

**ITEM NO: 16****SUBJECT: WSROC SUPPLY MANAGEMENT GROUP TENDER ASSESSMENT  
REPORT FOR ASPHALT SUPPLY AND ASSOCIATED SERVICES****FILE NO: F01723**

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**Recommendations:**

1. *That the Council receives and notes this report for the Group Procurement Tender for 'Asphalt Supply and Associated Services'.*
  2. *That the Council writes to State Asphalt Services, FRH Group Pty Ltd, Pioneer Road Services Pty Ltd, Borthwick & Pengilly Asphalts Pty Ltd and Emoleum and SAMI Road Services declining the option of extending existing contracts for the supply of asphaltic concrete and associated services and the supply, delivery and placement of sprayed bituminous surfacing.*
  3. *That the Council enter into contracts with, and accepts the offers of the preferred tenderers (as detailed in the table under the Tender Conclusion section of this report) for a commencement of the services on 1 July 2008 and expiring 30 June 2010.*
  4. *That the Council receives a further report if the option of a two (2) x one (1) year extension of the Contract is required at expiry of the Contract.*
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**Report by Acting Group Manager, Community and Corporate****Introduction**

The purpose of this report is to provide details of the Group Procurement Tender for 'Asphalt Supply and Associated Services' for the Western Sydney Regional Organisation of Councils Ltd (WSROC) Supply Management Group (SMG).

WSROC comprises eleven (11) Western Sydney Area Councils. All member councils agreed to participate in the tender. Members of WSROC are:

- Auburn Council
- Bankstown City Council
- Baulkham Hills Shire Council
- Blacktown City Council
- Blue Mountains City Council
- Fairfield City Council
- Hawkesbury City Council
- Holroyd City Council
- Liverpool City Council
- Parramatta City Council
- Penrith City Council

The tender was first advertised on Saturday 16 June 2007 and the tender period ran for six weeks and four days (i.e. 45 days). Since the close of tenders all tender submissions have been evaluated and analysed with the recommendations by the Tender Evaluation Panel (TEP) forming the basis of this report.

### Background

The Council's existing contracts for Asphalt Supply and Associated Services expire on 30 June 2008. The contracts discussed in this report are scheduled to commence on 1 July, 2008.

The WSROC SMG has actively established this supply arrangement for 'Asphalt Supply and Associated Services' to meet the needs of member councils. The collective supply arrangement allows the marketplace to take advantage of a higher volume of supply, providing a range of benefits and offsets, including cost effective supply solutions whilst maintaining a high degree of quality and serviceability.

Complete Urban Solutions Pty Limited was engaged by WSROC SMG to assist in completing the tender process, evaluation activities and to manage the contracts for at least the first 12 months.

WSROC anticipates that this group contract has and will continue to generate a number of benefits for participating members including but not limited to:

- Standardising of specifications;
- Reduced tendering costs;
- Improved work planning within councils;
- Collaboration on work across councils;
- Efficiency gains for contractors in the use of work teams and plant; and
- Reduced material and contract labour costs for both contractors and councils.

### Interested tenderers and tenders received

Seventeen (17) separate companies tendered for the separate contracts, as summarised in the table below:

	Contracts Tendered						
	Sprayed Bituminous Surfacing - (SBS)	Stabilisation (Cementitious) - (STC)	Stabilisation (Bituminous) - (STB)	Ex-Bin/Supply and Deliver Asphalt - (XAS&D)	Asphalt Works - (AW)	Road Restoration - (RR)	Profiling - (PR)
Ellis Profiling							✓
Base Course Management							✓
Asphalt Consulting and Testing (t/a Tropic Asphalts)				✓	✓	✓	✓
Kizan (t/a A&J Paving)						✓	
Bernipave				✓	✓	✓	✓
Pioneer Road	✓			✓	✓	✓	

	Contracts Tendered						
	Sprayed Bituminous Surfacing - (SBS)	Stabilisation (Cementitious) - (STC)	Stabilisation (Bituminous) - (STB)	Ex-Bin/Supply and Deliver Asphalt - (XAS&D)	Asphalt Works - (AW)	Road Restoration - (RR)	Profiling - (PR)
Services							
Stabilised Pavements of Australia		✓	✓				✓
Boral Asphalt				✓	✓		
D&M Excavations and Asphalting						✓	✓
SAMI Road Services	✓			✓	✓		
J&E Excavations	✓				✓	✓	
Downer EDI Works		✓	✓	✓	✓	✓	✓
Clearwater Services					✓	✓	
J&G Excavations						✓	
State Asphalt Services	✓	✓	✓	✓	✓	✓	✓
Borthwick & Pengilly					✓	✓	
FRH Group				✓	✓		
<b>Total Number Of Tenderers</b>	<b>4</b>	<b>3</b>	<b>3</b>	<b>8</b>	<b>11</b>	<b>11</b>	<b>8</b>

### Assessment methodology and evaluation criteria

The assessment methodology and evaluation criteria used to determine the most appropriate tenderers who have the capability to provide the materials and services required by the participating WSROC member councils under the proposed contract were documented in a formal 'Tender Evaluation Plan' which was completed and circulated on 31st July 2007. This plan is available on Council files for further reference.

### Evaluation criteria and weightings

The following weightings for the tender evaluation criteria were adopted by the WSROC SMG members for the tender evaluation:

Assessment Criteria	Key Elements for Consideration in Scoring Assessment Criteria	Weighting
Tender Conformity	<ul style="list-style-type: none"> <li>Coverage of tender requirements</li> </ul>	Pass/Fail
Proven ability to provide the Goods/Services	<ul style="list-style-type: none"> <li>Quality of products/services offered</li> <li>Ability to supply the products/services</li> <li>Quality and ability of sub-contractors and</li> </ul>	35%

Assessment Criteria	Key Elements for Consideration in Scoring Assessment Criteria	Weighting
	major Suppliers nominated <ul style="list-style-type: none"> <li>• Relevant history and achievements for similar arrangements</li> <li>• Methodology proposed to manage the contract</li> </ul>	
Business Category	<ul style="list-style-type: none"> <li>• Company profile</li> <li>• Financial capability</li> <li>• Insurance details</li> </ul>	10%
Management and Administration	<ul style="list-style-type: none"> <li>• Occupational Health &amp; Safety and Public Liability management (level of accreditation, process and performance.)</li> <li>• Environmental management (level of accreditation, process and performance.)</li> <li>• Quality management (proven product quality, level of accreditation and quality control process.)</li> <li>• Reporting capabilities</li> </ul>	20%
Cost Category (Quantitative Analysis)	<ul style="list-style-type: none"> <li>• Unit prices for the items specified, applied against product use</li> <li>• Additional discounts including rebates</li> <li>• Price structure for all items</li> <li>• Rise and fall provisions</li> </ul>	35%

Each submission was assessed against the nominated criteria applying the assigned weightings and the outputs of the evaluation.

#### **Tender evaluation panel (TEP)**

Prior to tender closing, a TEP comprising a nominated representative from each WSROC participating member council as well as and including the WSROC SMG members was established.

A further joint meeting of the WSROC General Managers and the WSROC Technical Committee (including a majority of TEP Members) took place on the 12 November 2007 to review the process and confirm individual Council participation in the Contracts.

#### **Tender evaluation and analysis**

As documented in the 'Tender Evaluation Plan' the tender analysis was performed utilising both 'quantitative' and 'qualitative' criteria.

Scoring was based on the TEP determination of the degree of achievement of the requirements set out in the tender document. A maximum score for a criterion was only given if it was fully compliant, with no risks and weaknesses. The score was reduced proportionately to the extent of non-conformities, discrepancies, errors, omissions and risk.

To provide the TEP with a summary of the analysis and further details and background to tenderers which appear to be worthy of consideration for primary and backup contractor, a formal 'Tender Evaluation Risk Report' was prepared. This report typically listed the top five scoring tenderers in the analysis listed in order of WSROC Ranking. This report is available on Council file for further reference.

### Rejected tenderers

All non-conforming tenders were considered on their merits and in each case rejected on the grounds that they did not offer the scope of services required, or otherwise compromised the objectives of the tender conditions or contract terms.

The following tenders were considered non-conforming and rejected by the TEP:

Company	Contract	Rejected Reason
J&E Excavations	Sprayed Bituminous Surfacing - (SBS)	Insufficient priced items to cover full scope of contract
Clearwater Services	Asphalt Works - (AW)	Did not submit C8 –PROFILING Schedule of Rates essential to evaluate AW Contract
D&M Excavations and Asphalt	Profiling - (PR)	Insufficient priced items to cover full scope of contract

### Tender conclusion

The following tenderers were considered preferred based on the selection criteria and subsequent analysis by the TEP representative:

BLUE MOUNTAINS CITY COUNCIL			
Good/Service Contract	Preferred Tenderer Bid	Preferred Tenderer Bid	Preferred Tenderer Bid
Sprayed Bituminous Surfacing - (SBS)	(1 - Primary) Pioneer Road Services	(2 - Secondary) SAMI Road Services (Alternative Bid)	
Stabilisation (Cementitious) - (STC)	(1 - Primary) Stabilised Pavements of Australia	(2 - Secondary) Downer EDI Works	
Stabilisation (Bituminous) - (STB)	(1 - Primary) Stabilised Pavements of Australia	(2 - Secondary) Downer EDI Works	
Ex-Bin/Supply & Deliver Asphalt - (XAS&D)	(Preference 1) Pioneer Road Services	(Preference 2) Boral Asphalt	(Preference 3) State Asphalt Services
Good/Service Contract	Preferred Tenderer Bid	Preferred Tenderer Bid	Preferred Tenderer Bid
Asphalt Works - (AW)	(1 - Primary) State Asphalt	(2 - Secondary) Pioneer Road	

<b>BLUE MOUNTAINS CITY COUNCIL</b>			
	Services	Services	
Road Restoration - (RR)	<b>(1 - Primary)</b> Bernipave	<b>(2 - Secondary)</b> Asphalt Consulting and Testing (t/a Tropic Asphalts)	
Profiling - (PR)	<b>(1 - Primary)</b> Downer EDI Works	<b>(2 - Secondary)</b> Stabilised Pavements of Australia	

### **Rebate analysis**

The contract documentation includes a number of rebates. Rebates are either returned directly to the Council, or are otherwise offered back to the WSROC Region.

Where the rebate is returned directly to the Council, it is in the form of a discount and therefore the Council will only pay the discounted amount when a project qualifies. Rebates which are offered directly to councils relate to works that qualify as 'time flexible' or 'out-of-season'.

Where the rebate is returned to WSROC, it is in the form of a payment made at the end of a 12 month financial period. This rebate is based upon the collective volume of goods and services procured under the contract by all participating councils. The recommended tenderers have offered regional related rebates of likely realisation only in the case of the Sprayed Bituminous Surfacing (SBS) and Asphalt Works (AW) Contracts.

Regional rebates will be distributed back to councils by WSROC based upon their proportion of the collective volume achieved, less the costs of WSROC maintaining the Contract.

### **Draft contract**

A draft contract has been prepared and is available on Council file for further reference.

### **Sustainability assessment**

As this report relates to the process, assessment and selection of a contractor to undertake Asphalt Supply and Associated Services, there are no direct sustainability issues. This work primarily relates to the re-sealing of the Council's existing road network. It is anticipated that there will be financial benefits in pursuing the group contract arrangement with WSROC.

### **Financial implications for the Council**

The proposed contract is a schedule of rates contract, with no financial commitment by the Council to any of the contractors.

### **Legal and risk management issues for the Council**

The proposed contract is an updated form of the present arrangement, with which there have been very few issues and none of a significant nature. As a schedule of rates contract with inbuilt warranties, there is very little risk to the Council. The risk of non-performance by the preferred suppliers has been mitigated by proposing alternate suppliers for each category.

### **Conclusion**

It is anticipated that the new WSROC Group procurement will result in improved value for money for the Council.

The Council has existing contracts with State Asphalt Services, FRH Group Pty Ltd, Pioneer Road Services Pty Ltd, Borthwick & Pengilly Asphalts Pty Ltd, Emoleum and SAMI Road Services, which will need to be terminated prior to the commencement of the new contract.

It is recommended that the Council enter into contracts with and accepts the offers of the preferred tenderers detailed in this report for a commencement of the services on 1 July 2008 and expiring 30 June 2010.

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