

**ADELAIDE HILLS COUNCIL
ORDINARY COUNCIL MEETING
Wednesday 27 January 2021
CONFIDENTIAL AGENDA BUSINESS ITEM**

Item: 18.1

Responsible Officer: Ashley Curtis
Manager Civil Services
Infrastructure & Operations

Subject: AHC Tender 2020/21-12 – Supply of Limestone Rubble

For: Decision

1. AHC Tender 2020/21–12 – Supply of Limestone Rubble – Exclusion of the Public

Pursuant to section 90(2) of the *Local Government Act 1999* the Council orders that all members of the public, except:

- Chief Executive Officer, Andrew Aitken
- Director Infrastructure & Operations, Peter Bice
- Director Development & Regulatory Services, Marc Salver
- Director Corporate Services, Terry Crackett
- Director Community Capacity, David Waters
- Executive Manager Governance & Performance, Lachlan Miller
- Manager Civil Services, Ashley Curtis
- Governance & Risk Coordinator, Steven Watson
- Minute Secretary, Pam Williams

be excluded from attendance at the meeting for Agenda Item 18.1: (AHC Tender 2020/21-12 – Supply of Limestone Rubble) in confidence.

The Council is satisfied that it is necessary that the public, with the exception of Council staff in attendance as specified above, be excluded to enable Council to consider the report at the meeting on the following grounds:

Section 90(3)(k) of the *Local Government Act 1999*, the information to be received, discussed or considered in relation to this Agenda Item is tenders for the supply of goods, the provision of services or the carrying out of works; the disclosure of which could reasonably be expected to prejudice the commercial position of the business who supplied the information by disclosing specific quotes and modelling by the tenderer.

Accordingly, on this basis the principle that meetings of the Council should be conducted in a place open to the public has been outweighed by the need to keep the information and discussion confidential.

SUMMARY

As part of the *Annual Business Plan 2020-21*, Council approved \$1,109,000 for the renewal of Unsealed Roads, with approximately 80% to be spent on materials which is the subject of this report. Council's *Long Term Financial Plan* indicates an intended spend on unsealed road renewal of \$1,400,000 in 2021/22 and \$1,300,000 in 2022/23. In addition to this, Council budgets \$116,000 for materials related to maintenance of unsealed roads annually.

Council staff seek to engage an appropriately licensed and resourced supplier, to supply a suitable material for the above described works, and have approached the market via an open tender process. This process resulted in three submissions, with Goolwa Quarries being the preferred tenderer for the Supply of Limestone Rubble.

Given Council intends to undertake unsealed renewal works each year and has an ongoing commitment to unsealed road maintenance, it is recommended that Council enters into a multi-year contract, allowing works to continue in those years, subject to satisfactory contractor performance and budget approval.

This would result in a contract of combined value of up to \$3,395,200, which exceeds the maximum delegation of \$1,000,000 that applies jointly to the CEO plus one other Council Officer at Director Level. As per Council's Procurement Policy, this report seeks Council's approval to enter into a three year contract with Goolwa Quarries for the Supply of Limestone Rubble.

RECOMMENDATION

Council resolves:

1. **That the report be received and noted.**
2. **To enter into a contract with Goolwa Quarries for the Supply of Limestone Rubble for a minimum of three years, subject to future approved Annual Business Plans.**
3. **To recognise that this contract as outlined above over the next 3 years will combine up to the value of \$3,395,200 during this period.**
4. **To authorise the CEO to sign all necessary documents to give effect to this resolution.**

1. GOVERNANCE

➤ Strategic Management Plan/Functional Strategy/Council Policy Alignment

Strategic Plan 2020-24 – A brighter future

Goal 1	A Functional Built Environment
Objective B4	Sustainable management of our built assets ensures a safe, functional and well serviced community
Priority B4.1	Ensure the long term management of the built form and public spaces occurs in consideration of the relevant financial, social and environmental management matters

Council's Procurement Policy (GOV-08) covers the required conduct for all procurement activities associated with the acquisition of Goods, Works or Services of any value by the Council. This includes prescribing procurement methodology, as well as detailing delegations that are referenced in this report.

➤ **Legal Implications**

Section 49 of the *Local Government Act 1999* (the Act) requires Council to prepare and adopt policies on contracts and tenders on:

- The contracting out of services.
- Competitive tendering and the use of other measures to ensure that services are delivered cost-effectively.
- The use of local goods and services.

Furthermore, Section 49 (a1) of the Act requires Council to develop and maintain policies, practices and procedures directed towards:

- Obtaining value in the expenditure of public money.
- Providing for ethical and fair treatment of participants.
- Ensuring probity, accountability and transparency in all operations.

➤ **Risk Management Implications**

The renewal of unsealed road surfaces will assist in mitigating a number of risks, such as:

Risks associated with road safety including poor surface condition, which reduces driver safety

Inherent Risk	Residual Risk	Target Risk
High (3B)	Low (1D)	Low (1D)

➤ **Financial and Resource Implications**

As part of the *Annual Business Plan 2020-21*, Council approved \$1,109,000 for the renewal of Unsealed Roads. Council's *Long Term Financial Plan* indicates an intended spend of \$1,400,000 in 2021/22 and \$1,300,000 in 2022-23. In addition to this, Council's operating budget includes \$116,000 for materials related to maintenance of unsealed roads annually.

➤ **Customer Service and Community/Cultural Implications**

Customers would reasonably expect these works to continue each financial year, and will take a negative view of Council's service delivery if Council fails to do so.

➤ **Sustainability Implications**

Supply of quarried materials carries with it the risk of pathogen contamination, particularly Phytophthora. The spread of Phytophthora through the Adelaide Hills region has the potential to cause extensive ecological damage by loss of vegetation and corresponding habitat loss. The preferred tenderer (Goolwa Quarries) has adopted an ongoing Phytophthora Management Plan, which was developed in conjunction with Adelaide Hills Council.

Road construction and maintenance results in the emission of greenhouse gases, with a large proportion of emissions being the result of cartage. Materials carted over a longer distance will result in ore emission, whilst conversely materials carted over a shorter distance will result in lesser than average emissions for a given road project. The preferred tenderer (Goolwa Quarries) will supply material from Hartley, which is as close or closer to Adelaide Hills Council than the nominated site for the other tenderers.

➤ **Engagement/Consultation conducted in the development of the report**

Consultation on the development of this report was as follows:

Council Committees: Not Applicable

Council Workshops: Not Applicable

Advisory Groups: Not Applicable

Administration: Director Infrastructure and Operations
Manager Civil Services
Civil Operations Coordinator
Procurement Coordinator

External Agencies: Not Applicable

Community: Not Applicable

2. BACKGROUND

Council's *Asset Management Plan* requires the renewal of assets, including unsealed roads which are the subject of this report. The renewal of unsealed roads involves condition assessment, to identify priority segments that are in poor condition or at the end of their useful life. A program of works has been approved as part of the *Annual Business Plan's* Capital Works Program, which included 18 roads throughout the district.

The rolling three year works program also indicates an intended budget of \$1,400,000, and \$1,300,000 for the renewal of road segments in 2021/2022 and 2022/2023 respectively, with the details of these future programs still being finalised.

Council staff propose to enter into a three year contract for the Supply of Limestone Rubble, for the reasons outlined in the analysis below. The value of this contract is expected to be greater than the CEO's delegation (with another Director) of \$1,000,000. As per Council's Procurement Policy, this report seeks Council's approval to enter into the contract.

3. ANALYSIS

Currently Council engages Goolwa Quarries under a three year contract with the option to extend for up to two additional years (1+1 years). This contract expired in December at the end of the fifth year after Council chose to extend the contract for the available two extra years. Council staff have prepared an updated technical specification for the Supply of Limestone Rubble for our unsealed road renewals and maintenance, and invited an open market response for the supply and delivery of Limestone Rubble.

The physical work involved in unsealed road re-sheeting is undertaken by Council's internal Civil Operations Team with the following methodology:

- Road is prepared with a pre-grade occurring to remove encroaching grasses and debris.
- Tree trimming undertaken to allow for tip truck access.
- Original surface is lightly scarified to allow a bond between it and the new surface.
- New material is then carted in by Council's contracted supplier.
- Material is then graded to the desired shape, rolled and watered leaving a hard and sheened surface for motorists to utilise immediately.

To ensure best value for the community, the following approach was taken to procurement:

1. Procurement was via Open Tender to test the current marketplace. Open Tender is the most transparent form of procurement, allowing all suppliers in the marketplace to tender if they so wish. This highly competitive process ensures the best tendered rates available.
2. The Open Tender was undertaken collaboratively with The District Council of Mount Barker. This was done to offer the market a larger volume of rubble to supply in an effort to add to the competitiveness of the tender, resulting in better rates.
3. The supply of all the Limestone Rubble will be offered to the successful tenderer. This increases the value of works, making the contract more appealing to the market.
4. The contract will be offered with an initial term of three years, with the option to extend the contract for up to two additional years (1+1 years) at Council's discretion. At the end of the initial term Council will conduct an evaluation of the performance of the supplier and the current market conditions. This evaluation will determine whether Council decides to extend the contract. The benefits of the multi-year contract are; better pricing on a long term contract compared to short term contracts, locking in competitive rates into the future, as well as saving Council staff resources from conducting the time-consuming procurement process annually.

Three tender submissions were received, which is deemed satisfactory due to the size of Council's unsealed renewal and maintenance programmes and the number of suppliers of Limestone Rubble in South Australia.

Goolwa Quarries has been identified as the preferred tenderer for the Supply of Limestone rubble due for the following reasons:

- Competitive market rates.
- Long proven experience in formulating and supplying premium unsealed road surface materials to many Local Government entities.

- Suitably adopted and enacted management plans to mitigate contamination risks especially Phytophthora. Note, these measures, as well as the partnership approach to developing and implementing them, were recently recognised when Adelaide Hills Council, Goolwa Quarries and other project partners we awarded the Excellence in Project Innovation Award for 2020 by IPWEA SA.
- Proven ability to meet the quantity requirements of both Councils.
- Relatively short cartage distance compared to competitors.
- Local South Australian Company based in Hartley.

A tender evaluation summary is included in **Appendix 1**. Due to commercial in confidence, tenderers have been de-identified in **Appendix 1**.

Upon completion of the initial evaluation, clarifications were sought from all tenders. The further information received from Tenderer B is particularly noteworthy. Their submission was predicated on the proposal to reopen a previously closed quarry, however required approvals were still pending. Although Tender B's submission was competitive on pricing, the evaluation panel determined that there was a high risk of them not being able to consistently meet the requirements of this contract, due to the following reasons:

- Inability to demonstrate required material quality,
- Lack of ongoing Phytophthora Management Plan,
- Inability to supply the required volume of material at the required rate,
- Excessive cartage distance (an additional 60 km compared to the preferred tenderer).

4. OPTIONS

Council has the following options:

- I. Enter into a contract with Goolwa Quarries for the Supply of limestone Rubble for unsealed renewal and maintenance programs. The contract will be up to a combined value of \$3,102,000 over 3 years, subject to future approved Annual Business Plan and Budgets (Recommended).
- II. Discontinue existing contract and do not appoint new contractor(s) for the road reseal programme. Council staff will need to reapproach the market. It is expected that this will lead to higher rates from contractors due to the lower volume of work, resulting in higher cost to Council (Not Recommended).
- III. Continue 2020/2021 programme works with the current contractor. Council would continue to pay existing rates for seal treatments, which are over and above those achievable by the current market, resulting in higher cost to Council. Council would also not be able to take advantage of advancements in sustainable practices demonstrated by tenderers (Not Recommended).

5. APPENDIX

- (1) Tender Evaluation Summary

Appendix 1

2020/21-12 Limestone Quarry Rubble Supply Evaluation

TENDER NAME: **2020/21-12 - Limestone Quarry Rubble Supply**

Selection Criteria	Project Specific Criteria				Mandatory Requirements							
	Management Capability		Quality & Timing of Supply		Procurement Sustainability				Price			Total
	Point Score	Weighted Score	Point Score	Weighted Score	Point Score	Weighted Score	Point Score	Weighted Score	Price	Point Score	Weighted Score	
	Evidence of licencing to supply the goods Evidence of insurances Evidence of WHS management including: - Statements of accreditation - SOPs - LTIFR - Staff training Evidence of specific plant & equipment to be used to provide the supply		Tenderer to confirm that the goods will meet the requirements of the specification for: Quality - materials - controls Specification Tenderer to confirm that the supply of goods will be available: o Stockpiled by October 20IT o What can be manufactured: - Monthly/Weekly Daily a Tenderer to provide a guaranteed loading time o Tenderer to commit to electronic docketing		Environmental consideration/ circular Procurement		Local Economic Benefit /Indiginous involvement		Rates comparison			
Criteria Weighting (%)	10		20		5		10		55			100
Tenderer												
Tenderer A - De-identified	3	6	1	4	2	2	3	6	13	1.806569343	99.3613	117
Tenderer B - De-identified	4	8	3	12	1	1	4	8	9.25	3.448905109	189.69	219
Tenderer C - Goolwa Quarres	5	10	5	20	2	2	4	8	12	2.244525547	123.449	163

The Proposal Selection System is a weighted point score system which allows both price and non-price attributes to be taken into account in the selection of the preferred tender.
The following criteria will form the basis for the comparative evaluation of Proposals: Ability to Supply; Business Capability; Technology; WH&S; References; Procurement Sustainability.

During the evaluation process, each tender will be evaluated on the criteria nominated in the Tender. Point scores will be allocated in the range 0 to 5 on the following basis:

Points	Description
5	Excellent
4	Very Good
3	Good or better than average
2	Acceptable
1	Marginally adequate; or success likely but not assured
0	will fail to satisfy required standards

Evaluator names	
Evaluator 1	Joel Eckermann (AHC)
Evaluator 2	James Greenfield (AHC)
Evaluator 3	Scott Thompson (MBDC)

After the allocation of point scores to criteria, they will be multiplied by the relevant nominated weights and summed to determine an overall score.

Evaluations will be completed by the individuals listed below and the results will be tallied using a consensus method where the solutions will be discussed in depth so all evaluators have the same understanding of the solutions.

Please Note:

If, after evaluating the responses received for the purchase of a good, the responsible officer forms the view that proceeding with the purchase cannot be managed within available budgets as a result of the recycled content then the responsible officer can dismiss that good and proceed with the next highest ranked good from the evaluation that is within available budget.

If a tender achieves a score of 0 in any criteria, the Tender may be declared non compliant

Conflict of Interest
All Evaluators must consider whether they have a Conflict of Interest. Governance and Performance can advise staff on this matter. A Conflict of Interest form can be found on Hills Hub in the Governance and Performance Section. A copy of the relevant section of the Act can be found in on a separate tab. All Evaluators must complete this form.

Link To: [Conflict of Interest Form](#)

Local Economic Benefit Scoring

Points	Description
5	Business Based in Joint Councils area
4	Presence in Joint Councils area (or majority of staff living in)
3	Business based and owned in SA
2	Presence in SA
1	Interstate based supplier (No SA presence)
0	Overseas based supplier

2. Supply of Limestone Rubble – Period of Confidentiality

Subject to the CEO, or his delegate, disclosing information or any document (in whole or in part) for the purpose of implementing Council's decision(s) in this matter in the performance of the duties and responsibilities of office, Council, having considered Agenda Item 18.1 in confidence under sections 90(2) and 90(3)(k) of the *Local Government Act 1999*, resolves that an order be made under the provisions of sections 91(7) and (9) of the *Local Government Act 1999* that:

- The report and the minutes of Council and the discussion and considerations of the subject matter be retained in confidence until the contracts are signed, but not longer than 12 months.
- Appendix 1 be retained in confidence until 28 February 2023.

Pursuant to section 91(9)(c) of the *Local Government Act 1999*, Council delegates the power to revoke the confidentiality order either partially or in full to the Chief Executive Officer.