CM13.6. Wagga Road Beautification Stage 2A - Kaylock Road to McDonald Road Contract No. 18/02566

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CONFIDENTIAL	No		
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Purpose of Report

To recommend a preferred contractor for the construction of Wagga Road Beautification Stage 2A (Kaylock Road to McDonald Road), through a qualitative and quantitative assessment.

Background

Lavington CBD Master Plan is a key infrastructure strategy adopted by Council. A component of the strategy is to beautify Lavington *'to make Lavington a more attractive and desirable place to live and work*' by delivering high quality streetscapes that include street tree planting, medians and street beautifications that will improve the attractiveness of Lavington CBD.

One of the projects in the strategy is the beautification of Wagga Road between Urana Road and Barlow Street; Stage 1 from Urana Road to Kaylock Road has been constructed and Stage 2A is the next stage from Kaylock Road to McDonald Road. Future Stage 2B will be from McDonald Road to Barlow Street.

The scope of the works included in this contract (Stage 2A) is summarised below:

- reseal of approximately 500 metres in length of road surface;
- 500 metres in length of kerb and guttering;
- kerb and splitter island at McDonald Road intersection;
- installation of centre islands with trees and landscaping;
- installation of trees in road verge; and
- new paved pathways.

Tenders were invited for Contract No.18/02256 – Wagga Road Stage 2A, and advertised in the Border Mail, Sydney Morning Herald and on Tenderlink. Tenders closed at 12 noon on Tuesday 18 December 2018.

The contract duration is estimated at 16 weeks and will be completed in the 2018/19 financial year. Council's budget allocation for the project is $1.485M including GST.

In September 2018 an application was submitted under the 'Growing Local Economies' fund for the amount of $4M to construct Wagga Road from Kaylock Road to Barlow Street ($2M from the fund and $2M from AlburyCity). Post the advertising and closing of this tender, Council was advised that it was successful in its application.

A location plan is *attached* for information.

Tender Evaluation

At the close of tenders, two submissions were received from the following companies:

- Mitchell Constructions Pty Ltd (Albury NSW); and
- Excell Gray Bruni Pty Ltd (Wodonga VIC).

All tenders were evaluated in accordance with Council's Procurement Policy and Guidelines. The assessment panel for the tender comprised Procurement and Contract Management – Gerard Coyle, Engineering Designer – Alan Rodgers, Engineering Designer – Rebecca Willcox and Senior Project Engineer – Ross Tuckwell.

The selection process must provide the best value for money when evaluated against the applicable assessment criteria. Best value does not necessarily mean 'lowest price'; it involves a comparative analysis of the benefits of the submission versus the cost of the procurement. Some of the benefits of a submission that are considered include resourcing and availability, performance history, planning and programming, work health and safety record, quality of work and experience. Consideration may also be given to items external to the contract such as additional contract management requirements during the course of the contract.

Conformity Check

A conformity assessment was undertaken to ensure all submissions received were in accordance with the contract documentation and specification.

Company	Pricing Details	Supporting Information	WHS Documentation	Comment
Excell Gray Bruni Pty Ltd	✓	✓	✓	Fully Complies
Mitchell Constructions Pty Ltd	✓	✓	✓	Fully Complies

As indicated above, both submissions were assessed as conforming tenders. Both companies are WHS registered with Council.

Qualitative Assessment

A qualitative assessment considered a range of issues including:

- past performance – including referee checks, relevant experience and expertise in performing same or similar projects;

- methodology and program – project methodology and proposed program;
- capacity – current and future commitments and workload;
- capability - including availability of resources, equipment and contract management capabilities; and
- benefit to local region – social and community benefit to the Albury/Wodonga region.

Company	Past Performance (30%)	Methodology & Program (40%)	Capacity & Capability (20%)	Local Benefit (10%)	Total (100%)
Excell Gray Bruni Pty Ltd	26	33	16	7	82
Mitchell Constructions Pty Ltd	19	27	14	7	67

Excell Gray Bruni Pty Ltd is a locally based company and has undertaken a number of similar projects throughout New South Wales and Victoria. Recently the company has completed the Havelock Street extension Wodonga, Bunnings Albury roundabouts and Logic Rail Hub earthworks. Excell Gray Bruni Pty Ltd also successfully completed the previous stage of Wagga Road Beautification (Stage 1) for AlburyCity. Their current work commitments include a number of large-scale projects; High Street, Wodonga (expected to be completed in June 2019), Riverside Estate Stage 14, Wodonga (expected to be completed in May 2019) and Benalla Precast facility (expected to be completed in March 2019). They have also recently been awarded Kerr Road Stage 5 for AlburyCity which commenced at the end of January 2019, with an estimated completion date at the end of May 2019.

Referee information indicated that the company typically completed projects to a high standard on or before the date of Practical Completion. The company has good coordination procedures and is professional in managing the construction site, their suppliers and subcontractors. They are accommodating to local businesses in the scheduling of works.

Overall, Excell Gray Bruni Pty Ltd's standard of works and procedures has been to a high standard on similar projects for AlburyCity (Wagga Road Beautification Stage 1, and Kerr Road Reconstruction Stages 1, 2, 3 and 4). The company has extensive experience on similar projects including High Street reconstruction for Wodonga Council.

The company has submitted a detailed works methodology, outlining their intended works methods and staging of the project. The works program provided a clear timeline of works and indicated a contract period of 15 weeks. The company has submitted an extensive range of their management systems including Safe Work Method Statements, Environmental Management System, Workplace Health and Safety Management System, and Quality Management System.

Excell Gray Bruni Pty Ltd has indicated that should they be awarded this tender, 100% of the materials, plant and labour will be sourced from the local region. The company has also listed a number of local community groups, sporting groups and fundraising events they sponsor.

Mitchell Constructions Pty Ltd is a locally based company and has undertaken a variety of projects in Victoria and New South Wales. Recently the company has completed Total Tools building and car park Albury, and Commercial Club car park Albury. They currently have three projects in hand including SunRice Leeton (expected completion May 2019), Buckeroo Leather Wollongong (expected completion December 2019) and Milos Trust (expected completion May 2019).

Referee information indicated the company typically completed projects to a high standard and within the allocated time frames. The company is cooperative and has good worksite management.

Mitchell Constructions Pty Ltd's previous experience of this type of work for AlburyCity was on Dean Street Beautification Stage 6 - Macauley Street to Young Street carried out in 2017. The company has submitted a basic methodology which listed how they plan to deal with some site issues. The works program indicated a contract period of nine weeks which is well under the forecast 16 weeks to complete works of this scale. They have limited demonstrated experience with this scale of project involving large volumes of traffic through the worksite, pedestrian movements and access to local businesses. It is deemed that Mitchell Constructions Pty Ltd's contract period is extremely optimistic and reflects a potential lack of appreciation of the scope and/or complexity of the project.

Mitchell Constructions Pty Ltd has stated that if successful 100% of the labour, plant and materials for this project will be sourced locally. The company has indicated that they provide sponsorship to a local sporting club.

From the information provided, Excell Gray Bruni Pty Ltd indicated they have the required management systems and experience in this type of project, construction plant and resources to provide AlburyCity with a quality product. However, their current commitments on both sides of the border are significant and brings into question availability of resources to complete the project within the required timeframe. Mitchell Constructions Pty Ltd has indicated they have no experience with a road project of this scale particularly managing through traffic and access to businesses, their previous experience of Dean Street Beautification carried out for AlburyCity was of a much smaller scale. Their submitted program and methodology highlights the potential lack of understanding of the project requirements and their nominated timeframe of nine weeks will be difficult to achieve and poses a risk to Council.

Quantitative Assessment

The lump sum tender prices and ratings relative to the lowest price are tabulated below.

Company	Tendered Price (including GST)	Rating (Max. 100)
Mitchell Constructions Pty Ltd	$1,315,210.05	100
Excell Gray Bruni Pty Ltd	$1,662,355.20	79

The budget allocation for the project is $1.485M, including GST; Excell Gray Bruni Pty Ltd's submission was outside the budget allocation, whilst Mitchell Constructions Pty Ltd's submission was within the budget provision.

As detailed above, the submission from Mitchell Constructions Pty Ltd was the most favourable from a cost perspective, being $347K or 26% more favourable than Excell Gray Bruni Pty Ltd.

Risk

- Business Risk – financial risks are possible if latent/unknown construction issues are encountered, a geotechnical investigation and lessons learnt from Stage 1 construction have been undertaken to reduce this risk.

- Corporate Risk – this project is located within one of the principal access and commercial corridors on the north side of Albury and as such, will be highly visible to the community. Completion of this project will support both the continued redevelopment occurring within this area and Council's ongoing commitment to efficiently and effectively managing community assets. The proposed works would have a short-term impact on local businesses during the construction period on issues such as; restriction of access, noise and dust generation and potential loss of trade. Council would need to appoint a contractor with suitable methodology, program and past experience in delivering a high-quality project like this. This risk area is considered high.

- WHS and Public Risk - WHS risks due to the construction works will be controlled in accordance with AlburyCity procedures. The contractor will be WHS registered with AlburyCity and will be required to implement relevant Safe Work Method Statements and safety inspections. WHS risk is considered low.

- Delivery Program Risk – standard risks associated with construction are possible, including delays due to inclement weather and changes due to latent/unknown construction issues. However, the construction is scheduled to occur during Summer and Autumn and site investigations have been undertaken during the design and planning phase, so Delivery Program risks are considered low.

Community Engagement

Wagga Road Beautification is part of the Lavington CBD Master Plan. The project is to deliver high quality streetscapes that include street tree planting, medians and street beautification, that in the short term will improve the attractiveness of the Lavington CBD.

Extensive community consultation was undertaken, and Wagga Road was identified as a priority area for enhancement as a 'key infrastructure project'. Further consultation was undertaken in the development of the design during 2015 with the adjacent directly affected properties and proprietors.

Construction of Stage 1 Beautification was carried out in 2015/16, Stage 2A is proposed for construction in 2018/19, with Stage 2B to follow in the 2019/20 financial year (Stage 2A plan and Stage 2B concept plans *attached*).

Consultation on Stage 2B is currently underway to enable design and construction to proceed.

Summary

The scoring for the qualitative and quantitative assessment is summarised in the following table.

Company	Qualitative	Quantitative $
Excell Gray Bruni Pty Ltd	81	79
Mitchell Constructions Pty Ltd	67	100

From the qualitative assessment, Mitchell Constructions Pty Ltd has the required management systems and necessary resources required to undertake this project, however their submission indicates that they are lacking in experience with this scale and type of project. A potential lack of appreciation of the contract scope presents as a high risk for delivery. Excell Gray Bruni Pty Ltd has the resources and experience in the delivery of this type of project. However, their current commitments place a risk on delivery within the contract period.

Mitchell Constructions Pty Ltd's submitted program of nine weeks is considered insufficient to complete these works. Furthermore, their listed price for traffic control was considerably lower than Council's estimate and did not reflect the level of resources required for a project of this type. Mitchell Constructions Pty Ltd has limited experience in a project of this scale. The above issues expose Council to risks of contract over-runs, variations, and places a financial risk on the contractor in a lump sum contract.

Council's budget for these works is $1.485M, placing it less than Excell Gray Bruni Pty Ltd and more than Mitchell Constructions Pty Ltd submitted prices. From a quantitative perspective the submission from Mitchell Constructions Pty Ltd was the most advantageous being 11% more favourable than Council's budget and 26% ($347K) more favourable than Excell Gray Bruni Pty Ltd.

An analysis of tendered rates against Council's estimate and industry rates found that rates submitted by Excell Gray Bruni Pty Ltd are on average higher than expected. Excell Gray Bruni Pty Ltd has the experience and expertise to carry out these works, however their level of current commitments presents a risk in the delivery of the project.

Options

In this instance three options have been considered:

Option 1 - Council accepts the tender from Mitchell Constructions Pty Ltd for the lump sum amount of $1,315,210.05 including GST, however there is an inherit risks with their appreciation of the scope, provided program and pricing.

Option 2 - Council accepts the tender from Excell Gray Bruni Pty Ltd for the lump sum amount of $1,662,355.20 including GST, which is $177K above Council's available allocation and inconsistent with Council's estimate and current industry rates. Availability of resourcing may place Council at risk of construction duration over-runs.

Option 3 - Council not accept any tenders for Wagga Road Stage 2A at this stage and re-tender the works in a combined contract with Stage 2B with the purpose of obtaining value for money, minimising risk and reducing ongoing disturbance to businesses. A larger project has the benefit of also attracting greater interest from contractors.

Stage 2B design and community consultation is currently in progress with the design expected to be completed by the end of April 2019. With the revised tender including Stage 2A and 2B, contract award can be achieved by June 2019. This new timeframe will require the 2018/19 budget allocation to be carried forward into the 2019/20 year to meet the commitments of the grant funding agreement and deliver the funded projects under the one contract by December 2020.

The re-advertising of the tender will also provide Mitchell Constructions Pty Ltd the opportunity to review their submission to this tender and address any deficiencies to ensure that they provide a competitive tender to the future project.

Conclusion

Council invited tenders for Wagga Road Beautification Stage 2A and received two submissions. Tender submissions were received for this project from Mitchell Constructions Pty Ltd, and Excell Gray Bruni Pty Ltd.

The scope of the contract included the rehabilitation of 500 metres of roadway, including approximately 8,300m^2 of reseal, 500 metres in length of kerb replacement, 500 metres in length of paved pathways, installation of landscaped median islands, installation of 65 new trees, and landscaping of the area.

A quantitative and qualitative assessment indicated that Mitchell Constructions Pty Ltd's experience and program presented a high risk to the effective delivery of the works as required. Excell Gray Bruni Pty Ltd's submission is outside the budget allocation, and resourcing presents a risk to Council.

Since advertising this tender, grant funding for the next stage of Wagga Road (Stage 2B McDonald Road to Barlow Street) has been obtained and the option to combine stages 2A and 2B (Kaylock Road to Barlow Street) would give Council the opportunity to attract greater contractor interest, obtain economies in scale and minimise ongoing disturbance to residents and businesses.

Recommendation

That Council:

a. Not accept any tender for Contract No. 18/02566 - Wagga Road Stage 2A; and
b. Invite open tenders for a combined Wagga Road Stage 2A and Stage 2B project.

Attachments

1. Location Plan – Wagga Road Stage 2A and 2B (DOC19/21405).
2. Wagga Road Stage 2A Plan (DOC19/21403).
3. Wagga Road Stage 2B Concept Plan (DOC19/21404).