

CT6788 ROAD MAINTENANCE AND STREET SWEEPING AWARD OF TENDER

Report Author: Manager Infrastructure Services
Responsible Officer: Director Environment & Infrastructure
Ward(s) affected: (All Wards);

The author(s) of this report and the Responsible Officer consider that the report complies with the overarching governance principles and supporting principles set out in the Local Government Act 2020.

CONFIDENTIALITY

This item is to be considered at a Council meeting that is open to the public.

This item has been included in the public agenda to facilitate openness and transparency in Council's decision making. A confidential attachment has been included with the report which contains commercially sensitive information that is not to be disclosed whilst the meeting is open to the public.

Confidential information is contained in Attachments. This information relates to contractual matters and contains commercially sensitive information including, but not limited to, the name of tendering parties, the evaluation panel members, the tendered prices and the evaluation of the tenders received against the published evaluation criteria which is considered to be confidential information in accordance with the definition included in Section 3(1) of the Local Government Act 2020.

Any disclosure of the information included within the confidential attachment to this report could be prejudicial to the interests of the Council or other parties. If discussion of this information is required, the Council is recommended to resolve that the item be deferred to the confidential section of the agenda when the meeting is closed to members of the public in accordance with Section 66(2)(a) of the Local Government Act 2020.

SUMMARY

The incumbent Road Maintenance and Sweeping services contractor is DM Roads (Downer Pty Ltd). The Contract for this expires on 31 August 2022.

The new Contract is comprised of a price for one contractor performing the full service (All Services), or alternative proposals for Road Maintenance and Street Sweeping being conducted by separate contractors.

Tenders were advertised/released by e-Tendering on 11 December 2021 and closed 3pm, Wednesday, 9 February 2022.

A Tender Evaluation Panel was established in accordance with Council's Procurement Guidelines. Two Council Procurement Services staff along with an independent Probity Auditor were involved throughout the tender process and have reviewed and signed off on the tender evaluation process. The Tender Evaluation

Panel consisted of four Council representatives performing the evaluation and scoring, supported by an independent consultant with expertise in the field providing insight and feedback into the process.

Six companies lodged tenders for All or Part of the service:

- Road Maintenance and Street Sweeping Services (combined) – 3 Submissions
- Road Maintenance Services (only) – 3 Submissions
- Street Sweeping Services (only) – 3 Submissions
- An additional submission was received from a seventh company, but it was considered non-compliant as it included no pricing and was a promotional exercise to introduce their services.

The Tender Evaluation Panel undertook a comprehensive tender evaluation process and shortlisted three companies.

Two of the companies offered All Services or All Services less Street Sweeping. The third company is a Street Sweeping specialist and has tendered a part service based on Street Sweeping as a stand-alone contract alternative.

The Tender Evaluation Panel undertook a Best and Final Offer (BAFO) process on the shortlisted submissions.

The Tender Evaluation Panel's preferred option is to accept an Alternative Submission and appoint a combination of two contractors for the various parts of the Contract, based on balancing qualitative and price factors with financial risk, contract management and strategic partnership arrangements.

RECOMMENDATION

That Council

1. *Awards the tenders for Contract CT6788 - Road Maintenance and Street Sweeping for a contract period of five years including all extension options to the following companies for the delivery of the nominated portions:*

(i) CT6788 (A) – Provision of Street Sweeping Services to Specialised Pavement Services Pty Ltd (ABN 46 076 353 887) as per its conforming tender for a Year One amount of \$1,080,000 (GST exclusive).

(ii) CT6788 (B) – Provision of Road Maintenance Services (Unsealed Roads Grading, Drain Maintenance, etc) to MACA Infrastructure Pty Ltd (ABN 60 604 456 055) as per its BAFO – Conforming submission for a Year One amount of \$5,975,981.16 (GST exclusive).

- 2. Accepts the schedule of rates for provisional works as per the Pricing Schedules in Confidential Attachment 1.**
- 3. The Director of Environment and Engineering be delegated authority to extend the contract term by up to two (2) years on the terms set out in the original contract Directs the contract documents be signed.**
- 4. Resolves that the confidential attachments to this report remain confidential indefinitely as they relate to matters specified under Section 3(1) (g)(i), (g)(ii) of the Local Government Act 2020.**

RELATED COUNCIL DECISIONS

Council, at its Forum meeting on 3 November 2021 was briefed on the proposal to seek prices for Road Maintenance and Sweeping Services based on a five-year term, with a maximum extension period of two years at Council's option. The service model upon which the new tender for Road Maintenance and Street Sweeping services was developed is to continue to outsource unsealed road maintenance and street sweeping and other associated services.

Key services as advertised include:

(a) Road Maintenance:

- Programmed and minor specific road maintenance of unsealed roads, gravel road surfaces (grading, re-sheeting and dust suppressing programs)
- Programmed and minor maintenance of table drains and associated drainage assets on unsealed roads
- Maintenance of the road surfaces and nominated assets on bridges and major culverts
- Maintenance of roadside furniture throughout the municipality, including guideposts, guide signs and delineators, and signage of a regulatory, warning and advisory nature.

(b) Street Sweeping:

- Programmed street and footpath sweeping and cleaning of nominated assets in selected locations.

DISCUSSION

Purpose

The purpose of this report is to inform Council of the Tender Evaluation Panel's recommendations for the tenders received for CT6788 - Provision of Road Maintenance and Street Sweeping Services tender, which closed on 9 February

2022. This recommendation will also enable the appointment of contract service providers, from 1 September 2022, for two separable portions of the tender.

Background

Tender & Contract Information

The current contract CT5505 for Road Maintenance Services is held by DM Roads (Downer Pty Ltd). This contract expires on the 31 August 2022 and is a Whole of Service awarded contract.

The Request for Tenders for the new contract CT6788 seeks 3 Alternative prices for packages of activities:

- Alternative 1 – Street Sweeping only services
- Alternative 2 – Rest of Road Services
- Alternative 3 – Whole of Services

Tenders were advertised and released by e-Tendering on 11 December 2021 and closed 3pm, Wednesday, 9 February 2022.

The Contract(s) were specified to be a lump sum and schedule of rates, with various elements tendered with the options separable portions to encourage greater competitive participation by suppliers with specific expertise. Council advised that it would accept all or any combination of tendered portions.

Tenders Received

The following seven companies lodged tenders for part or all services:

- All Industries Solutions Group
- Downer EDI (trading as DM Roads P/L)
- MACA Infrastructure Pty Ltd
- Metro Urban Management Pty Ltd
- TDM Earth Works Pty Ltd
- Road Services
- Specialised Pavement Services Pty Ltd

Tender Evaluation Criteria

The Total Weighted Score Methodology is 60% allocated for Quality and 40% allocated for Price out of score total of 100.

The Quality Assessment Total Score weighting is 60%. The Tender Evaluation Panel developed the following qualitative evaluation criteria and weightings: (Quality Score out of 100)

- (i) Capability and Capacity - 25%
- (ii) Methodology, Past Performance and References - 25%
- (iii) Reporting Systems - 15%
- (iv) Customer and Client Service - 15%
- (v) Environment and Sustainability - 10%, and
- (vi) Labour and Materials Resourcing - 10%.

Price Weighting is 40% of the selection criteria. It is factored in at the completion of the qualitative evaluation scoring process using the Weighted Scoring Assessment outlined above.

The Tender Evaluation Panel shortlisted the following companies following a comprehensive evaluation process:

- DM Roads
- MACA Infrastructure
- Specialised Pavement Services

Options Considered

Options for Award of the Contract

Based on the considerations of the Tender Evaluation Panel, a range of options for tender award were considered. These included award for All Services and a split of services and the award of two contracts. The Tender Evaluation Panel thoroughly assessed the Quality and Price assessments of the preferred companies' tender submissions and additional information provided through the interviews, clarifications and BAFO processes.

The Tender Evaluation Panel recommends that two separate contracts be awarded.

The Tender Evaluation Panel concludes that MACA Infrastructure Pty Ltd be awarded the Alternative for Road Maintenance less Street Sweeping.

The Tender Evaluation Panel concludes that Specialised Pavement Services be awarded the Street Sweeping Services. The contract for this Part would be based on the rates tendered Specialised Pavement Services' BAFO submission for the option of stand-alone Street Sweeping.

This evaluation is consistent with the Weighted Score ratings and the assessment of the tenderer combinations.

Key Issues

The new contracts for Road Maintenance and Street Sweeping Services are to be awarded as soon as possible, to ensure a smooth start on the commencement date of 1 September 2022. A suitable transition period is necessary to ensure uninterrupted service continuity and that the incoming contractors and council staff have sufficient time to prepare for the start of the new contracts.

Recommended option and justification

In terms of its total cost and in terms of the importance of the community attributes to the services, Road Maintenance and Street Sweeping is one of the most significant services that Council provides. The Tender Evaluation Panel has therefore considered the importance of the services in recommending the preferred option.

The Tender Evaluation Panel's preferred option is to accept an Alternation Submission and appoint a combination of contractors for the various parts of the Contract.

The Tender Evaluation Panel recommends that the award of tenders for CT6788 be split into two contracts:

- (1) CT6788 (A) – Provision of Street Sweeping Services to Specialised Pavement Services as per its conforming tender for a Year One amount of \$1,080,000.
- (2) CT6788 (B) – Provision of Road Maintenance Services (Unsealed Roads Grading, Drain Maintenance, etc) to MACA Infrastructure as per its BAFO – Conforming submission for a Year One amount of \$5,975,981.

In summary, the Tender Evaluation Panel evaluated all tender submissions, shortlisted tenderers based on a Weighted Score Assessment Criteria based on Quality and Price and sought Best and Final offers. The various permutations of contractors for standalone and/or packaged arrangements was evaluated and recommendations for the award of each separable portion were based on performance against tender criteria, price, financial risk, ease of contract management and strategic reasons

The Tender Evaluation Panel conducted extensive reference checks and are satisfied that the recommended tenderers are suitable for appointment.

The Tender Evaluation Panel also undertook extensive financial and credit checks and incorporated this information into account when making its recommendations. This was a critical element in the Tender Evaluation Panel's decision-making process

FINANCIAL ANALYSIS

The current 2022/23 Draft Budget Process includes an allocation of \$8.6M for Road Maintenance and Sweeping Services and a further Provisional Sum of \$199,500 for Schedule of Rates Items. The 2022/23 Draft Budget was increased by

approximately 19% from the 2021/22 budget of \$7.23M to allow for the anticipated increased service costs within the industry.

Based on the recommendations made by the Tender Evaluation Panel for awarding these contracts, the total cost of these contracts is within budget estimations.

The total net expected cost for the seven-year term of the Contract, in current dollars, is \$53.36 M and this is consistent with budget forecasting.

Customer Service and Contract Administration

A review of the Road Maintenance and Sweeping Services identified the opportunity for additional resources to support the contract administration / delivery and the integrated approach needed between ongoing Road Maintenance and upgrade improvements. The proposed resourcing at total cost of approximately \$225,000 is within the overall proposed 2022/23 Budget allocation and includes two additional officers focussing on customer service, system management and oversight of service delivery.

APPLICABLE PLANS AND POLICIES

This report supports the following strategic objective(s) in the Council Plan:

- Strategic Asset Management Plan 2019/20 – 2023/24
- Asset Management Policy 2017
- Community Engagement Policy 2021
- Community Vision 2036
- Council Plan 2021-25
- Financial Plan 2021-22 to 2030-31

RELEVANT LAW

Legal Implications

Awarding a contract(s) is subject to satisfactory contract negotiations and agreed implementation timelines.

Tender documents were reviewed by legal advisors prior to finalisation and advertising. A probity auditor was also engaged to oversee the tender process.

Council's management will appoint one or more officers to implement and oversee the maintenance services contracts. Council's contract management processes will provide a clear strategy for supervising the various contractors, in a legally compliant manner. Infrastructure Maintenance Services will be responsible for the training and

development of contract management officers, and with setting clear objectives and staff responsibilities

Functions of the contracted services will be delivered in accordance with Council's Road Management Plan, which is implemented in accordance with requirements of the Road Management Act 2004 and associated Regulations.

SUSTAINABILITY IMPLICATIONS

Environmental Impacts

The overall approach of each of the shortlisted companies reflects a sustainability ethos in service delivery to effectively manage natural resources by:

- (a) minimising waste generation
- (b) managing resource recovery through procedures for recycling reuse and disposal
- (c) assessing viability of electric vehicles
- (d) reducing potable water consumption, and
- (e) monitoring, measuring and evaluating to drive continual improvement.

The appointed Contractors will implement waste minimisation, reuse, recycling and water reduction plans for key operations and contracts.

In addition to implementing the environmental management approach, each Tenderer indicated initiatives with respect to:

- (a) a commitment to reducing greenhouse gas emissions, with DM Roads committing to carbon neutrality through their operations (largely achieved through carbon offsets)
- (b) urban amenity, by maintaining air quality and minimising noise pollution, and
- (c) motor vehicle fuel selection including equipment purchase parameters, fuel consumption, greenhouse gas emissions and whole of life analysis and alternative fuel reviews.

The evaluation panel found the environmental considerations each company provided with respect to delivery of this service satisfactory and consistent with the implications of climate change.

Social Impacts

A key criterion for the recruitment of staff for the outsourced services will be policies that encourage local employment opportunity and traineeships. The shortlisted tenderers have indicated a preference to generate employment from the local community.

There are no human rights implications.

Economic Impacts

The evaluation process includes assessing the economic impacts on the local community and infrastructure. The recommendations made in this report are designed to optimise the balance between financial cost and appropriate levels and quality of service, whilst minimising economic, reputational, and other risks across the components of the services. In terms of the residential areas, property owners expect Council to deliver high quality services. With respect to the commercial and retail centres, these can only be kept vibrant and inviting through first class Street Cleansing services.

The Tender Evaluation Panel assessed that the recommended tenderers are best suited to provide the services expected by the local communities.

COMMUNITY ENGAGEMENT

Stakeholder Consultation

The specification for the new contract has been developed after an extensive review. This review included liaising with various Council teams that have interactions with the services, Round Maintenance Service Teams, and undertaking an analysis of other inner urban municipalities unsealed road grading and sweeping services.

The five-year term for the Contract is considered optimal due to industry experience regarding fleet life cycles and investment factors. The Contract has an extension clause that allows Council the option to extend the term for a further maximum of two years.

Asset Management Plan - Deliberative Engagement Panel

Council has worked directly with a community panel to understand what is most important when planning community assets, as part of a deliberative engagement process. This is the first time Yarra Ranges has used deliberative engagement to inform its asset management practices.

Feedback from this process has helped shape the development of the approach to meeting the challenges of managing activities associated with Unsealed Road and Drainage Maintenance.

Through the deliberative engagement process, a new understanding has been gained of the community's views around the way Council currently manages its assets, and how Council should best approach the challenges it faces in managing those assets in the long term.

COLLABORATION, INNOVATION AND CONTINUOUS IMPROVEMENT

Innovation and continuous improvement attributes are inherent in many aspects of the qualitative evaluation criteria, especially in the areas of technical capability,

capacity, provision of services, customer service, quality management system and sustainability. The assessment processes carried out by the Tender Evaluation Panel ensured that the tenderers thoroughly understand the needs of Yarra Ranges. The Panel assessed that the recommended tenderers are capable of providing the required services to current standards and are able to improve services over the period of the contracts.

RISK ASSESSMENT

Risk Assessment

From a risk management perspective, inadequate resourcing may result in:

- non-compliance with legal and regulatory requirements under the Road Management Act
- poor quality service delivery to the Council's residents
- major difficulties with contract management
- default by the Contractor and a need to retender the services
- the Contractor requesting a pricing variation
- major disruptions to Road networks; and
- reputational damage to the Council.

The Tender Evaluation Panel undertook financial and credit checks on the companies and incorporated this information into the assessment process when making its recommendations.

Financial Viability Check

Corporate Scorecard Pty Ltd provided Standard Financial and Performance Assessment reports on the shortlisted tenderers. The financial viability of the shortlisted tenderers are all acceptable and indicate that the appointed tenderers will deliver over the life of the contracts.

CONFLICTS OF INTEREST

The Manager Infrastructure Services, acting on behalf of the Council through the Instrument of Delegation and involved in the preparation and/or authorisation of this report, has declared a general or material conflict of interest as defined within the Local Government Act 2020. The declared conflict has been reviewed by the independent Probity Advisor and deemed it to be of no direct impact.

ATTACHMENTS TO THE REPORT

1. Pricing Schedules – *Confidential*
2. Tender Evaluation of Contract CT6788 Report – Road Maintenance and Street Sweeping – *Confidential*
3. Attachments 1 - 4 to Tender Evaluation of Contract CT6788 Report – Road Maintenance and Street Sweeping – *Confidential*