



Case Study

Procurement in Practice

Project (Tender CH001)



Background

- **State Government Initiative**
 - Local Government Procurement Strategy (2010) – Ernst & Young identified potential savings
 - Councils Reforming Business Program
 - Procurement Excellence Program
 - Local Government Reform Fund - \$70k available for a Procurement in Practice Project to foster innovative procurement in the Local Government sector.
- 5 Councils agreed to participate (Ballarat, Ararat, Pyrenees, Hepburn & Golden Plains)
- **Bituminous Road Resealing** - an obvious choice for a joint tender
 - it was a significant spend for each Council (\$4.5 mil p.a. combined)
 - there was competition in the market (more than 1 supplier was currently providing resealing services in the region)
 - 5 adjoining Councils would offer advantages/benefits for contractors to better manage the logistics of plant & resources
 - a 5 year contract (3 yrs + 2 x 1yr options) provided security

Process

- LGV provided resources, guidance, expertise and assisted in the preparation of documentation:-
 - Strategic Procurement Plan (signed by CEO's)
 - Project Procurement Plan
 - Procurement Conduct Plan
 - Probity Plan
 - Conflict of Interest Declarations
 - Deeds of Confidentiality
 - Specification
 - Evaluation Report
- Probity Auditor appointed to provide an independent oversight

Project Team

- 2 representatives from each Council plus 3 LGV officers.
- Critical that the team included an Engineer with relevant knowledge & commitment to the project.
- Commitment required from all Councils and staff involved.
- Regular meetings (fortnightly)

The Tender Process

- **Lead Council** – Ballarat appointed
 - To manage and control advertising, enquiries, addenda's and receive and circulate submissions (**Tenderlink** was utilised)
- **Specification**
 - based on Vic Roads standard sections for road works.
 - **Schedule of Rates** - provide clients with flexibility with reseal programs over the term of the contract.
 - **Price Schedules** – split between urban and rural, providing for a range of reseal areas
 - To ensure specification meets the needs of all parties common goals need to be established early in the process and the specification tested thoroughly (time pressures impacted here).
- **Tender Briefing**
 - Considered essential and was well attended.
 - Raised a number of questions that required written responses.

Tender Price Schedule: Part A Table 2: Bituminous Resealing Rates
Rural Local Roads between 1,000 and 5,000 square metres in area – Year 1 Only

Contract No: CH001

Name of the Tenderer

Signature

Date

/ /2012

TENDERED PRICE PER SQUARE METRE \$/m2 FOR ALL WORKS

TREATMENT	RATE OF APPLICATION LITRES PER SQUARE METRE															
	1.1	1.2	1.3	1.4	1.5	1.6	1.7	1.8	1.9	2.0	2.1	2.2	2.3	2.4	2.5	2.6
Reseal 7																
Reseal 10																
Reseal 14																
Reseal 7 Modified Binder S35E																
Reseal 7 Modified Binder S45R																
Reseal 10 Modified Binder S35E																
Reseal 10 Modified Binder S45R																
Reseal 14 Modified Binder S35E																
Reseal 14 Modified Binder S45R																
Final Seal 10																
Geotextile reinforced seal #																
	RATE OF APPLICATION LITRES PER SQUARE METRE															
	0.5	0.6	0.7	0.8	0.9	1.0	1.1	1.2	1.3	1.4	1.5	1.6	1.7			
Prime																
Primerseal 7																
Primerseal 10																

The rate for geotextile reinforced seals is the cost over and above the rates indicated for standard seals.

Submissions & Evaluation

- 3 submissions received
 - Boral
 - Victorian Surfacing Alliance (Primal & Inroads)
 - Sprayline
- Evaluation
 - Based on
 - Level of Service/Capability (Quality) - 20%
 - Capacity (Resources) - 20%
 - Financial Benefit (Price) - 60%
- Price evaluation used actual 2011/2012 road sealing program data and costs from all Councils involved to accurately compare prices
- **Victorian Surfacing Alliance was selected by the panel**
 - (collective savings of approx \$630,000 p.a. (>\$3 mil over 5 yrs))
- Each Council considered and adopted the recommendation of the Evaluation Panel (confidentiality was a big issue).
- Individual contracts with VSA prepared and executed by each Council

ACTION	DATE
Research and project development	Dec 2011 – March 2012
Distribute draft tender documents to councils	9-Mar-12
Councils to meet and work through the draft documents	16-Mar-12
Councils to meet to finalise tender documents	21-Mar-12
Final RFT documentation sent to councils	30-Mar-12
Release of RFT (initially 31 Mar)	4-April-12
Market/Supplier briefing at Ballarat (initially 11 Apr)	17-Apr-12
Closing date for RFT responses (initially 27 Apr)	4-May-12
Evaluation of bids	5 May – 11 May 2012
Approval of decision and recommendation	28-May-12
Council approval	June 2012
Minister and Mayor Announcement	28-Jun-12
Contract execution	1-Jul-12

What we learnt from the Project

- LGV's support, resources, guidance and advice was critical to the success of the project;
- Strong commitment and willingness of all in the Project Team made it happen;
- Collaborative tendering takes time;
- Focus should equally be on process and achieving the best outcome for all;
- Adequate time needs to be given to getting the specification right;
- Outcomes need to be measurable using an agreed baseline and robust methodology;
- Management of individual contracts will need a consistent approach.



<https://vimeo.com/46530717>



<http://atom.smasher.org/construction/>

Bituminous Road Resealing – Central Highlands Region

