

Item 12.

Tender - T-2023-984 - City Civil Works

File No: X096712.003

Tender No: T-2023-984

Summary

This report provides details of the tenders received for the City Civil Works contracts.

This tender is for the provision of civil works services required to maintain and improve the City's civil infrastructure including drainage, footways, cycleways, roads and street furniture. The tender is for the replacement of services provided through the existing Civil and Sydney Street Infrastructure Works contracts that expire on 26 September 2024. These contracts have ensured civil works are effectively delivered in keeping with capital and maintenance programs set in the City's Delivery Program and Operational Plans.

The City Civil Works contracts incorporate services that span from delivering a high volume of minor works through to larger scale civil projects. The works are generally complex and high risk, and the City requires the services of capable and highly experienced civil works service providers to effectively deliver them.

The City Civil Works contracts were tendered in late 2023. The tendered services comprise three separate Work Lots. Work Lot 1 encompasses routine major civil works programs, Work Lot 2 generally relates to minor civil works and Work Lot 3 is civil works allocated to a panel of service providers to deliver defined projects.

This report recommends that Council accept the tender of Tenderer D for Work Lot 1, Tenderer D for Work Lot 2 and Tenderers A, B, D and F for Work Lot 3.

This report also recommends that Council grant a standing exemption from tender for the procurement of items for Work Lot 3 that are not within the Schedule of Rates set out in Confidential Attachment B to the subject report to a cumulative upper limit of \$500,000 inclusive of GST per project.

Recommendation

It is resolved that:

- (A) Council accept the tender offer of Tenderer D for Work Lot 1, Tenderer D for Work Lot 2 and Tenderers A, B, D and F for Work Lot 3 for the City Civil Works contracts for the price and contingency outlined in Confidential Attachment A to the subject report for a contract term of five years with two optional extensions to the contract term of three years and two years respectively;
- (B) Council approve the total contract sum and contingency for the City Civil Works contracts as outlined in Confidential Attachment A to the subject report;
- (C) Council accept the Schedule of Rates for the City Civil Works contracts as presented in Confidential Attachment B to the subject report;
- (D) Council approve an exemption from tender in accordance with section 55(3)(i) of the Local Government Act 1993 for the duration of the contract term, including any extensions, for the procurement of items for Work Lot 3 that are not within the Schedule of Rates set out in Confidential Attachment B to the subject report contract to a cumulative upper limit of \$500,000 inclusive of GST per project;
- (E) Council note the reasons a satisfactory result would not be achieved by inviting tenders for the procurement of items referred to in clause (D) is due to the following extenuating circumstances:
 - (i) due to the variability of civil infrastructure, it is anticipated that there will be circumstances where works will be required that are not envisaged in the Schedule of Rates that are unusual, unique or unknown at the time of tender;
 - (ii) the ability to include these items under Work Lot 3 will allow for the effective delivery of civil infrastructure;
 - (iii) the time and cost to take the procurement of these items to market would disrupt the delivery of civil infrastructure; and
 - (iv) the panel structure of Work Lot 3 and the requirements for competitive quotes will provide value for money for the procurement of these items; and
- (F) authority be delegated to the Chief Executive Officer to finalise, execute and administer the contracts relating to the tender (including exercising options, if appropriate) and to give effect effect to the approval in clause (D).

Attachments

Attachment A. Tender Evaluation Summary (Confidential)

Attachment B. Schedule of Rates (Confidential)

Background

1. The City of Sydney manages approximately 330 kilometres of roadway, 592 kilometres of footways, 22 kilometres of cycleways, 2,500 traffic facilities, 11,500 stormwater pits, and 162 kilometres of stormwater infrastructure with an asset value of approximately \$2.5 billion.
2. The City uses internal resources that are complemented by civil works service contractors to maintain and improve the City's civil infrastructure assets. This arrangement has successfully operated for many decades and it continues to ensure the City has a resilient and effective approach to delivering civil infrastructure.
3. The City's Civil and Sydney Street infrastructure Works contracts commenced in 2019. These contracts have ensured civil works are effectively delivered in keeping with capital and maintenance programs set in the City's Delivery Program and Operational Plans. These contracts are based on a Schedule of Rates and they are due to expire on 26 September 2024. Two service providers currently deliver civil works under these contracts. One service provider is appointed for major civil works programs and projects. The second service provider is appointed for minor civil works.
4. The City Civil Works contracts are intended to continue providing the same services as the City's Civil and Sydney Street infrastructure Works contracts, with some improvements. The services proposed in the City Civil Works contracts include traffic control, emergency response works, design, earthworks, drainage, utility works, road pavements, kerbs, gutters, footways, landscaped spaces, street furniture, electrical items and traffic signals.
5. The services nominated in the City Civil Works contracts span from managing a high volume of minor works through to larger scale civil programs and projects. Civil infrastructure works are complex and high risk, and the City requires the services of capable and highly experienced civil works service providers to effectively deliver them.
6. The City Civil Works contracts comprise three separate Work Lots. Work Lot 1 encompasses routine major civil works programs and has a dedicated service provider. Work Lot 2 generally relates to minor civil works and also has a dedicated service provider. Work Lot 3 has a panel of competing service providers, formed to provide a greater depth of capacity to service any civil works required and to deliver high value civil project works.
7. Each Work Lot contract is based on tendered Schedule of Rates pricing.
8. The City Civil Works contracts will ensure the City has the capability to:
 - (a) promptly respond to all forms of emergency civil works;
 - (b) scale resources required for minor work through to major programs and projects;
 - (c) maintain value for money through ongoing competitively awarded works;
 - (d) effectively coordinate a complex mix of service disciplines and high risk works;
 - (e) foster innovation and sustainability improvements; and
 - (f) ensure ongoing consistency of the City's approach to civil services.

9. Due to the variability of civil infrastructure, it is anticipated that there will be circumstances where works will be required that are not envisaged in the Schedule of Rates that are unusual, unique or unknown at the time of tender but which are of the general nature contemplated by the contracts. This may include works for cultural or heritage items, utility works or a customised design arrangement.
10. To cater for these circumstances, the City Civil Works contracts allows for service providers to provide quotes on items not envisaged in the Schedule of Rates. The service provider for Work Lots 1 and 2 must obtain competitive quotes for any such services (except in limited circumstances where this is not feasible, including emergency works). This arrangement is restricted to a cumulative upper limit of \$250,000 inclusive of GST per project.
11. In Work Lot 3, items that do not form part of the Schedule of Rates are proposed to be restricted to a cumulative upper limit of \$500,000 inclusive of GST per project. Quotes will be obtained from panel members as part of the selection process for a project, or if a need arises during a project, a similar quotation process to that described above for Work Lot 1 and 2 will apply. A standing exemption for the procurement of quoted items outside of those envisaged in the Schedule of Rates for Work Lot 3 is necessary to allow for the effective delivery of civil infrastructure.
12. In circumstances where the total amount of non Schedule of Rates items exceeds the cumulative upper limit per project, a separate procurement process or approval will be required.
13. Due to the extensive number of service providers in the market, combined with the complex nature of the civil works services sought, the City determined that the ideal procurement approach was an Expression of Interest, followed by a Select Tender process.
14. An independent Probity Advisor was in attendance at every evaluation panel meeting throughout the procurement process.

Invitation for Expressions of Interest

15. Requests for Expressions of Interest were advertised through Tenderlink on 22 September 2023 and closed on 20 October 2023.

Expression of Interest Submissions

16. Thirty-one submissions were received from the following organisations:
 - Bedrule Pty Ltd (ABN – 37158027260)
 - BMD Constructions Pty Limited (ABN – 59010126100)
 - Byrne Civil Engineering Constructions Pty Ltd (ABN – 57072860710)
 - CA&I Pty Ltd (ABN – 40158442436)
 - Capital Civil Works Pty Ltd (ABN – 11664177173)

- Civotek Pty Ltd (ABN – 64628747633)
- Convil Group Pty Ltd (ABN – 18613491875)
- Delta Pty Ltd (ABN – 67007069794)
- Ezy-Pave Pty Ltd (ABN – 76108448193)
- Ford Civil Contracting Pty Ltd (ABN – 24002542814)
- Fulton Hogan Industries Pty Ltd (ABN – 54000538689)
- Hi-Tech Civil Group Pty Ltd (ABN – 68618007391)
- Knight Civil Pty Ltd (ABN – 52626286351)
- Laidre Group Pty Ltd (ABN – 45623214335)
- Mack Civil Pty Limited (ABN – 94163885943)
- Mak Constructions (Aust) Pty Ltd (ABN – 75164835545)
- Marine & Civil Maintenance Pty Ltd (ABN – 15097350957)
- Metro Construction Group Pty Ltd (ABN – 24615039364)
- NSW Building and Civil Pty Ltd (ABN – 82630836234)
- NSW Kerbing Pty Ltd (ABN – 98152369796)
- Optimal Civil Pty Ltd (ABN – 26612566891)
- Quality Management & Constructions Pty Ltd (ABN – 29067829323)
- Raitact Pty Ltd (ABN – 45665024500)
- Regal Innovations Pty Ltd (ABN – 79002411814)
- Sam the Paving Man Pty Ltd (ABN – 95050612194)
- State Civil Pty Ltd (ABN – 88159352271)
- Statewide Civil Pty Ltd (ABN – 80112558513)
- Sydney Civil Pty Ltd (ABN -90078474665)
- Trazlbat Pty Ltd (ABN – 75003720394)
- Vaughan Civil Pty Ltd (ABN – 50152638447)
- Ward Civil & Environmental Engineering Pty Ltd (ABN – 65098942459)

17. No late submissions were received.

Expression of Interest Evaluation

18. All members of the Expression of Interest Evaluation Panel have signed Pecuniary Interest Declarations. No pecuniary interests were noted.
19. The relative ranking of Expression of Interest respondents as determined from the total weighted score is provided in the Tender Evaluation Summary – Attachment A.
20. All submissions were assessed in accordance with the approved evaluation criteria being:
 - (a) demonstrated capacity to deliver multiple projects and annual programs concurrently, including demonstrated organisational and technical capacity, to undertake a variety of civil works from minor works to large complex projects;
 - (b) demonstrated relevant experience in delivering civil works within a similar sized Local Government Area and densely populated urban environment;
 - (c) degree of demonstrated resource availability and professional expertise to carry out Public Domain Civil Works, including skills and qualifications of nominated project team members, and systems and data management;
 - (d) demonstrated commitment to environmental sustainability and quality assurance;
 - (e) demonstrated commitment to Modern Slavery, Corporate Social Responsibilities, including Aboriginal & Torres Strait Islander Engagement; and
 - (f) financial Viability, ability to meet the City's required Insurances and ability to meet the City's Work, Health & Safety requirements (Mandatory).
21. At the completion of the Expression of Interest evaluation, ten service providers were short-listed to participate in a select tender process, being:
 - BMD Constructions Pty Limited (ABN - 59010126100) ;
 - CA&I Pty Ltd (ABN – 40158442436);
 - Delta Pty Ltd (ABN – 67007069794);
 - Ford Civil Contracting Pty Ltd (ABN – 24002542814);
 - Fulton Hogan Industries Pty Ltd (ABN – 54000538689);
 - Mack Civil Pty Limited (ABN – 94163885943);
 - Marine & Civil Maintenance Pty Ltd (ABN –15097350957);
 - Quality Management & Constructions Pty Ltd (ABN – 29067829323);
 - Sydney Civil Pty Ltd (ABN - 90078474665); and
 - Ward Civil & Environmental Engineering Pty Ltd (ABN – 65098942459).

Invitation to Tender

22. Request for Tenders were released to the ten short-listed tenderers through Tenderlink on 11 December 2023 for eight weeks. A subsequent extension of time was approved, and tenders closed 20 February 2024.

Tender Submissions

23. Eight submissions were received from the following organisations:
- CA & I Pty Ltd (ABN – 40158442436)
 - Ford Civil Contracting Pty Ltd (ABN – 24002542814)
 - Fulton Hogan Industries Pty Ltd (ABN – 54000538689)
 - Mack Civil Pty Limited (ABN – 94163885943)
 - Marine & Civil Maintenance Pty Ltd (ABN – 15097350957)
 - Quality Management & Construction Pty Ltd (ABN – 29067829323)
 - Sydney Civil Pty Ltd (ABN - 90078474665)
 - Ward Civil & Environmental Engineering Pty Ltd (ABN – 65098942459).
24. There were four submissions received for Work Lot 1, five submissions were received for Work Lot 2 and seven submissions were received for Work Lot 3.
25. Two invited organisations did not submit a response which is noted in Attachment A.
26. No late submissions were received.

Tender Evaluation

27. All members of the Tender Evaluation Panel have signed Pecuniary Interest Declarations. No pecuniary interests were noted.
28. The relative ranking of tenders as determined from the total weighted score is provided in the Tender Evaluation Summary – Attachment A.
29. All submissions were assessed in accordance with the approved evaluation criteria being:
- (a) company profile and demonstrated experience in collaborative and relationship management, carrying out detailed design and construction works of a similar size, complexity, scale and in a similar environment (dense commercial city centre with complex utilities & servicing requirements), proven capacity to deliver high-quality public spaces, robust company quality management system and commitment to environmental sustainability;

- (b) specified delivery team including personnel allocation, qualifications, technical ability, proven capacity to design and deliver high-quality public spaces, percentage of time on project; risk identification, contingency management and business continuity plans; identified sub-contractors/suppliers and their experience; and social responsibility including Aboriginal and Torres Strait Islander engagement;
 - (c) proposed delivery methodology including the approach to manage services, project and program management and supply chain management;
 - (d) company systems and capability to work within the City's nominated asset, data and business intelligence reporting requirements, including capability for systems integration;
 - (e) Work Health & Safety;
 - (f) application of the Schedule of Rates for nominated works; and
 - (g) assessment of Schedule of Rates based on indicative annual price.
30. It is recommended that Council accept the tender of Tenderer D for Work Lot 1, Tenderer D for Work Lot 2 and Tenderers A, B, D and F for Work Lot 3 of the City Civil Works contracts.

Performance Measurement

31. The City will ensure that all performance standards are achieved during the contract term through the regular assessment of the Key Performance Indicators, including:
- (a) Work Health and Safety performance;
 - (b) administration and document management;
 - (c) quality and data management;
 - (d) worksite and traffic management;
 - (e) environmental performance;
 - (f) communication with the City;
 - (g) authority management (service utilities);
 - (h) community engagement; and
 - (i) program management.

Financial Implications

32. The total contract sum and contingency for City Civil Works contracts are detailed in the Tender Evaluation Summary in Attachment A. The Schedule of Rates for all recommended tenderers is detailed in Attachment B.
33. The Schedule of Rates offered are considered competitive and in numerous instances compare favourably to the rates presently available within the City's Sydney Street Infrastructure Works contracts.
34. There are sufficient funds allocated for these works within the relevant capital and maintenance budgets and future years' forward estimates.
35. The quantity of work awarded each year is subject to approved capital works programs and maintenance activities required to achieve desired service levels for the City. The City does not guarantee any minimum quantity of works in any year.

Relevant Legislation

36. The tender has been conducted in accordance with the Local Government Act 1993, the Local Government (General) Regulation 2021 and the City's Procurement and Contract Management Policy.
37. Local Government Act 1993 - Section 10A provides that a council may close to the public so much of its meeting as comprises the discussion of information that would, if disclosed, confer a commercial advantage on a person with whom the council is conducting (or proposes to conduct) business.
38. Attachments A and B contain confidential commercial information of the tenderers and details of Council's tender evaluation and contingencies which, if disclosed, would:
 - (a) confer a commercial advantage on a person with whom Council is conducting (or proposes to conduct) business; and
 - (b) prejudice the commercial position of the person who supplied it.
39. Discussion of the matter in an open meeting would, on balance, be contrary to the public interest because it would compromise Council's ability to negotiate fairly and commercially to achieve the best outcome for its ratepayers.

Critical Dates / Time Frames

40. The existing Sydney Street Infrastructure Works contracts expire on 26 September 2024. The City Civil Works contracts are planned to commence at least two months prior to the expiry of the Sydney Street Infrastructure Works contracts to ensure a seamless transition of service provision between these two contracts.
41. The initial contract term for the City Civil Works contracts is five years. There is provision for a three-year extension and then a further two-year option to extend.

Options

42. An alternative option is for the City to engage one service provider for all Work Lots. This option is not recommended as it would limit competition and lower the City's control of service provider performance.
43. Another alternative option is for the City to award all works through the Work Lot 3 panel of service providers. This option is not recommended as the City requires routine programs and reactive works to proceed efficiently and promptly without the burden of a further round of competitive quotations.

Public Consultation

44. There was no public consultation prior to this tender being advertised.
45. The City Civil Works contracts incorporate the requirement for appointed service providers to support the City's public consultation activities, including:
 - (a) preparation of concepts, visualisations and designs;
 - (b) distribution of notification letters to nearby residents and businesses about forthcoming civil works;
 - (c) provision of site management, signage and traffic management plans;
 - (d) preparation of Communications Management Plans that are scaled to suit the type and complexity of civil works; and
 - (e) dedicated project community liaison officers who continue to proactively engage with the community where warranted.

VERONICA LEE

Director City Services

Peter Shields, Chief Engineer – City Infrastructure and Traffic Operations