

**WS022: CONTRACT C13022 – FRENCHMAN BAY ROAD
(SLK 3.38 – 3.58) / PRINCESS AVENUE (SLK 0.02 – 0.65)
UPGRADE VERSION TWO**

Land Description : Frenchman Bay Road (SLK 3.38 – 3.58)
Princess Avenue (SLK 0.02 – 0.65)
Proponent : City of Albany
Owner : City of Albany
Business Entity Name : N/A
Attachments : Location Plan
Responsible Officer(s) : Executive Director Works & Services (M Thomson)

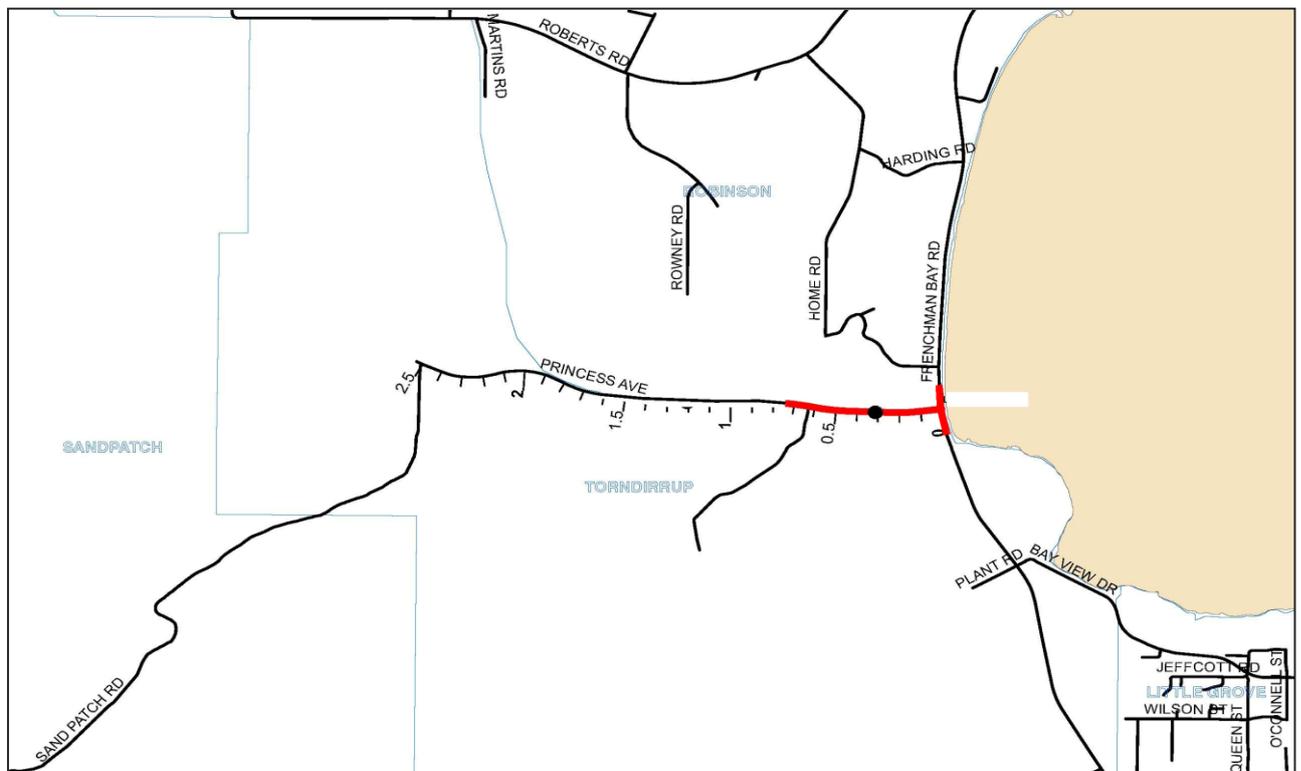
Responsible Officer's Signature:



STRATEGIC IMPLICATIONS

1. This item relates to the following elements of the [City of Albany Strategic Community Plan 2023](#) and [Corporate Business Plan 2013-2017](#):
 - a. **Key Theme:** 2. Clean Green & Sustainable.
 - b. **Strategic Objective:** 2.2. To maintain and renew City assets in a sustainable manner.
 - c. **Strategic Initiative:** 2.2.1. Asset management.

Maps and Diagrams:



 extent of Proposed Works

In Brief:

- Tender award for:
 - Separable Portion 1 - widening and reconstruction of 650m of Princess Avenue, from Frenchman Bay Road to just west of Scrub Bird Road.
 - Separable Portion 2 - installation of a right turn pocket on Frenchman Bay Road at the intersection with Princess Avenue.
- Two compliant tenders were received with Palmer Earthmoving being the recommended contractor.
- Construction is scheduled to commence 13 January 2014 with completion by 18 April 2014.

RECOMMENDATION

**WS022: COMMITTEE RECOMMENDATION
VOTING REQUIREMENT: SIMPLE MAJORITY**

THAT Council:

1. Seek **APPROVAL** from the Great Southern Regional Road Group to defer the widening and reconstruction of 650m of Princess Avenue until the 2014-15 financial year.
2. **AWARD** Contract C13022 Frenchman Bay Road (SLK 3.38-3.58) for **Separable Portion 2** only to Palmer Earthmoving.

WS022: AMENDED RESPONSIBLE OFFICER RECOMMENDATION

**MOVED: MAYOR WELLINGTON
SECONDED: COUNCILLOR GREGSON**

THAT Council:

1. Seek **APPROVAL** from the Great Southern Regional Road Group to defer the widening and reconstruction of 650m of Princess Avenue until the 2014-15 financial year.
2. **AWARD** Contract C13022 Frenchman Bay Road (SLK 3.38-3.58) for **Separable Portion 2** only to Palmer Earthmoving.

CARRIED 5-0

Officers Reason:

The preferred tenderer's price was in excess of the allocated budget. Preliminary discussions with the preferred tenderer have revealed that it is not likely that significant price reductions will be possible from combining the two separable portions.

The City of Albany is likely to attract funding for the next stage of the reconstruction and widening of Princess Avenue in the 2014/15 financial year (**separable portion 1**). To achieve an improved economy of scale, it is considered prudent to defer the scheduled 2013/14 works to be combined with planned 2014/15 works to deliver two stages in one year. As this project is funded in part by the Great Southern Regional Road Group – approval must be sought.

The Frenchman Bay/Princess Avenue project (**separable portion 2**) can be delivered in the 2013/14 financial year as scheduled, however there is likely to be a budget overrun. The City's contribution to the Princess Avenue project (1/3 of the total budget allocation) can be transferred to the Frenchman Bay/Princess Avenue project (addressed in the next budget review) and cover any over expense without any overall budget impact.

**WS022: RESPONSIBLE OFFICER RECOMMENDATION
VOTING REQUIREMENT: ABSOLUTE MAJORITY**

THAT:

1. Council GRANT the CEO delegated authority to negotiate with Palmer Earthmoving with a view to AWARDING contract C13022 Frenchman Bay Road (SLK 3.38 – 3.58)/Princess Avenue (SLK 0.02 – 0.65) Upgrade; and
1. THAT Council AUTHORISE an over budget expenditure of up to 10% of the combined allocated budget, and those variances be adjusted in the next budget review.

BACKGROUND

2. Separable Portion 1 (widening & reconstruction of Princess Avenue). The first section of Princess Avenue requires reconstruction and upgrading to provide a 7.2m wide seal. Work will also include drainage improvements to extend the life of the pavement.
3. Separable Portion 2 (installation of a right turn pocket on Frenchman Bay Road at the intersection with Princess Avenue). The lack of a turning pocket and narrow shoulder have resulted in rear-end crashes. Also the sub-standard intersection layout does not allow for large vehicle turning movements.
4. Design and specification documentation was prepared by external consultants to the stage of "Issue for Tender". The tender was advertised from 23 October 2013 to 13 November 2013.
5. The City of Albany will act in the role of Principal with an external consulting Engineer being employed in the role of Superintendent for the project.

DISCUSSION

6. A total of 23 tender documents were issued by the City of Albany
7. Two completed tender documents were submitted on or before the stipulated closing date and time.
8. The tenders were evaluated using the weighted attributes methodology. This method scores the evaluation criteria and weights their importance to determine an overall points score for each tender. The criteria are tabled below:

Criteria	% Weighting
Cost	20%
Relevant Experience	20%
Key Personnel & Experience	20%
Tenderer's Resources	20%
Demonstrated Understanding	20%
Total	100%

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

Tenderer	Total Evaluation Score
Palmer Earthmoving	528.11
Great Southern Sands	391.89

10. Both tenders submitted were in excess of the allocated budget.

GOVERNMENT & PUBLIC CONSULTATION

11. All relevant Government departments including Department of Environment, Department of Water, Department of Indigenous Affairs and SWALSC have been consulted on the project.
12. A request for tenders was published in the West Australian on 23 October 2013 and the Albany Weekender on 24 October 2013.

STATUTORY IMPLICATIONS

13. 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 \$100,000.
14. 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.
15. Regulation 19 of the Regulations requires Council to advise each tenderer in writing the result of Council's decision.
16. In accordance with the provisions of the Local Government Act 1995, section 5.42, the Council may delegate to the Chief Executive Officer any of its powers other than those referred to in section 5.43.

POLICY IMPLICATIONS

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

RISK IDENTIFICATION & MITIGATION

18. The risk identification and categorisation relies on the City's [Enterprise Risk Management Framework](#).

Risk	Likelihood	Consequence	Risk Analysis	Mitigation
<i>A vehicle accident occurs due to an unsafe environment for road users</i>	<i>Possible</i>	<i>Medium</i>	<i>High</i>	<i>Ensure upgrade of road is undertaken this financial year</i>
<i>Non compliance with contract or business failure</i>	<i>Unlikely</i>	<i>Medium</i>	<i>Medium</i>	<i>General conditions of contract allow for contract termination on the basis of failure to supply goods and services.</i>

FINANCIAL IMPLICATIONS

19. The value of this tender is in excess of \$250,000 and therefore the approval is referred to Council for consideration.
20. Both portions of the project are funded externally and have separate budget lines. As follows:
 - Separable Portion 1 (widening & reconstruction of Princess Avenue) of this project has been received from Regional Road Group. Funds have also been allocated in the 2013-2014 budget.
 - Separable Portion 2 (installation of a right turn pocket on Frenchman Bay Road at the intersection with Princess Avenue) of this project has been received from State Black Spot program. Funds have also been allocated in the 2013-2014 budget.
21. The tender submissions from both Contractors are over the allocated budget considerably.
22. A possible reason for the prices being inordinately high is due to the tender having separable portions where the contracts can be easily combined and thus produce an economy of scale.
23. It is proposed to negotiate with the highest ranking tender with a view to combining the two portions of work and reduce the overall costs.
24. The City has some flexibility with its budget, as there are a number of projects expected to be delivered under budget, therefore variances can be managed within the budget review process.
25. Following negotiations with the preferred Contractor, if the combine project cost is over 10% of the combined allocated budget, then the project will need to be reviewed.

LEGAL IMPLICATIONS

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

ENVIRONMENTAL CONSIDERATIONS

27. Some clearing of native vegetation will take place to accommodate the proposed road widening and associated roadside open drainage.
28. An Environmental Impact Assessment has been undertaken by a City of Albany Reserves Officer. No declared rare fauna were identified within the area of the proposed works.
29. An application to clear native vegetation has been lodged with the Department of Environment Regulation (formely Department of Environment and Conservation).
30. Replanting of native vegetation will take place along Frenchman Bay Road to offset that cleared by the proposed works.
31. A dredging permit has been obtained from Department of Water to allow the installation of a rock revetment wall in Princess Royal Harbour along Frenchman Bay Road.

ALTERNATE OPTIONS

32. Council can accept or reject tenders as submitted.

SUMMARY CONCLUSION

- 33. On reviewing the submissions, the evaluation team assessed Palmer Earthmoving as being the most suitable tenderer across the evaluation criteria in terms of relative cost, demonstrated understanding, key personnel (skills & experience) and relevant experience. Palmer Earthmoving are recommended to be awarded the Frenchman Bay Road / Princess Avenue contract.
- 34. Given the submitted prices are considerably over budget, the recommendation allows the CEO to negotiate the price in order to reduce the impact on the budget while ensuring the projects are delivered.
- 35. If negotiations do not yield savings to within a reasonable range of the allocated budget, then the projects will be reviewed.

Consulted References	:	Local Government (Functions and General) Regulations 1995 Council Policy – Purchasing Council Policy – Buy Local (Regional Price Preference)
File Number (Name of Ward)	:	C13022 (Vancouver Ward)
Previous Reference	:	Not applicable