

11.1 - Contract Extensions for RFT 05/2021 Road Stabilisation and Bituminous Sealing, RFT 06/2021 Profiling and Asphalt Surfacing and RFT 07/2021 Insitu Concrete Footpaths and Kerbs (SJ3615)

Responsible Officer:	Manager Engineering Services
Senior Officer:	Director Infrastructure Services
Disclosure of Officer's Interest:	No Officer involved in the preparation of this report has an interest to declare in accordance with the provisions of the <i>Local Government Act 1995</i> .

Authority / Discretion

Executive	The substantial direction setting and oversight role of the Council such as adopting plans and reports, accepting tenders, directing operations and setting and amending budgets.
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Report Purpose

The purpose of this report is for Council to consider extending the following contracts that expire 5 December 2024 by 1 year to 4 December 2025 in accordance with the provisions of the contract and Council resolutions:

- RFT05/2021 Road Stabilisation and Bituminous Sealing - Stabilised Pavements of Australia Pty Ltd;
- RFT06/2021 Profiling and Asphalt Surfacing - Fulton Hogan Industries Pty Ltd; and
- RFT07/2021 Insitu Concrete Footpaths and Kerbs - Dowsing Group Pty Ltd.

Relevant Previous Decisions of Council

Special Council Meeting – 6 December 2021 - SCM082/12/21 - COUNCIL RESOLUTION That Council:

1. *AWARDS Tender RFT 05/2021 - Road Stabilisation and Bituminous Sealing to Stabilised Pavements of Australia Pty Ltd as per CONFIDENTIAL attachment 1 for a period of three (3) years from Date of Award with an option of an additional 1 year at the Shire of Serpentine Jarrahdale Council's discretion with an option of a one (1) year extension; and*
2. *AUTHORISES the Chief Executive Officer to sign a contract on behalf of the Shire of Serpentine Jarrahdale for Tender RFT 05/2021 - Road Stabilisation and Bituminous Sealing*

Contact Us

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Open Monday to Friday 8.30am-5pm (closed public holidays)





Special Council Meeting – 6 December 2021 - SCM083/12/21 - COUNCIL RESOLUTION

That Council:

- 1. AWARDS Tender RFT 06/2021- Profiling and Asphalt Surfacing to Fulton Hogan Industries Pty Ltd as per CONFIDENTIAL attachment 1 for a period of three (3) years from Date of Award with an option of an additional 1 year at the Shire of Serpentine Jarrahdale Council's discretion; and*
- 2. AUTHORISES the Chief Executive Officer to sign a contract on behalf of the Shire of Serpentine Jarrahdale for Tender RFT 06/2021- Profiling and Asphalt Surfacing.*

Special Council Meeting – 6 December 2021 - SCM084/12/21 - COUNCIL RESOLUTION

That Council:

- 1. AWARDS Tender RFT 07/2021- Insitu Concrete Footpath and Kerbs to Dowsing Group Pty Ltd as per CONFIDENTIAL attachment 1 for a period of three (3) years from Date of Award with an option of an additional 1 year at the Shire of Serpentine Jarrahdale Council's discretion; and*
- 2. AUTHORISES the Chief Executive Officer to sign a contract on behalf of the Shire of Serpentine Jarrahdale for Tender RFT 07/2021- Insitu Concrete Footpath and Kerbs.*

Background

At the December Special Council Meeting 6 December 2021, Council awarded the following tenders for a period of 3 years, with an option of an additional 1-year extension at the Council's discretion:

- RFT05/2021 Road Stabilisation and Bituminous Sealing - Stabilised Pavements of Australia Pty Ltd;
- RFT06/2021 Profiling and Asphalt Surfacing - Fulton Hogan Industries Pty Ltd; and
- RFT07/2021 Insitu Concrete Footpaths and Kerbs - Dowsing Group Pty Ltd.

The contracts 3-year period expires on 5 December 2024 and as per the resolution passed at the time, can only be extended by 1 year by a decision of Council.

As advised at the time of tender award, these contracts, commonly termed as 'annual supplier contracts' provide the Shire with the following benefits:

- Achieve better value for money outcomes for the Shire by aggregating the potential spend over an extended contract term to improve the tendered price;
- Further encourage open and fair competition between suppliers by offering potential suppliers' certainty of term and indicative spend over the term of the contract;
- Decrease the Shire's overall contract risk profile by having undertaken the one procurement process instead of embarking on several for the same (the Shire will have certainty of supplier delivery, known performance, systems in place for monitoring and payments don't need to be recreated);



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- Decrease the Shire’s operational costs – each time a procurement is undertaken there is significant cost and resource utilised by the Shire in terms of the procurement personnel undertaking the process, the finance personnel setting up accounts and systems for payment and invoice management and all others involved in the process (project personnel, works managers, admin staff etc). Reducing this requirement by 66% (which is equivalent to creating the same or similar contract for another 2 x single year terms as an example) assists the Shire in reducing operational expenditure;
- Increasing contract terms makes the contracts more financially attractive to the potential tenderer. There is an equivalent degree of operational cost invested in responding to tender requests and suppliers don’t always have the luxury of being able to submit a response if a procurement is undertaken annually vs. a longer contract term (for example 3 or more years);
- The contracts have the flexibility of being structured in term-like periods to make extensions easy if an ongoing need is required and the supplier’s performance is satisfactory. For example 3 years term, plus 1 year extension.

The scope of the contracts are detailed in the table below. The contracts do not cover capital projects that require a different nature of services. These capital projects are tendered and contracted separately on a case-by-case basis.

Contract	Contractor	Scope
RFT05/2021 Road Stabilisation and Bituminous Sealing	Stabilised Pavements of Australia Pty Ltd	Road projects that require pavement stabilisation and sealing as the method for pavement rehabilitation.
RFT06/2021 Profiling and Asphalt Surfacing	Fulton Hogan Industries Pty Ltd	Road projects that require pavement profiling and laying asphalt as the method for pavement rehabilitation and resurfacing.
RFT07/2021 Insitu Concrete Footpaths and Kerbs	Dowsing Group Pty Ltd.	Footpath and Kerbing projects that require the supply and placing of concrete and associated works.

Community / Stakeholder Consultation

Nil.



Statutory Environment

Local Government (Functions and General) Regulations 1996

Regulation 11(2)(j) provides that tenders do not have to be publicly invited where the contract is a renewal or extension of the term of a contract (the original contract) providing:

- (i) the original contract was entered into after the local government, according to the requirements of this Division, publicly invited tenders for the supply of goods or services; and
- (ii) the invitation for tenders contained provision for the renewal or extension of a contract entered into with a successful tenderer; and
- (iii) the original contract contains an option to renew or extend its term; and
- (iv) the supplier's tender included a requirement for such an option and specified the consideration payable, or the method by which the consideration is to be calculated, if the option were exercised.

Regulation 21A(b) states that if a local government has entered into a contract for the supply of goods or services with a successful tenderer, the contract must not be varied unless the variation is a renewal or extension of the term of the contract as described in regulation 11(2)(j), (ja) or (jb).

Council Policy 3.3.10 – Contract Management

Council Policy 3.3.10 – Contract Management provides that the Contract Manager is responsible for making recommendations regarding contract extensions contemplated by Regulation 11(2)(j) of the Regulations. The Policy further notes that any contract extensions must be based on performance of the contractor being to the specified standard in the contract. The Chief Executive Officer is authorised to approve contract extensions contemplated by Regulation 11(2)(j) unless otherwise specified by Council resolution or limit on delegated power.

Comment

The contracts for RFT 05/2021, RFT 06/2021 and RFT 07/2021 expire 5 December 2024, and Officers are recommending they be extended by 1 year to 4 December 2025 as provided for in the original contract and based on the below rationale. Extension of the contract by 1 year will also enable projects to proceed without delay whilst a new tender process is undertaken.

Compliance to Regulation 11(2)(j)

Requirement	Officer Comment
The original contract was entered into after the local government, according to the requirements of this Division, publicly invited tenders for the supply of goods or services.	RFT 05/2021, RFT 06/2021 and RFT 07/2021 were public tenders invited on 1 September 2021, awarded on 6 December 2021, and contracts executed on 15 December 2021.
The invitation for tenders contained provision for the renewal or extension of a contract entered into with a successful tenderer.	The Contract Duration stated in the Invitation to Tender and Specification was “3 Years from Date of Award with an option of an additional 1 year at Council’s discretion”.



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<p>The original contract contains an option to renew or extend its term</p>	<p>Item 3 in Schedule 1 of the Minor Works Contract executed by the Shire and Contractor states the Date of Completion to be “5 December 2024 with an option of an additional year at the Shire of Serpentine Jarrahdale Councils Decision”.</p>
<p>The supplier’s tender included a requirement for such an option and specified the consideration payable, or the method by which the consideration is to be calculated, if the option were exercised.</p>	<p>Each contractor submitted a schedule of rates as part of their tender submission, which is subject to rise and fall variations (i.e., CPI) for the term of the Contract in accordance with section 1.20.1 of the Invitation to Tender and Specification. The extension option extends to the term of the contract as the Contract Duration stated in the Invitation to Tender and Specification was “3 Years from Date of Award with an option of an additional 1 year at Council’s discretion”.</p>

Compliance to Regulation 21A(b)

The contract is an extension as described in Regulation 11(2)(j).

Compliance to Council Policy Council Policy 3.3.10 – Contract Management

The Contract Manger has undertaken a review of each Contractor’s performance to the specified standard in the contract. A summary of this review is as follows.

Contract	Contractor	Officer Comment
<p>RFT 05/2021 Road Stabilisation and Bituminous Sealing</p>	<p>Stabilised Pavements of Australia Pty Ltd</p>	<p>Over the past three years, the supplier has consistently performed to a high standard in road stabilisation activities, particularly in cement and foam bitumen stabilisation. An example of their work can be seen in the stabilisation work completed on Rowley Road, where they applied the Stabilisation technique to a 300 metre section between Kargotich Rd (SLK 2.97) and Tonkin Hwy, to enhance the road durability and performance. Their commitment to quality was evident in every phase, from thorough material testing to the precise application of stabilising agents, ensuring the road surface complied with engineering specifications. Compliance with relevant industry standards was always a priority, with the supplier ensuring that all stabilisation processes adhered to environmental and safety regulations. Furthermore, their focus on design accuracy ensured that the stabilisation treatments were applied precisely according to the engineered designs, resulting in a long-lasting, well-constructed road that stands up to heavy traffic and</p>



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		environmental conditions. Their reliable performance on Rowley Road highlights their proficiency in delivering stabilisation solutions that meet the expectations for quality and compliance.
RFT 06/2021 Profiling and Asphalt Surfacing	Fulton Hogan Industries Pty Ltd	<p>Over the past three years, the supplier has consistently demonstrated strong performance in both asphalt and profiling activities, establishing a solid track record of quality and reliability. Their work has been characterized by meticulous attention to detail, ensuring that asphalt mixtures meet all specified standards, and that profiling tasks are executed with precision and care. Communication has been a key strength, with the supplier maintaining clear and proactive contact at all stages of the project, from planning to execution, ensuring all concerns are addressed in a timely manner. Their effectiveness in managing resources and coordinating schedules has translated into consistent on-time deliveries and minimal disruption to project timelines. Furthermore, their commitment to time consciousness has been evident in their ability to adapt to shifting deadlines without compromising quality, making them a trusted contractor for complex and time-sensitive infrastructure projects. Some examples of their work in the past 12 months include:</p> <p>Jarrahdale Road - Rehabilitation of 1.45 km of Road pavement, including Profiling and Asphalt</p> <p>Larsen Road - Resurfacing of 1.43 Km of Road, including Profiling and Asphalt</p> <p>Gossage Road - Resurfacing of 0.53 km of Road, including Asphalt</p>
RFT 07/2021 Insitu Concrete Footpaths and Kerbs	Dowsing Group Pty Ltd.	<p>Over the past three years, the supplier has consistently delivered exceptional results in concrete activities, particularly in footpath and kerbing installations. Notably, they completed the new footpaths on Adonis and Richardson Streets, consisting of 1.1 square kilometres of concrete footpath and 500 linear metres of kerbing. In both projects, the supplier maintained high-quality standards, ensuring smooth finishes and durable installations that met or exceeded specifications. Their proactive communication throughout each project allowed for seamless coordination with local residents, minimizing disruptions and addressing community concerns swiftly. Additionally, the supplier demonstrated a strong commitment to community awareness by working within designated time frames,</p>



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		ensuring minimal inconvenience to residents and pedestrians. Their attention to detail, clear communication, and respect for local residents have made them a reliable partner in delivering quality concrete infrastructure.
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Additional Considerations

There are several projects within the current year capital budget which are scheduled to be completed in the December 2024 to June 2025 period that are suitable for delivery under these contracts. These include:

Mundijong Road Rehabilitation- SLK 3.94 to 5.66 (MRRG Improvement project)

- Stabilisation - 25 – 30 November 2024;
- Sealing – 3 -13 December 2024;
- Profiling – 19 December 2024;
- Asphalt – 20 December 2024.

Larsen Road Rehabilitation– SLK 0.00 to 0.15 (MRRG Improvement project)

- Concrete – 6 January 2025;
- Profiling – 13 January 2025;
- Asphalt - 13 January 2025.

Rowley Road A & B Rehabilitation – SLK 2.0 to 2.60 (MRRG Improvement projects)

- Stabilisation – 2 – 4 December 2024;
- Sealing – 5 – 6 December 2024;
- Profiling – 19 December 2024;
- Asphalt – 20 December 2024.

Hopkinson Road Rehabilitation – SLK 1.71 to 2.0 (MRRG Improvement project)

- Profiling – 9 January 2025;
- Asphalt – 9 January 2025.

In addition to the above rehabilitation projects, the Medulla Road intersection widening and Linton Street North cul de sac upgrade also included in the current year capital budget and funded by the Roads to Recovery (R2R) program will require profiling & asphalt will be able to be delivered under the above annual supply contracts.

Extension of the contract by 1 year will enable these projects to proceed without delay whilst a new tender process to re-establish the annual supplier contracts is undertaken.

If Council do not wish to extend the contracts, the abovementioned projects will need to be individually procured and may not all be able to be delivered in the 2024-2025 financial year as the works must be completed in the current summer dry months.



Options

Option 1

That Council:

1. In accordance with Regulation 11(2)(j) of the *Local Government (Functions and General) Regulations 1996*, EXTENDS the RFT 05/2021 Road Stabilisation and Bituminous Sealing, RFT 06/2021 Profiling and Asphalt Surfacing and RFT 07/2021 Insitu Concrete Footpaths and Kerbs contracts by 1 year to 4 December 2025;
2. AUTHORISES the Chief Executive Officer to issue the letter of extensions to Stabilised Pavements of Australia Pty Ltd, Fulton Hogan Industries Pty Ltd and Dowsing Group Pty Ltd;
3. NOTES a new procurement process will be undertaken to establish contracts post 4 December 2025.

Option 2

That Council:

1. DOES NOT EXTEND the RFT05/2021 Road Stabilisation and Bituminous Sealing, RFT06/2021 Profiling and Asphalt Surfacing and RFT07/2021 Insitu Concrete Footpaths and Kerbs contracts;
2. REQUESTS the Chief Executive Officer undertake a new procurement process to establish contracts post 5 December 2024;
3. REQUESTS the Chief Executive Officer undertake individual procurement processes for each project and service until new contracts are in place.
4. NOTES the delivery of capital road projects in the Budget and Corporate Business Plan will be impacted upon.

Option 1 is recommended.

Conclusion

Officers recommend the contracts for RFT 05/2021, RFT 06/2021 and RFT 07/2021 that expire 5 December 2024 be extended by 1 year to 4 December 2025 to enable scheduled projects to proceed without delay whilst a new tender process is undertaken. This extension is compliant to and allowed by the legislative and policy procurement frameworks.

Attachments (available under separate cover)

Nil.

Alignment with our Council Plan 2023-2033

Thriving
4. Ensure sustainable and optimal use of Shire resources and finances
Liveable
2. Improve maintenance and investment in roads and paths



Financial Implications

Each project and service procured under the proposed extended contracts are provided for individually in the Shire’s 2024-2025 annual budget and Long-Term Financial Plan 2024-2034. If additional funding for these projects and/or services are required, this is dealt with on an individual basis in accordance with the Project and Contract Management Frameworks.

Risk Implications

Risk has been assessed on the Officer Options:

Officer Option	Risk Description	Controls	Principal Consequence Category	Risk Assessment			Risk Mitigation Strategies (to further lower the risk rating if required)
				Likelihood	Consequence	Risk Rating	
1	There are no significant risks associated with option 1.						
2	If the contracts are not extended the Shire will need to undertake multiple individual procurement processes which will result in the 2024-2025 capital works program being delayed.	Exempt procurement options such as the WALGA panel.	Social / Community Outcomes	Almost Certain	Moderate	HIGH	Nil.

Voting Requirements: Simple Majority

Officer Recommendation

That Council:

- In accordance with Regulation 11(2)(j) of the *Local Government (Functions and General) Regulations 1996*, EXTENDS the RFT 05/2021 Road Stabilisation and Bituminous Sealing, RFT 06/2021 Profiling and Asphalt Surfacing and RFT 07/2021 Insitu Concrete Footpaths and Kerbs contracts by 1 year to 4 December 2025;**
- AUTHORISES the Chief Executive Officer to issue the letter of extensions to Stabilised Pavements of Australia Pty Ltd, Fulton Hogan Industries Pty Ltd and Dowsing Group Pty Ltd;**
- NOTES a new procurement process will be undertaken to establish contracts post 4 December 2025.**