

**ADELAIDE HILLS COUNCIL  
ORDINARY COUNCIL MEETING  
Tuesday 25 June 2019  
CONFIDENTIAL AGENDA BUSINESS ITEM**

**RELEASED 22 OCTOBER 2019**

**Item:** 19.2

**Originating Officer:** Ashley Curtis, Manager Civil Services

**Responsible Director:** Peter Bice, Director Infrastructure & Operations

**Subject:** Lower Hermitage Road Widening Contract

**For:** Decision

---

**1. Lower Hermitage Road Widening Contract – 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:

- CEO, 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 19.2: (Lower Hermitage Road Widening Contract) 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) (d) of the *Local Government Act 1999*, the information to be received, discussed or considered in relation to this Agenda Item is commercial information of a confidential nature (not being a trade secret) the disclosure of which could reasonably be expected to prejudice the commercial position of the person/agency/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.

## **2. Lower Hermitage Road Widening Contract – Confidential Item**

### **SUMMARY**

As part of the 2018/19 Annual Business Plan and Budget, Council approved \$1,128,000 for the renewal of road pavement at various locations. The pavement renewal program comprised a number of projects, including the Lower Hermitage Road Widening Project and the Millar Road/ Lower Hermitage Road Junction Renewal Project, which are the subject of this report.

Council staff seeks to engage a suitably qualified contractor to undertake the two projects at Lower Hermitage Road as one package of works, and have approached the market via an Open Tender process. This process resulted in two submissions, with Camco being the preferred tenderer.

Camco's Lump Sum Quote for these works is \$691,457.33 (ex GST). This would result in a contract value which exceeds the maximum delegation of \$500,000 that applies to the CEO. As per Council's *Procurement Policy*, this report seeks Council's approval to enter into a contract with Camco for the delivery of the two projects listed above.

### **RECOMMENDATION**

#### **Council resolves:**

- 1. That the report be received and noted**
- 2. To enter into a contract with Camco as the preferred tenderer for the delivery of the Lower Hermitage Road Widening Project and the Millar Road/ Lower Hermitage Road Junction Renewal Project to the value of \$691,457.33 (ex GST).**
- 3. To authorise the CEO to sign all necessary documents to give effect to this resolution.**

---

### **1. GOVERNANCE**

#### **➤ Strategic Management Plan/Council Policy**

Goal 3                      Places for people and nature

Strategy 3.5                We will take a proactive approach, and a long term view, to infrastructure maintenance and renewal.

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; and
- competitive tendering and the use of other measures to ensure that services are delivered cost-effectively; and
- 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; and
- providing for ethical and fair treatment of participants; and
- ensuring probity, accountability and transparency in all operations.

➤ **Risk Management Implications**

The widening of Lower Hermitage Rd will assist in mitigating risks associated with road safety, by providing sufficient road width for two way movement of vehicles along its length, thus reducing the likelihood of conflict between vehicles travelling in opposite directions. Similarly, the upgrade of Lower Hermitage Rd/ Millar Rd junction will improve road safety by providing sufficient room for two vehicles to enter and exit Millar Rd at the same time.

Inherent Risk	Residual Risk	Target Risk
Medium (3C)	Low (1C)	Low (1C)

➤ **Financial and Resource Implications**

Funds totalling \$1,128,000 have been approved as part of the 2018/19 Annual Business Plan and Budget for the renewal of road pavements.

Whilst other pavement renewal projects identified as part of the program have been completed, the works at Lower Hermitage Rd will not be completed in the 2018/19 Financial Year. It is proposed to carry forward the balance of funds into 2019/20, as highlighted in the 2018-19 Budget – Budget Review 3 report to Council on 28 May 2019.

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

A number of customers are expecting these works to occur in the 2019 calendar year, and will take a negative view of Council's service delivery if Council fails to do so.

➤ **Environmental Implications**

The removal of 75 trees (including some significant and regulated trees) is required as part of the widening works. Conditional approval has been received from the Native Vegetation Council for these removals and a Significant Environmental Benefit Offset Management Plan has been developed to offset the removals.

➤ **Engagement/Consultation conducted with Council Committee, Regional Subsidiary, Advisory Group, the Administration and Community**

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  
Director Corporate Services  
Manager Sustainable Assets  
Manager Financial Services  
Procurement Coordinator*

*Community: Not Applicable*

**2. BACKGROUND**

In its current state, the portion of Lower Hermitage Road associated with this proposal is very narrow, and does not provide the minimum lane widths required to meet Australian Standards for the experienced traffic volume. Historically, the road was quite narrow with an unprotected edge on the low side of the road.

In 2012, a serious truck accident occurred where the vehicle rolled over the unprotected edge. Council responded by installing a guard rail along the length of the section of road. This guard rail further restricted the width of the road to 3.5m wide in total at its narrowest. This caused significant safety issues for motorists travelling in opposite directions along the road as 3.5 m is not wide enough for two cars to pass one another. Council made improvements by excavating into the high side embankment at three locations and installing Give-way points/pull-out bays to allow motorists to pass one another more safely.

The community have requested a more permanent solution, and Council approved the Lower Hermitage Road Widening Project and the Millar Road/ Lower Hermitage Road Junction Renewal Project a part of the 2018/19 Annual Business Plan and Budget.

Council staff proposes to enter into a contract for the delivery of these projects. The value of this contract is expected to be \$691,457.33 which is greater than the CEO's delegation of \$500,000. As per Council's *Procurement Policy*, this report seeks Council's approval to enter into the contract.

### 3. ANALYSIS

Council staff prepared contract documents and technical specification for the widening of Lower Hermitage Rd between Millar Rd and 640 m south, as well as for the upgrade of the Lower Hermitage Rd/ Millar Rd junction. The physical work involves excavating the existing deteriorated road pavement, tree removal, cutting into the existing high side embankment, road widening by construction of new pavement, sealing of the new pavement, and associated stormwater, guardrail and fencing reinstatement works.

To ensure adequate stability of the high side embankment, and prevent slippages or rock falls, the embankment will be battered back into private land, requiring land acquisition which has been the subject of a previous Council report (26 March 2019).

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

1. Procurement was via Open Tender. This 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 Lower Hermitage Road Widening Project and the Millar Road/ Lower Hermitage Road Junction Renewal Project were packaged into one contract. This increases the value of works, making the contract more appealing to the market. This approach adds to the competitiveness of the tender, resulting in better rates,

Council received two tenders, which were reviewed by a Tender Assessment Panel comprising key staff. Please refer to **Appendix 1** for the Tender Evaluation Summary.

Camco was identified as the preferred tenderer, due to their extensive experience in delivering similar services to other local government clients. Due to commercial in confidence, tenderers have been de-identified in **Appendix 1**.

With reference to **Appendix 1**, the price listed for Camco is higher than the contract value Council seeks to enter into. This is because once Camco were identified as the preferred tenderer, a value management approach was adopted which identified a number of savings. This resulted in a reduction of Camco's final quote by \$41,255.

Also with reference to **Appendix 1**, it is noteworthy that the price listed for Tenderer B is substantially lower than Camco's price. Tenderer B's price was also substantially lower the design consultant's cost opinion for this project, which raised concerns amongst the Tender Assessment Panel that Tenderer B had not fully appreciated the work involved. A review of their available resources raised concerns as they did not own sufficient plant and equipment to carry out the works. A reference check was conducted, with unfavourable reports received about the quality and timeliness of Tenderer B's work, with a high level of cost variations experience by other local government clients. Accordingly, it was determined by the Tender Assessment Panel that proceeding with Tenderer B represented an unacceptable risk to Council, as the Panel was not confident they could successfully complete the projects.

**4. OPTIONS**

Council has the following options:

- I. Enter into a contract with Camco for the delivery of the Lower Hermitage Road Widening Project and the Millar Road/ Lower Hermitage Road Junction Renewal Project to the value of \$691,457.33 (ex GST). This option allows immediate commencement of project delivery. **(Recommended)**.
- II. Do not enter into a contract with Camco for the delivery of the Lower Hermitage Road Widening Project and the Millar Road/ Lower Hermitage Road Junction Renewal Project. This would result in cancellation of the project. (Not Recommended).

**5. APPENDIX**

- (1) Tender Evaluation Summary

---

# **Appendix 1**

## *Tender Evaluation Summary*

---

## Tender Evaluation Summary

Project Lower Hermitage Road Safety Upgrade  
 Project # 3703  
 Tender # 24/19  
 Date 29/03/2019

**DO NOT TYPE ON THIS PAGE**

	<b>CAMCO</b>	<b>Tenderer B</b>	<b>Average</b>	<b>Minimum</b>	<b>Maximum</b>	<b>Median</b>
<b>Tender Lump Sum Amount (excl. GST)</b>	<b>\$732,712</b>	<b>\$491,088</b>	\$611,900	\$491,088	\$732,712	\$611,900
Variance from Median	20%	-20%				

### Composition of Tender

### Evaluation Matrix

Analysis Criteria	Weight	<b>CAMCO</b>		<b>Tenderer B</b>	
		<i>Weighted</i>	<i>Raw</i>	<i>Weighted</i>	<i>Raw</i>
<b>Pricing</b>	<b>25%</b>	<b>16.76</b>		<b>25.00</b>	
<b>Methodology/Programme</b>	<b>25%</b>	<b>18.75</b>	7.50	<b>20.63</b>	8.25
Steve Smith			8.00		8.00
Jon Davey			7.00		8.00
Ashley Curtis			7.00		8.00
Oliver Pfueller			8.00		9.00
<b>Past Experience</b>	<b>20%</b>	<b>20.63</b>	8.25	<b>18.75</b>	7.50
Steve Smith			8.00		7.00
Jon Davey			8.00		8.00
Ashley Curtis			8.00		7.00
Oliver Pfueller			9.00		8.00
<b>Capacity/Capability/Personnel</b>	<b>15%</b>	<b>18.13</b>	7.25	<b>16.25</b>	6.50
Steve Smith			7.00		7.00
Jon Davey			7.00		7.00
Ashley Curtis			7.00		6.00
Oliver Pfueller			8.00		6.00
<b>WHS/Environ</b>	<b>10%</b>	<b>20.63</b>	8.25	<b>20.00</b>	8.00
Steve Smith			8.00		8.00
Jon Davey			8.00		8.00
Ashley Curtis			9.00		8.00
Oliver Pfueller			8.00		8.00
<b>Economic Sustainability</b>	<b>5%</b>	<b>13.13</b>	5.25	<b>15.63</b>	6.25
Steve Smith			5.00		6.00
Jon Davey			6.00		7.00
Ashley Curtis			5.00		6.00
Oliver Pfueller			5.00		6.00
<b>Total Tender Score</b>	<b>100%</b>	<b>108.01</b>		<b>116.25</b>	
<b>Rank</b>		<b>2</b>		<b>1</b>	
<b>Score w/o Price</b>	<b>75%</b>	<b>72.50</b>		<b>70.63</b>	
<b>Rank</b>		<b>1</b>		<b>2</b>	



### **3. Lower Hermitage Road Widening Contract – 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 19.2 in confidence under sections 90(2) and 90(3)(d) 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 value of the successful tenderer submission be retained in confidence until the contract is entered into.**

**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.**