

**ADELAIDE HILLS COUNCIL
ORDINARY COUNCIL MEETING
Tuesday 26 November 2024
CONFIDENTIAL AGENDA BUSINESS ITEM**

Item: 19.3

Responsible Officer: David Waters
Director Environment and Infrastructure
Environment and Infrastructure

Subject: Provision of Unsealed Road Materials - Contract

For: Decision

1. Provision of Unsealed Road Materials - 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:

- Chief Executive Officer, Greg Georgopoulos
- Director Environment & Infrastructure, David Waters
- Director Corporate Services, Gary Lewis
- Acting Director Community & Development, Jess Charlton
- Executive Governance Officer, Zoë Gill
- Minute Secretary, Rebekah Lyons
- IT Support, Tom Portas

be excluded from attendance at the meeting for Agenda Item 19.3: (Provision of Unsealed Road Materials - 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)(k) of the *Local Government Act 1999*, the information to be received, discussed or considered in relation to this Agenda Item is tenders for the supply of goods, the provision of services or the carrying out of works.

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. Provision of Unsealed Road Materials - Contract – Confidential Item

SUMMARY

As part of the 2024/2025 Annual Business Plan, Council allocated \$978,000 for the renewal of unsealed roads at various locations. The Long Term Financial Plan indicates an intended spend of \$1,316,000 in 2025/2026 and \$1,323,000 in 2026/2027.

The Administration has sought tenders for the supply of unsealed road materials via an open tender process. Council staff sought to engage a suitably qualified contractor to undertake the supply of unsealed road materials for the delivery of the 2024/2025 works, and have approached the market via an Open Tender process. This process resulted in four submissions, with Goolwa Quarries being the preferred tenderer.

Given Council intends to undertake unsealed re-sheeting works each year, it is recommended that Council enters into a multi-year contract, allowing works to continue in those years, subject to satisfactory contractor performance and budget approval, without having to retender. The multi-year contract also attracts a price discount through the tendering process by offering the supplier a known ongoing value of work.

A three year commitment results in a contract with a nominal value of approximately \$3,600,000, which exceeds the maximum delegation of \$1,000,000 that applies jointly to the CEO plus one other Council Officer at Director level. As per Council's Procurement Policy, this report seeks Council's approval to enter into a three year contract with Goolwa Quarries for the provision of unsealed road base materials.

RECOMMENDATION

Council resolves:

- 1. That the report be received and noted.**
- 2. To enter into a schedule of rates contract with Goolwa Quarries for the provision of material for re-sheeting unsealed roads for a period of three years, subject to future approved Annual Business Plans and Budgets.**
- 3. To recognise that this schedule of rates contract over the next three years has a total nominal value of \$3,600,000.**
- 4. To authorise the CEO to act for and on behalf of the Council to sign all necessary documents to give effect to this resolution.**

1. BACKGROUND

Council's Asset Management Plan requires the renewal of assets, including unsealed roads, which are the subject of this report. The renewal of unsealed roads involves condition assessment, to identify priority segments that are in poor condition or at the end of their useful life. A proposed program of works has been included in the 2024/2025 Annual

Business Plan and Budget, under the Capital Works Program Appendix. The budget approved for 2024/2025 is \$978,000 for the renewal of unsealed roads across twenty two roads (thirty three segments).

The rolling three year works program also indicates an intended budget of \$1,316,000, and \$1,323,000 for the renewal of road segments in 2025/2026 and 2026/2027, respectively, with an indicative program included in the above mentioned Capital Works Program.

Council staff propose to enter into a three year contract for the provision of unsealed road material, for the reasons outlined in the analysis below. The value of this contract is expected to be greater than the CEO's delegation (with another Director) of \$1,000,000. As per Council's Procurement Policy, this report seeks Council's approval to enter into the contract.

2. ANALYSIS

➤ Strategic Management Plan/Functional Strategy/Council Policy Alignment

Strategic Plan 2020-24 – A brighter future

Goal A Functional built Environment.

Objective B3 Consider external influences in our long term asset management and adaptation planning

Priority B3.3 Investigate and source recyclable materials for asset renewal projects wherever practical and in doing so promote the circular economy

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

➤ Risk Management Implications

The renewal of unsealed roads will assist in mitigating the risk of:

Underlying pavement failures leading to an increase in maintenance costs and a reduction in customer satisfaction.

Poor surfaces including breakthroughs, potholing and rutting leading to reduced rideability and stable surface treatment.

Inherent Risk	Residual Risk	Target Risk
High (3B)	Low (1D)	Low (1D)

➤ **Financial and Resource Implications**

As part of the 2024/2025 Annual Business Plan, Council approved \$978,000 for the renewal of unsealed roads at various locations.

The Annual Business Plan indicates an intended spend of \$1,316,000 in 2025/2026 and \$1,323,000 in 2026/2027. Appropriate provisions have been made in the Long Term Financial Plan to accommodate that intended spend, with an average annual spend of \$1,372,000 proposed for unsealed roads renewal over the next ten years.

The budget amounts were recommended by staff based on anticipated material supply rates, which are consistent with those offered through the tender process. In other words, entering into the contract as recommended will not require a budget adjustment, nor a reduction in proposed works.

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

Customers would reasonably expect these works to continue each financial year, and will take a negative view of Council's service delivery if Council fail to do so.

➤ **Sustainability Implications**

It is acknowledged that the servicing and delivery of unsealed road materials has an impact on our environment. This procurement requested more detailed sustainability options from tenderers, particularly in relation to recycled content, carbon neutrality and sustainability of supply chain. This included questions about the tenderer's carbon footprint, how they ensure the sustainability of their supply chain, and how they minimise waste.

Tender 3 provided an option to supply a material with a recycled content, consisting of 15% recycled material. Tender 3 could not however guarantee the material would be free of glass or any other foreign inclusions, but would be compliant with DIT specifications. Tender 3 furthermore could not provide suitable locations where their product had been utilised in an unsealed environment, and stated that they would not accept liability for reclamation if the unsealed surface required removal and replacement.

Goolwa Quarries has a Sustainable Procurement Policy, which includes the following commitment:

Goolwa Quarries is dedicated to integrating sustainability into our procurement processes. We aim to source materials and services in a manner that supports environmental stewardship, social equity, and economic growth.

The policy's principles are :

- Environmental Responsibility
- Social Responsibility
- Economic responsibility
- Risk management

➤ **Engagement/Consultation conducted in the development of the report**

Consultation on the development of this report was as follows:

Council Committees: Not Applicable
Council Workshops: Not Applicable
Advisory Groups: Not Applicable
External Agencies: Not Applicable
Community: Not Applicable

➤ **Additional Analysis**

Previously, Council have utilised Goolwa Quarries under a three year contract with the option to extend for up to an additional year (+1 years). This contract came up for review and Council staff determined to extend the contract. Council staff believed that re-testing the market at this time was prudent and would likely result in better value for money.

The physical work involved in renewing an unsealed road involves overlaying the existing surface with 200mm of rubble, compacted to 150mm to provide a slightly elevated centre point surface to promote water runoff with drainage providing a secondary benefit to the unsealed road dynamic.

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

1. Procurement was via Open Tender, allowing all suppliers in the marketplace to tender if they so wish. This highly competitive process ensures the best tendered rates available.
2. All material provision for the unsealed roads renewal program will be offered to the successful tenderer. 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.
3. The contract will be offered with a term of three years, to match the three year rolling capital works program currently prepared by Council. The benefits of the multi-year contract are; better pricing on a long term contract compared to short term contracts, locking in competitive rates into the future, as well as saving Council staff resources from conducting the time-consuming procurement process annually. It should be noted that the multi-year contract will include rise and fall provisions to account for bitumen price volatility during the period of the contract. This is a normal and sector-typical provision for contracts of this type.

Four tender submissions were received, which is deemed satisfactory due to the size of Council's re-sheeting programme and the number of suppliers of rubble based material products in South Australia. Three tenderers are based in South Australia, with one being unable to deliver a product.

Goolwa Quarries has been identified as the preferred tenderer for the unsealed provision of material. Whilst a number of submissions were deemed competitive, stand out features of Goolwa Quarries's submission include:

- Competitive rates, being the lowest cost supplier when their rates were compared to the quantities required by the unsealed roads component of the approved 2024/2025 unsealed roads re-sheeting program.
- A clear methodology, proven material and good understanding of the challenges of delivering material in the Adelaide Hills, particularly around weather and seasonality, which was reflected in their program.
- The ability to supply a locally sourced pre-conditioned material, reducing the distance raw materials must be transported.
- A consistent product utilised by Council over an 11 year period with low dust, surface wear is a known quantity and patrol grading of proposed material is well suited to hills environment with its faceted material and clay content.

A tender evaluation summary is included in **Appendix 1**. Due to commercial in confidence, tenderers have been de-identified in **Appendix 1**.

3. OPTIONS

Council has the following options:

- I. Enter into a contract with Goolwa Quarries for the supply of unsealed road base material for a period of three years, recognising a contract value over the term of the period of approximately \$3,600.000, subject to future approved Annual Business Plans and Budgets (Recommended).
- II. Do not appoint new contractor for the supply of unsealed road materials. Council staff will need to reapproach the market, potentially on a per road basis. It is expected that this will lead to higher rates from contractors due to the lower volume of work, resulting in higher cost to Council (Not Recommended).
- III. Appoint a different contractor from the list of tenderers. Two other tenderers were considered suitable after review, however based on a range of factors they did not score as well as Goolwa Quarries, and are therefore not considered to provide as good value for money to Council. (Not Recommended).

4. APPENDICES

- (1) Tender Evaluation Summary

Appendix 1

Tender Evaluation Summary

TENDER NAME: 202425-09 - Rubble Re-sheet Program
Estimated Value (as declared
and approved in the Acquisition \$4,000,000

	Mandatory Requirements	Project Specific Criteria						General Criteria								
	Acceptable	Ability to supply	Business Capability		Technology		WH&S				Procurement Sustainability				Total	
Selection Criteria	Insurance, ABN, Financials capacity, Conflict of interest declaration, complete submission documentatio. Site	Ability to supply required services, Ability to complete	Management skills, Technical experience, Provision of required tender data, Satisfactory		Appropriate Technology to meet Organisational Requirements		Commitment, Programmes & Procedures.		Indigenous involvement		Sustainable Procurement 1. For procurements >\$10k < \$100k, the <u>minimum</u> weighting should be 10% 2. For Procurements >\$100k, the weighting should be set to reflect the importance, risk		Local Economic Benefit			
Criteria Weighting (%)	Mandatory Requirements are a yes or no requirement. If a supplier is not compliant	20	20		20		20		5		10		5		100	
	Yes/No	Point Score	Weighted Score	Point Score	Weighted Score	Point Score	Weighted Score	Point Score	Weighted Score	Point Score	Weighted Score	Point Score	Weighted Score	Point Score	Weighted Score	
Tenderer																
Goolwa	Yes	5	20	5	20	4	16	4	16	2	2	3	6	4	4	84
Tender 2	Yes	0	0	5	20	4	16	4	16	2	2	3	6	4	4	64
Tender 3	Yes	4	16	5	20	4	16	3	12	2	2	5	10	4	4	80
Tender 4	Yes	4	16	5	20	4	16	4	16	2	2	3	6	4	4	80

3. Provision of Unsealed Road Materials – Contract – Duration 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 19.3 in confidence under sections 90(2) and 90(3)(k) 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* to retain the Items in confidence as detailed in the Duration of Confidentiality Table below:

Item	Duration of Confidentiality NB: Item to be reviewed every 12 months if not released
Report	Until Contracts are signed, but not longer than 12 months
Related Attachments	Until Contracts are signed, but not longer than 12 months
Minutes	Until Contracts are signed, but not longer than 12 months
Other	Until Contracts are signed, but not longer than 12 months

Pursuant to section 91(9)(c) of the *Local Government Act 1999*, the Council delegates the power to revoke the confidentiality order either partially or in full to the Chief Executive Officer.