

Contract Extension - Civil Works

File No: S104354

Tender No: 1319

Summary

The City entered into the Civil Works contract with nine service providers in October 2013, for a term of three years with the option of two annual extensions. The estimated contract value was \$18 million per year excluding GST.

This report seeks approval to extend the term of each of the service providers Civil Works contracts until 31 July 2019.

This extension allows for continuation of critical civil works services, while the future civil works contract is fully developed, tendered and awarded. This tender will deliver improvement programs and maintenance on City assets including roadways, kerb and gutter, footways, CBD granite paving, traffic safety facilities and stormwater infrastructure, with an asset value of \$1.1 billion.

The service providers provide professional construction and maintenance services with the consideration of all community and other stakeholder requirements. The work is based on the City's standard civil work specifications and drawings that are used by all civil contractors and service authorities that work in the City.

The current term of each of the nine Civil Works contracts ends on 31 September 2018. An extension is required as a result of a review of contract improvement processes, improved data and asset management processes and procurement of a range of other significant projects. Given the time required to develop the revised Civil Works tender to ensure the next contract will provide improved data capturing, improved end to end process, use of technology, quality control and cost management procedures, approval is sought to extend the term of each contract with the services providers. This will permit an adequate transition-in period.

Recommendation

It is resolved that:

- (A) Council approve an exemption from tender in accordance with section 55(3)(i) of the Local Government Act 1993, to extend the term of the Civil Works Agreements with each service provider by 10 months to 31 July 2019;
- (B) authority be delegated to the Chief Executive Officer to negotiate, execute and administer a variation to the Civil Works Agreement to provide for the extension of the term under clause (A);
- (C) Council note that, because of extenuating circumstances, a satisfactory result would not be achieved by inviting tenders; and
- (D) Council note the reasons why a satisfactory result would be achieved by inviting tenders now are:
 - (i) the expenditure of the contract requires significant review of a new delivery processes to ensure improved contract management efficiencies, data capturing and the use of technology;
 - (ii) the existing service providers have good performance ratings and are providing good value for the service they are delivering;
 - (iii) the current construction has a high demand on civil construction contractors. The rates of the service providers recommended for an extension are competitive; and
 - (iv) limited time is available from now to the end of the contract to achieve a robust City tender process.

Attachments

Attachment A. Financial Implications (Confidential)

Background

1. On 26 August 2013, Council resolved to accept the tender from nine service providers for civil works. The contracts replaced a similar schedule of rates panel contracts which expired at the end of July 2013 after a four-year period.
2. Each of the Civil Works contracts commenced on 1 October 2013 for a term of three years, with an additional two-year term based on performance.
3. The additional two-year extensions were exercised and commenced in October 2016. Each contract, including exercised option, will end on 31 September 2018.
4. The City of Sydney manages approximately 333 kilometres of roadway, 619 kilometres of kerb and gutter, 533 kilometres of footways, 12,000 stormwater pits, 100,000 square meters of CBD granite paving, 2,000 traffic facilities and 190 kilometres of stormwater infrastructure, with an asset value of \$1.1 billion.
5. The Civil Works panel contract is used to construct and maintain its civil assets of five panels which will be utilised to undertake civil works. The panels are:
 - (a) footpath, kerb and gutter;
 - (b) granite paving footpath;
 - (c) drainage;
 - (d) traffic safety improvements; and
 - (e) road and footpath restorations.
6. There were nine ranked service providers across the five panels that are required to provide professional construction and maintenance services with consideration of all community and other stakeholder requirements. The service providers in order of ranking were:
 - (a) Footpath, Kerb and Gutter Panel
 - (i) Sydney Civil Pty Ltd
 - (ii) Quality Management & Construction Pty Ltd trading as QMC Group
 - (iii) Ally Property Services Pty Ltd
 - (iv) Subakette Pty Ltd
 - (b) Granite Paving Panel
 - (i) Quality Management & Construction Pty Ltd trading as QMC Group
 - (ii) Sydney Civil Pty Ltd
 - (iii) Sam the Paving Man Pty Ltd
 - (iv) Ford Civil Pty Ltd

- (c) Drainage Panel
 - (i) Byrne Civil Pty Ltd
 - (ii) Quality Management & Construction Pty Ltd trading as QMC Group
 - (iii) Ford Civil Pty Ltd
 - (iv) Sydney Civil Pty Ltd
 - (v) Subakette Pty Ltd
 - (d) Traffic Safety Improvements Panel
 - (i) Sydney Civil Pty Ltd
 - (ii) Quality Management & Construction Pty Ltd trading as QMC Group
 - (iii) Byrne Civil Pty Ltd
 - (iv) Ford Civil Pty Ltd
 - (e) Road and Footpath Restorations Panel
 - (i) Sydney Civil Pty Ltd
 - (ii) Stateline Asphalt Pty Ltd
 - (iii) Quality Management & Construction Pty Ltd trading as QMC Group
 - (iv) Ally Property Services Pty Ltd
 - (v) Asphalt Laying Services Pty Ltd
 - (vi) Subakette Pty Ltd
7. The work delivered is based on the City's standard civil work specifications and drawings that are used by all civil contractors and service authorities that work in the City.
8. An extension is required as a result of a review of contract improvement processes, improved data and asset management processes and procurement of a range of other significant projects. The next contract will provide improved data capturing, improved end to end process, use of technology, quality control and cost management procedures, approval is sought to extend the term of each contract with the services providers which will permit an adequate transition in period.

Key Implications

Organisational Impact

9. The contract extensions will allow for a well-planned tender process that will provide efficient, timely and cost effective civil work services.

Risks

10. Without the extensions, the City will need to tender the contract to commence on 1 October 2018. This does not allow enough time to run an industry appropriate tender process, or to allow transitional phase in time as required.
11. Without the extensions, the City will not be able to continue providing civil works services.

Budget Implications

12. The Civil Works contracts are based on a schedule of rates with annual rise and fall adjustments.
13. The total value of all the contract for the entire five-year term and 10 month extension period is outlined at confidential Attachment A.
14. Funds are available for the 10 month extension in the 2018/19 operating and capital budgets.

Relevant Legislation

15. Section 55(3)(i) of the Local Government Act 1993.

Critical Dates / Time Frames

16. The current Civil Works contracts are due to end on 31 September 2018. It is recommended that the contract end date under each contract is extended to 31 July 2019.
17. If the contracts are extended, then the new Civil Works contract would go to market in November 2018 followed by the issue of a select tender.
18. Council approval is scheduled to be sought in April 2019 to appoint the successful tenderers for the next contract commencing from 1 July 2019.

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