

16.2: CONTRACT C12003 – LOWER DENMARK ROAD

Land Description : Lower Denmark Road, West Ward
Proponent : City of Albany
Owner : City of Albany
Responsible Officer(s) : Acting Director Works & Services (S. Grimmer)

Maps and Diagrams:



IN BRIEF

- Contract C12003 – Lower Denmark Road (SLK 11.93 – 14.65) be awarded to AD Contractors.

ITEM 16.2: DRAFT MOTION
VOTING REQUIREMENT: ABSOLUTE MAJORITY

THAT Item 16.2 is ACCEPTED as an urgent item to be dealt with at this meeting.

CEO:

RESPONSIBLE OFFICER:

RECOMMENDATION

**ITEM 16.2: RESPONSIBLE OFFICER RECOMMENDATION
VOTING REQUIREMENT: ABSOLUTE MAJORITY**

That Council:

- **ACCEPT** the Tender from AD Contractors and award contract C12003 Lower Denmark Road (SLK 11.93 – 14.65).
- **NOTING** that the above tendered price is \$230,000 above the budgeted amount based on cost estimates undertaken two years ago, **REALLOCATE** \$230,000 of COA funds in the Q3 Budget Review from Job No 8375 Willyung Rd (SLK. 002 - .63) SLK 0.02-0.63 and defer the Willyung Road project until the 2012/13 financial year

BACKGROUND

1. Lower Denmark Rd has been upgraded in stages to modern road standards since 2002. This stage passes through the town site of Elleker, where the open drain will be piped and a shared path is to be constructed alongside.
2. Design, specification and contract documentation has been prepared by external consultants to the stage of "Issue for Tender". The tender was from 11 January 2012 to 1 February 2012. The tender was broken down into 3 separable portions which were:
 - a. Rural road section
 - b. Townsite road section
 - c. Townsite shared path.
3. The City of Albany will act in the role of Principal, and OPUS have been engaged to act in the role of Superintendent for the project.

DISCUSSION

4. A total of 21 of tender documents were downloaded from the City of Albany website
5. Two completed tender documents were submitted on or before the stipulated closing date and time.
6. The tenders were evaluated using the weighted attributes methodology. This method scores the evaluation criteria and weights their importance to determine an overall point score for each tender. The criteria are tabled below:

Criteria	% Weight
Cost	40
Demonstrated Understanding	30
Tenderers Resources	10
Key Personnel (skills & experience)	10
Relevant Experience	10
Total	100

7. The following table summarises the tenders and overall evaluation scores applicable to each submission.

Tenderer	Total Evaluation Score
AD Contractors	640.78
Great Southern Sands	449.22

8. On the basis of the total evaluation score which considers cost, demonstrated understanding, key personnel (skills & experience) and relevant experience the most suitable company is considered AD Contractors.

GOVERNMENT CONSULTATION

9. All relevant Government approvals, including Department of Environment and Conservation, Department of Indigenous Affairs and SWALSC have been received for the project.

PUBLIC CONSULTATION / ENGAGEMENT

10. A request for tenders was published in the West Australian on 11 January 2012 and the Great Southern Weekender on 12 January 2012.

STATUTORY IMPLICATIONS

11. Regulation 11 of the *Local Government (Functions and General) Regulations 1996 (Regulations)* requires Council to publicly tender if the contract is, or is expected to be, more, or worth more, than \$250,000.
12. Regulation 18 of the Regulations outlines a number of requirements relating to choice of tender. Council is to decide which of the acceptable tenders is the most advantageous to Council. It may also decline to accept any tender.
13. Regulation 19 of the Regulations requires Council to advise each tenderer in writing the result of Council's decision.

STRATEGIC IMPLICATIONS

14. This item directly relates to the following elements of the 2011 City of Albany Strategic Plan:

*Key Focus Area
Lifestyle and Environment*

*Community Priority
Road improvements*

POLICY IMPLICATIONS

15. The City of Albany Tender Policy and Regional Price Preference Policy are applicable to this item.

RISK IDENTIFICATION & MITIGATION

16. The risk identification and categorisation relies on the City's Risk Management Framework.

Risk	Likelihood	Consequence	Risk Analysis	Mitigation
A vehicle accident occurs due to an unsafe environment for road users	Possible	Medium	High	Ensure upgrade of road is undertaken this financial year
Loss of Regional Road Group Funding if this project is not complete in this financial year	Possible	Medium	High	Ensure upgrade of road is undertaken this financial year
Non compliance with contract or business failure	Unlikely	Medium	Medium	General conditions of contract allow for contract termination on the basis of failure to supply goods & services

FINANCIAL IMPLICATIONS

17. The value of this tender is in excess of \$250,000 and therefore the approval is referred to Council for consideration.

18. Funding has been received from Regional Road Group for as well as Royalties for Regions. Funds have also been allocated in the 2011-2012 budget the funds available for this project are detailed below.

Funding source	Amount
Regional Road Group	\$551,274.00
Royalties For Regions	\$40,970.00
City of Albany (after second quarter adjustment)	\$435,637.00
Total	\$1,027,881.00

19. To fund all 3 portions of this project including a 10% contingency would require a further \$230,000.00 and this is the reason for deferring the 620 metre section reconstruction of Willyung Rd which is primarily funded by the COA.

20. The cost benefit of reconstructing 620 metres of Willyung Road is cost inefficient on a per metre basis. The City would be better to increase to the scope of works and deliver Willyung Road in the 2012-13 Budget.

LEGAL IMPLICATIONS

21. There are no legal implications associated with this item.

ALTERNATE OPTIONS

22. Council can accept or reject the tenders as submitted.

SUMMARY CONCLUSION

23. On reviewing the submissions, the evaluation team assessed AD Contractors as being the most suitable tenderer across the evaluation criteria in terms of cost, demonstrated understanding, key personnel (skills & experience) and relevant experience. AD Contractors are recommended to be awarded the contract for the Lower Denmark Road upgrade.

Consulted References	:	Local Government (Functions and General) Regulations 1995 Council Policy – Purchasing (Tenders & Quotes) Council Policy – Buy Local (Regional Price Preference)
File Number (Name of Ward)	:	C12003