

**RFT 05-18/19 KNOTTS ROAD WIDENING**

<b>File Number:</b>	<b>AS.TEN.68</b>
<b>Author:</b>	<b>Darren Wallace, Executive Manager, Infrastructure &amp; Development Services</b>
<b>Authoriser:</b>	<b>Darren Wallace, Executive Manager, Infrastructure &amp; Development Services</b>
<b>Previously before Council:</b>	<b>17 April 2019</b>
<b>Appendices:</b>	<b>1. RFT 05-18/19 Evaluation - Confidential (under separate cover)</b>

**NATURE OF COUNCIL'S ROLE IN THE MATTER**

Executive

**PURPOSE OF REPORT**

This report presents the Tenders received for RFT 05-18/19 Knotts Road Widening for consideration.

**BACKGROUND**

The Shire advertised RFT 04-18/19, 18/19 Roads Capital Works Program through the WALGA Equotes system in February 2019, the projects in the Tender were;

- Tenth Road Widening,
- Greenhills South Road Construction,
- Avon Terrace / Spencer Brook Road Widening
- Knots Road Widening.

Council Resolved at its special meeting of 17 April 2019;

*That Council;*

- 1. Not accept any Tenders for RFT 04-18/19, 18/19 Roads Capital Works Program, because the prices offered were significantly higher than the project budgets.*
- 2. Approves the undertaking of the Tenth Road project in house with an increase of the project budget from \$73,905 to \$115,000 within the existing Roads to Recovery funding.*
- 3. Approves the undertaking of Stage 1 of the Greenhills South Road by inhouse works crew. The scope to include installation of drainage and pavement sheeting. Stage 2 sealing component to be completed by 1st December 2019.*
- 4. Requests the Chief Executive Officer to call a tender for a rescope Knotts Road widening with no change to the project budget.*
- 5. Approves the deletion of the Avon Terrace-Spencers Brook Road widening project from the 2018/19 works program and reallocate the project budget to the Greenhills South Road project.*
- 6. Requests the Chief Executive Officer to amend the 2018/19 Budget accordingly, noting no additional cost to the Shire.*

The Knotts Road Project has been retendered through the WALGA Equotes system with a revised scoped, reduced length, as per the Council item and resolution of 17 April 2019.

Tenders were posted on WALGA Equotes on Thursday 23 April 2019 and closed Thursday 9 May 2019.

A total of 10 WALGA preselected Contractors were selected and sent the Request for Tender (RFT), including the three who responded to previously tendered RFT 04 – 1819, 18/19 Roads Capital Works Program.

**COMMENTS AND DETAILS**

Four Tenders were received via the WALGA Equotes system at the close of Tenders.

All Tenders meet the Compliance criteria as set out in the RFT as would be expected given the Tenderers are part of the WALGA prequalified Contractors panel.

The Tenders have been evaluated by the following criteria as detailed in the Tender documents.

- Relevant Experience. 15%
- Key Resources. 15%
- Proposed Methodology. 15%
- OSHE Management. 5%
- Price. 50%

A summary of the evaluations are below the full evaluation is confidential attachment A.

CONTRACTOR	WEIGHTED SCORE	PRICE Exc GST
Dowsing Group	6.45	\$429,657.62
GMF Civil Pty Ltd	6.00	\$485,228.69
Tracc Civil Pty Ltd	5.00	\$646,672.47
WCP Civil Pty Ltd	5.50	\$527,049.30
BUDGET		\$339,000.00

The works are relatively straightforward civil works with a clear design and specification and with clear testing and hold points to ensure the works meet the specified standards. Therefore, it was considered appropriate that only have one person need undertake the Tender evaluation.

All Tenderers were assessed by the Executive Manager Infrastructure and Development Services as having the Relevant Experience, Key Resources, Proposed Methodology and OSHE Management required to successfully complete the works. The main difference between the Tender offers is the price offered.

Based on the weighting score, the Dowsing Group is considered the preferred Tenderer.

However, although the lowest price, their price is approximately \$90,000 greater than the Shire’s current budget.

The *Local Government (Functions and General) Regulations 1996* allows for Local Governments to negotiate with the successful Tenderer and make minor variations to the tender before entering into a contract. It is intended that the project scope and design not be changed significantly and therefore given the prices tendered only the Dowsing Group would be in a position to negotiate to an acceptable price. All Tenderers have indicated that they would be willing to negotiate the project scope and therefore project budget.

It is therefore recommended that the Dowsing Group be appointed the successful Tenderer and that the Chief Executive Officer be authorised to negotiate a reduced scope of works and appropriately reduced Tender price, before entering into a contract. This is likely that a variation to the project budget will be require for next year.

It is now not possible to have these works fully delivered in the 2018/19 financial year. Therefore it is recommended that the outcome of the negotiations be referred back to the 26 June Council meeting for consideration. Alternatively the Chief Executive Officer could be delegated authority to accept a negotiated tender scope and price.

The project is a Regional Roads Group project and as such, two thirds is funded by the State Government. Any expenditure above the project budget is at full cost to the Shire.

## OPTIONS

Options available to Council include;

- Accepting the preferred Tender as is and allowing for the extra cost in the 2019/20 Budget. Potentially drawing funds from the road reserve.
- Accepting the successful Tender and negotiating a reduced scope and Tender price. With delegated authority for the Chief Executive Officer to accept the revised Tender or for the revised Tender to be the subject of a report to Council for consideration.
- Not accepting any Tenders and retendering for a rescoped project.

## IMPLICATIONS TO CONSIDER

### Consultative

No consultation has been undertaken

### Strategic

Roads and Bridges are part of the Corporate Themes of; The Place to Live & Driving the Economy Forward. More specifically these projects fall under, Building Resilience; 4.4 Rural roads are safe and easy to use. 4.6 Town network of safe easily used roads, footpaths, trails and cycle ways.

### Policy Related

F 1.2 Procurement.

### Financial

This project is 2/3 funded by the State Government as an Regional Road Project. Any expenditure greater than the \$339,000 budgeted will be at full cost to the Shire.

It is unlikely that any of the works will be invoiced this financial year. Therefore, the funds (expenditure and income) for this project will need to be carried over to next year's budget.

The preferred Tenderers Price is \$90,000 greater than the current budget. It is however, anticipated that this can be significantly reduced with negotiation.

### Legal and Statutory

Section 3.57 of the *Local Government Act 1995* requires a Local Government to invite tenders before it enters into a contract of a prescribed kind under which another person is to supply goods and services.

Part 4 (Tenders) of the *Local Government (Functions and General) Regulations 1996* require that tenders are to be publicly invited for such contracts where the estimated costs of providing the total service exceeds \$150,000. Part 11(2) of the *Local Government (Functions and General) Regulations 1996* provides that, Tenders do not have to be publicly invited according to the requirements of this division if;

- the good and service is to be obtained through the WALGA Preferred Supplier Program.

It also states in Part 4, Section 20(1) *"If, after it has invited tenders for the supply of goods or services and chosen a successful tenderer but before it has entered into a contract for the supply of the goods or services required, the local government wishes to make a minor variation in the goods or services required, it may, without again inviting tenders, enter into a contract with the chosen tenderer for the supply of the varied requirement subject to such variations in the tender as may be agreed with the tenderer."*

**Risk Related**

There is a high reputational risk if the Shire does not proceed with projects that the community expects it to deliver. There is also a high reputational risk if the Shire does not spend its funding wisely.

**Workforce**

There are no Workforce implications resulting from this report.

**VOTING REQUIREMENTS**

**Absolute Majority: No**

**RECOMMENDATION**

That Council

1. Selects the Dowsing Group as the successful Tenderer, but not enter into a contract at this time.
2. Authorises the Chief Executive Officer to negotiate with the Dowsing Group to obtain an acceptable project scope and Tender Price for the Knotts Road Widening works.
3. Requests the Chief Executive Officer prepare a further report on the outcomes of the negotiation back to Council for consideration before entering into a contract for the Knotts Road Widening works.