria.

- 3.2.4 On Evaluation of the tenders and clarifications received, the panel Shortlisted four (4) contractors to proceed to stage 2 of the procurement process.
- 3.2.5 Four contractors were not shortlisted for one or a combination of the following reasons:
- a) They did not meet the mandatory criteria of being a VicRoads pre-qualified contractor of Road and Civil Construction when the tender closed.
 - b) They scored lower than the minimum threshold score required being a 'Satisfactory response which adequately meets the requirement and is adequately substantiated.
- 3.3 Stage 2 – Request for Tenders (Shortlisted respondents).
- 3.3.1 In October 2024, (Tender released on 22/08/2024 – Tender closed on 23/10/2024) Council commenced the procurement process for the stage two tenders which involved tendering for the five (5) initial sites and a schedule of rates to be utilized for future contract awards.
- 3.3.2 On the close of Tender four submissions were received.
- 3.3.3 The Evaluation panel undertook initial scoring the tenderers received and sought clarifications from the contractors. Interviews were held with all four contractors.
- 3.3.4 Legal advice was sought on the departures to the contract and a process of negotiation was undertaken to achieve mutually agreed outcomes.
- 3.3.5 Best and Final Offers were sought from the tenderers and the panel re-convened to finalise scoring and provide the recommendation listed in this report.
- 3.3.6 In the finalisation of the recommendation the following due diligence activities have been undertaken:
- a) Contractual departures, Terms and conditions of contract and engagement have been extensively negotiated and been agreed with assistance from Council legal representatives.
 - b) Financial diligence – Corporate scorecard and a review from council financial team on the financial viability of the recommended tenderers.
 - c) Reference check of the companies have been undertaken.
 - d) Probity – The procurement process has been overseen by Councils independent external probity advisor.

- 3.4 On completion of the procurement process, Officers provide the following recommendation for Council consideration:
- 3.4.1 MP00139 – Separable Portion 1 – Jumping Creek Road, Package E - Vine Crescent to Homestead Road; to Winslow Infrastructure Pty Ltd for the lump sum tendered price of \$9,333,456.00 excluding GST.
 - 3.4.2 MP00139 – Separable Portion 2 – Templestowe Route, Package A - Parker Street (High Street to Parker Street), to BMD Construction Pty Ltd for the lump sum tendered price of \$5,331,486.19 excluding GST.
 - 3.4.3 MP00139 – Separable Portion 3 – Templestowe Route, Package C - Anderson Street (Atkinson to James Steet roundabout), to BMD Construction Pty Ltd for the lump sum tendered price of \$7,271,515.68 excluding GST.
 - 3.4.4 MP00139 – Separable Portion 4 – Dudley Road PPN, to Winslow Infrastructure Pty Ltd for the lump sum tendered price of \$1,541,962.00 excluding GST.
 - 3.4.5 MP00139 – Separable Portion 5 – Yarra Road to Homestead Road path, to Ace Infrastructure Pty Ltd for the lump sum tendered price of \$1,308,231.18 excluding GST.
 - 3.4.6 That Winslow Infrastructure Pty Ltd, BMD Construction Pty Ltd and Ace Infrastructure Pty Ltd, be awarded the panel contract to tender for future stage works being:
 - a) Main Yarra Trail
 - b) St Johns Road, Wonga Park
 - c) Smiths Road (south of Reynolds Road), Templestowe
 - d) Porter Street, Templestowe
 - e) Warrandyte Reserve No.1 Oval Redevelopment
 - f) Serpells Road & Footpath Reconstruction
 - g) Templestowe triangle

4. COUNCIL PLAN / STRATEGY

- 4.1 The procurement strategy identified in this report aligns with the Council plan theme, Well Governed Council. The outcome from the successful implementation of the strategy will lead to the creation of Liveable Places and Spaces.

5. IMPACTS AND IMPLICATIONS

- 5.1 Finance / Resource Implications

The funding for this activity will be part of our annual Capital works program, with the resource required managed with existing allocation.

6. IMPLEMENTATION

6.1 Communication and Engagement

Stakeholder Groups	1. External contractors 2. General community
Is engagement required?	Yes – undertaken as part of project.
Where does it sit on the IAP2 spectrum?	Inform
Approach	Communication material (letter drops, website info, signs, social medial posts, etc.)

6.2 Timelines

6.2.1 Seek Council approval for award of Contract – February 2025

6.2.2 Award of Construction Contract – March 2025

6.2.3 Commencement of construction works – April 2025.

6.2.4 Anticipated completion of SP1-SP5 – December 2026.

6.2.5 Subsequent contracts – as per LTFP and in consideration of caretaker periods.

7. DECLARATIONS OF CONFLICT OF INTEREST

No officers involved in the preparation of this report have any general or material conflict of interest in this matter.