

6.8. 6213 RESEAL RENEWAL PROGRAM 2023/24

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DEPARTMENT	Infrastructure

RECOMMENDATION

That Council resolves to:

1. Enter into contract CN 2023-6213- 23/24 Reseal Program to FGF Bitumen Pty Ltd (ABN 53 108 511 637) for \$498,201.59 (GST exclusive).
2. Delegates authority under Section 257(1) b of the *Local Government Act 2009* to the Chief Executive Officer to negotiate, finalise and execute any and all matters associated with the contract.

EXECUTIVE SUMMARY

Council undertakes an annual road resurfacing program to maintain its road network to an acceptable standard. Council has a budget of \$1,116,336.00 for this work as part of the 2023/24 capital works program. A portion of this budget is allocated to reseal activities in addition to other resurfacing maintenance activities.

Council released a tender to the open market to undertake the reseal works. The tender closed on Wednesday 18 October 2023. All submissions were accepted and evaluated by Douglas Shire Council officers.

After evaluation, FGF Bitumen Pty Ltd. was the highest ranked tenderer. Their tender price of \$498,201.59 (GST exclusive) submitted was the lowest of all the conforming tenders and their submission scored above average across all the assessment criteria.

FGF Bitumen Pty Ltd have successfully delivered similar projects for Douglas Shire Council as well as other Councils in the region.

The evaluation and recommendations were workshopped with the Councillors on 21 November 2023. Failure to adopt this recommendation will result in works being delayed until next financial year and a subsequent deterioration of road conditions within the network.

BACKGROUND

Council manages a total of approximately 216km of sealed roads, 54km of concrete floodways and 156km of gravel roads throughout the Douglas Shire. The scope of the resurfacing/renewal program is developed via road inspections and prioritisation of the work.

Typical sealed (bitumen) road defects in the road network include:

- Cracking of the sealed surfaces
- Stripping or loss of stone from the surface
- Rutting – sunken tracks/grooves
- Localised failures such as potholes and shoving

These defects contribute to increased deterioration of the assets and reduce safety for road users.

Council collects this defect data via an external contractor to provide a condition rating for each road segment then uses this information to develop a prioritised program of works.

Council's current road network condition consists of 4% of roads worse than the recommended national average intervention level for the acceptable level of service for road users. To improve our road network to achieve the national average acceptable condition, maintenance expenditure modelling indicates an average expenditure of \$1,152,742 per annum is required for the next three years.

Additionally, to ensure a suitable replacement investment in roads that are at the end of their service life and require replacement, an estimated annual expenditure of approximately \$1,300,000 is necessary.

The current budget allocation is \$1,116,336 to maintain and replace our road assets. Meaning there is currently approximately a \$36,000 to \$184,000 shortfall in expenditure in road asset maintenance/upgrades which will result in a further deterioration of the level of service for road users and a greater requirement to replace this asset class over time.

COMMENT

The reseal program requires external suppliers to undertake due to the nature of the work required. No local suppliers are available, however regional suppliers from Cairns and beyond exist.

The *Local Government Act 2009 Qld* (the Act) and the *Local Government Regulation 2012* (Qld), (the Regulation) provide the legislative framework for local government procurement in Queensland. More specifically, s 104 of the Act states that when entering a contract, the local government must have regard to sound contracting principles.

Chapter 4 - 6, Part 3 of the Regulation outlines the process for tendering to enter a large- sized contract (i.e., \$200,000 or more). Council must invite written tenders before making a contract for the carrying out of work, or the supply of goods or services with a contract sum greater than \$200,000 (excluding GST) or another amount as set out in the Act or Regulation.

Council invited all contractors to participate in the request for tender (RFT) process via our procurement portal Vendor Panel, which closed on 18 October 2023.

At tender close, five (5) submissions received were accepted and then evaluated:

Table - Received submission

Submission	Price
FGF Bitumen Pty Ltd	\$498,201.59 AUD (GST Excl)
Company #2	\$592,088.16 AUD (GST Excl)
Company #3	\$597,674.84 AUD (GST Excl)
Company #4	\$1,275,095.98 AUD (GST Excl)
Company #5	\$519,615.80 AUD (GST Excl)

The evaluation methodology, defined criteria and weightings applied in the assessment of tenders is detailed below. Council officers formed the evaluation panel to administer, review and assess the RFT submissions.

Table - Evaluation Criteria

Criteria	Weighting
Technical Capacity	15%
Business Profile (Local, Social, Sustainability)	20%
Program of Works	15%
Price	50%

FGF Bitumen Pty Ltd was the highest ranked tenderer. They submitted the lowest price, have suitable experience particularly within the Shire and indicated they can complete the works within the desired timeframe.

The evaluation process, results and recommendations were workshopped with the Councillors on 21 November 2023.

PROPOSAL

That Council resolves to:

1. Enter into contract CN 2023-6213- 23/24 Reseal Program to FGF Bitumen Pty Ltd (ABN 53 108 511 637) for \$498,201.59 (GST exclusive).
2. Delegates authority under Section 257(1) b of the *Local Government Act 2009* to the Chief Executive Officer to negotiate, finalise and execute any and all matters associated with the contract.

FINANCIAL/RESOURCE IMPLICATIONS

Council allocated \$1,116,336.00 in the 2023/2024 capital budget for the road resurfacing program. The recommended supplier's price is \$498,201.59 AUD (GST exclusive). The remaining portion of the budget will be allocated to defect logging, asphalt overlays, crack-sealing and pavement rehabilitation works outside this contract. It is anticipated that the entire project will be delivered on budget.

RISK MANAGEMENT IMPLICATIONS

If Council do not resolve to enter into a contract with the recommended supplier the major risk is that the required annual surfacing works will not be able to be completed within this financial year and the acceptable level of service to road users will deteriorate and safety may be compromised. Failure to continue with the recommended surfacing renewal program may lead to future expensive repairs or road reconstruction projects.

SUSTAINABILITY IMPLICATIONS

- Economic:** The recommended supplier provided the most value for money submission. The project will improve safety and provide robust assets that reduces maintenance costs for Council.
- Environmental:** Reseal programs extend the overall asset life, thereby reducing the environmental impact of replacing the asset instead.
- Social:** The project will improve the safety and level of service provided for Council's road network

CORPORATE/OPERATIONAL PLAN, POLICY REFERENCE

This report has been prepared in accordance with the following:

Corporate Plan 2019-2024 Initiatives:

Theme 1 - Celebrating Our Communities

Douglas Shire Council embraces the diversity of our communities and values the contribution that all people make to the Shire. We recognise that it is a core strength of the region. We acknowledge our past so that it may guide us in the future. We recognise the wrongs done to our Indigenous community and we actively seek to reconcile so that we may all benefit from and enjoy our Shire. We acknowledge early European settlers who forged an agricultural base for our economy and we welcome all new arrivals as part of our broader community.

Goal 2 - We will deliver programs and services that protect and enhance the liveability of our beautiful Shire.

Theme 2 - Fostering Sustainable Economic Growth

A robust economy is at the heart of a thriving community and enables investment in environmental protection. While our remoteness is a key attribute, it also presents challenges for attracting new business and investment. We must also meet the challenges of fierce competition in the tourism sector. Council will partner with industry to build, diversify and promote the Douglas economy. Council will design and deliver infrastructure, strategies and services that support the local economy and businesses.

Goal 1 - We will build appropriate infrastructure and deliver services that connect and support businesses.

COUNCIL'S ROLE

Council can play a number of different roles in certain circumstances and it is important to be clear about which role is appropriate for a specific purpose or circumstance. The implementation of actions will be a collective effort and Council's involvement will vary from information only through to full responsibility for delivery.

The following areas outline where Council has a clear responsibility to act:

Builder/Owner Council makes a significant investment every year for infrastructure that underpins the Shire through its capital works program. Council will manage its assets with appropriate frameworks and deliver its projects through robust project management.

CONSULTATION

Internal: Infrastructure Department.
Workshopped with Councillors on 21 November 2023

External: Road condition assessment consultant

COMMUNITY ENGAGEMENT

Will commence after the Contract is awarded.

ATTACHMENTS

Nil