

<p>ORDINARY MEETING 22 NOVEMBER 2023</p>	<p>10</p>
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PREFERRED SUPPLIER ARRANGEMENT (PSA) 2913 – STORMWATER PIPES, BOX CULVERTS AND PRE-CAST CONCRETE PRODUCTS

63/1/394 | #7277557

RECOMMENDATION:

That Council:

1. **Awards Preferred Supplier Arrangement (PSA) 2913 – Stormwater Pipes, Box Culverts and Pre-Cast Concrete Products and appoints Rocla Pty Ltd and Holcim Australia Pty Ltd in no order of preference, for a term of two years commencing 1 December 2023, with two extension options of up to 12 months each, available at Council’s discretion.**
2. **Delegates authority to the Chief Executive Officer in accordance with the *Local Government Act 2009* to enter into contract, negotiate, finalise and execute any and all matters associated with or in relation to this contract subject to Council’s normal procurement policies and practices.**

INTERESTED PARTIES:

- Holcim (Australia) Pty Ltd (Non-Local)
- Rocla Pty Ltd (Local)

EXECUTIVE SUMMARY:

Tenders were invited for the Supply and Delivery of Stormwater Pipes, Box Culverts and Pre-cast Concrete Products under Preferred Supplier Arrangement (PSA) 2913 to replace the existing PSA 2749, which expires on 30 November 2023. The PSA for Stormwater Pipes, Box Culverts and Precast Concrete Products is predominantly utilised for the supply of precast concrete components for capital works projects and maintenance programs. The new PSA 2913 is recommended for a term of two years with two extension options of up to 12 months each, solely at Council’s discretion and subject to the satisfactory performance of the Suppliers.

The annual spend over the last 12 months for Stormwater Pipes, Box Culverts and Pre-Cast Concrete Products was approximately \$1.4 million excluding GST. Spend has increased this year due to the scope of the capital works program (Deep Creek Bridge) and rising cost of materials and products due to general CPI increases, labour increases, superannuation and rising cost of fuel and fuel levies.

It is anticipated that the financial spend for the first 12 months of the new PSA will be approximately \$800,000 to \$1,000,000 although the spend is also dependent on the final scope of Council’s operation/capital works programs.

BACKGROUND:

Council invited tenders pursuant to section 228 and section 233 of the *Local Government Regulation 2012 (Qld) (Regulation)*. The tender was advertised on 11 August 2023 and closed on 6 September 2023. Tenders were received from each of the tenderers identified below:

- (a) Holcim (Australia) Pty Ltd;
- (b) Rocla Pty Ltd.

Tenders were checked for conformance against the requirements included in the request for tender.

In selecting the successful Tenderers, the evaluation panel had regard to the sound contracting principles in accordance with section 104 of the *Local Government Act 2009 (Qld)*. Each tender was assessed against the following assessment criteria:

- Criteria A – Relevant experience, performance and management systems – 20%
- Criteria B – Suitability of product range, supply chain, orders and delivery – 30%
- Criteria C – Business profile – 10%
- Criteria D – Value for money – 40%

The evaluation panel consisted of the following members, with oversight provided from the Contracts team within Procurement and Payables:

- Executive Manager, Works (Cairns Infrastructure and Assets)
- Construction Engineer / Coordinator (Cairns Infrastructure and Assets)
- Construction Technical Officer, Works (Cairns Infrastructure and Assets)

COMMENT:

The PSA for Stormwater Pipes, Box Culverts and Precast Concrete Products is predominantly for the supply of precast concrete components for capital works projects and other construction and maintenance programs, in particular the maintenance of stormwater infrastructure. Culverts are structures that allow water to flow under a road, box culverts are used where larger flow capacities are required or where there is insufficient earth cover over the culverts to meet the structural requirements for pipes.

This arrangement ensures that Council can continue to maintain its ongoing responsibility for the construction and maintenance of stormwater infrastructure.

OPTIONS:**Option 1:** (Recommended)

That Council:

1. Awards Preferred Supplier Arrangement (PSA) 2913 – Stormwater Pipes, Box Culverts and Pre-Cast Concrete Products and appoints Rocla Pty Ltd and Holcim Australia Pty Ltd in no order of preference, for a term of two years commencing 1 December 2023, with two extension options of up to 12 months each, available at Council's discretion.

2. Delegates authority to the Chief Executive Officer in accordance with the *Local Government Act 2009* to enter into contract, negotiate, finalise and execute any and all matters associated with or in relation to this contract subject to Council's normal procurement policies and practices.

Option 2:

It is recommended that Council does not endorse PSA 2913 – Stormwater Pipes, Box Culverts and Pre-Cast Concrete Product and adopts an alternative course of action.

CONSIDERATIONS:

Risk Management:

The risk of this engagement is considered minimal as the recommended suppliers have successfully undertaken the supply of concrete products for Council for many years and have the specified Professional Indemnity Insurance required for any design works. Both Holcim (Australia) Pty Ltd and Rocla Pty Ltd are incumbents on the existing PSA 2749.

Council is currently negotiating some departures to terms and conditions with both Rocla and Holcim. The expectation is this will be finalised prior to the commencement of the new PSA on 1 December 2023. However, under this new arrangement, should Council require the procurement of any products prior to finalising departures, consideration will be given on the nature of the products being procured on a case by case basis to minimise Council's exposure to any risk.

Also due to the volatile market and fluctuating concrete prices, all orders will be generated having received quotes from both Suppliers, on an order by order basis. This will give Council a high degree of flexibility and improved performance management tools.

Council Finance and the Local Economy:

It is anticipated that the spend for the first 12 months of the new PSA will be approximately \$800,000 to \$1,000,000 although the spend is also dependent on final scope of Council's operation/capital works programs.

Recent spend reports have shown fluctuating increases and decreases of up to +20% and -20% depending on particular products. As an indication there has been an overall average increase of approximately 5.7% for the most commonly ordered products over the last 12 months.

The expenditure over this PSA will be spread across many project budgets and maintenance programs, which are all accounted for, and the majority of works fall under Cairns Infrastructure and Assets.

Corporate and Operational Plans:

The services forming the basis of this report relate to the following goals in Council's Corporate Plan 2021 to 2026:

- Robust Economy: "Supporting a diversified and resilient economy"; and

- Community and Culture: “Fostering a vibrant and healthy community where everyone feels they belong”.

Statutory:

This tender process has been conducted in accordance with legislative requirements under the *Local Government Act 2009* and the *Local Government Regulation 2012*.

Policy:

The tender process was undertaken in accordance with Council’s adopted Procurement Policy.

CONSULTATION:

Managers and officers within Cairns Infrastructure and Asset, and Procurement and Payables personnel were consulted and the selection panel consisted of representatives from these areas of Council.



Martin Perkowicz
Executive Manager Works



Gary Everson
Associate Director Service Delivery



Mark Wuth
Director Cairns Infrastructure & Assets