

14.1

**REPORT TITLE: CONFIDENTIAL ITEM: TENDER - RAISING
AND CRUSHING RUBBLE AT MONARTO
QUARRIES**
DATE OF MEETING: 3 AUGUST 2009
AUTHOR: BRIAN CLANCEY
**AUTHOR'S TITLE: GENERAL MANAGER,
INFRASTRUCTURE & PROJECTS**
FILE NUMBER: 70/030/202
DEPARTMENT: INFRASTRUCTURE & PROJECTS
**DEPARTMENT
MANAGER: BRIAN CLANCEY**

Moved Councillor Zanker that

1. Pursuant to Section 90(2) and 90(3) of the Local Government Act 1999 the District Council of Mount Barker orders that the public be excluded from attendance at the meeting to consider in confidence matters regarding:
(k) tenders for the supply of goods, the provision of services or the carrying out of works.
2. That the Chief Executive Officer, General Manager Infrastructure & Projects, General Manager Strategy, Development & Communities, General Manager Corporate, and the Minute Secretary be permitted to remain in the room.

Seconded Councillor Irvine and CARRIED

Moved Councillor Gamble

3. That Council awards tender 2008.032 Rubble Crushing at Monarto Quarries to ADCIV Pty Ltd to produce 150,000 tonnes of various grades of rubble to relevant specifications in 2009/10.
4. That Council awards the tender with an option (at the sole discretion of Council) of a further contract to produce an additional 150,000 tonnes of various grades of rubble to relevant specifications in 2010/11 subject to the satisfactory performance of ADCIV Pty Ltd in producing the initial 150,000 tonnes, with the performance of the contractor to be assessed by the Chief Executive Officer and General Manager, Infrastructure & Projects in accordance with the following criteria:
 - Quality of product;
 - Timeliness of product preparation;
 - Occupational Health, Safety and Welfare; and
 - Any other factors deemed relevant by the Chief Executive Officer and General Manager, Infrastructure & Projects.

5. That the Chief Executive Officer be authorised to execute relevant contract documents with ADCIV Pty Ltd.
6. That the Council orders pursuant to Section 91(7), (8) and (9) of the Local Government Act 1999 that the discussion, reports, attachments and minutes relating to this item be kept confidential until 20 July 2010 excluding the information contained above in recommendations 3 and 4.
7. That subject to Section 90 of the Local Government Act 1999 as amended, the public be readmitted to the meeting at the conclusion of the item.

Seconded Councillor Irvine and CARRIED

MEETING DECLARED CLOSED AT 8.05 PM

17. CONFIDENTIAL REPORTS

17.1 REPORT TITLE: CONFIDENTIAL ITEM: TENDER - RAISING AND CRUSHING RUBBLE AT MONARTO QUARRIES

DATE OF MEETING: 3 AUGUST 2009

AUTHOR: BRIAN CLANCEY

AUTHOR'S TITLE: GENERAL MANAGER, INFRASTRUCTURE & PROJECTS

REPRESENTORS: N/A

FILE NUMBER: 70/030/202

**ATTACHMENTS: 1. 20 JULY 2009 AGENDA ITEM
2. 20 JULY 2009 MINUTES**

DEPARTMENT: INFRASTRUCTURE & PROJECTS

**DEPARTMENT
MANAGER: BRIAN CLANCEY**

PURPOSE

To provide further information to Council to enable a decision to be made on the award of the tender for raising and crushing rubble at Monarto Quarries.

RECOMMENDATION

1. Pursuant to Section 90(2) and 90(3) of the Local Government Act 1999 the District Council of Mount Barker orders that the public be excluded from attendance at the meeting to consider in confidence matters regarding:

(k) tenders for the supply of goods, the provision of services or the carrying out of works.
2. That the Chief Executive Officer, General Manager Infrastructure & Projects, General Manager Strategy, Development & Communities, General Manager Corporate, and the Minute Secretary be permitted to remain in the room.
3. That Council awards tender 2008.032 Rubble Crushing at Monarto Quarries to ADCIV Pty Ltd to produce 150,000 tonnes of various grades of rubble to relevant specifications in 2009/10.

4. That Council awards the tender with an option of a further contract to produce an additional 150,000 tonnes of various grades of rubble to relevant specifications in 2010/11 subject to the satisfactory performance of ADCIV Pty Ltd in producing the initial 150,000 tonnes, with the performance of the contractor to be assessed by the Chief Executive Officer and General Manager, Infrastructure & Projects in accordance with the following criteria:
 - Quality of product;
 - Timeliness of product preparation;
 - Occupational Health, Safety and Welfare; and
 - Any other factors deemed relevant by the Chief Executive Officer and General Manager, Infrastructure & Projects.
5. That the Chief Executive Officer be authorised to execute relevant contract documents with ADCIV Pty Ltd.
6. That the Council orders pursuant to Section 91(7), (8) and (9) of the Local Government Act 1999 that the discussion, reports, attachments and minutes relating to this item be kept confidential until 20 July 2010 excluding the information contained above in recommendations 3 and 4.
7. That subject to Section 90 of the Local Government Act 1999 as amended, the public be readmitted to the meeting at the conclusion of the item.

BACKGROUND

At the Council meeting held on 20 July 2009 Council resolved to defer a decision on the award of the tender for raising and crushing rubble at Monarto Quarries pending the preparation of further information.

Please refer to confidential agenda item 17.1 and the Addendum to this item as contained in the agenda of the 20 July 2009 meeting.

The tender evaluation panel concluded that both Exactmix Pty Ltd and ADCIV Pty Ltd could provide the required services equally well. It recommended Exactmix Pty Ltd on the basis of lower cost but noted the risk exposure to the Monarto Quarries business given ADCIV Pty Ltd is a major customer of Monarto Quarries (sales to ADCIV in 2008/09 of 16,500 tonnes equating to \$250,000 and representing 10% of total sales).

In addition, a further consideration is that ADCIV Pty Ltd has previously made known its interest in acquiring/operating Monarto Quarries.

Further to the resolutions at the Council meeting held on 6 June 2009 Council has commissioned further work on options for the future of Monarto Quarries. This will be the subject of a separate agenda item to a future Council meeting, expected to be around late September/October 2009.

DISCUSSION

Council needs to award the tender in the best interests of Monarto Quarries and in accordance with Council's procurement and tendering policies.

Financial and Risk

Should Council award the tender to Exactmix Pty Ltd there is a risk that ADCIV would be lost as a Monarto Quarries customer altogether or reduce its purchases. The financial impact of this would be significant. ADCIV's previous quarry purchases have included construction of a section of the Bluestone residential estate. The expected growth in the Mount Barker district would potentially mean a considerable loss of market share in these new developments where ADCIV wins contracts for civil works like new internal road construction.

The previous financial year these sales amounted to ten percent of the commercial income of Monarto Quarries. This loss in market share would significantly reduce the commercial goodwill value of the business.

The likely cost of reducing this risk would amount to be approximately seventy five cents per tonne for the first 150,000 tonnes and similar amount if the option to offer an extension to the contractor for a further 150,000 tonnes is exercised by Council.

Procurement and Tendering Policies

Council undertook an open tender process. Post the Council meeting held on 20 July 2009 Council has received legal advice from Mellor Olsson Lawyers confirming that the tender can be awarded to ADCIV. The legal advice concludes that this would not be inconsistent with Council's Procurement Policy or the tender documents.

Proposed Approach

Council has recently invited ADCIV to provide advice to Council in relation to the intentions of ADCIV as an existing customer of Monarto Quarries, should the crushing tender be awarded to ADCIV

i.e. under this scenario would ADCIV intend to continue to be a customer of Monarto Quarries for the life of the product that is to be crushed under the current tender.

Council has communicated to ADCIV that under this scenario Monarto Quarries would continue to treat ADCIV as it would other key customers in terms of product price, trading terms etc.

Whilst this would not formally see ADCIV 'locked in' as a customer for projects in the area, it would provide Council with a statement of their intentions.

Advice from ADCIV in this regard is expected to be available for tabling at the Council meeting.

Option of a Further Contract

The option (subject to satisfactory performance of the contractor) for a further contract for an additional 150,000 tonnes is proposed. This process would be in accordance with recommendation 4.

POLICY IMPLICATIONS

1. Financial/budget

Award of the tender to ADCIV would see expected expenditure of approximately \$1,079,000 (excluding GST) for the raising and crushing of 150,000 tonnes of product. This would represent a cost increase of 9%.

This expenditure would be met from the Monarto Quarries budget.

2. Legal

Legal advice from Mellor Olsson Lawyers as referred to above.

3. Staffing/Work Plans

The recommendations can be implemented under existing staffing programs.

4. Environmental

Rehabilitation as per the Mining and Rehabilitation Plan.

5. Social

Nil.

6. Strategic Plans

Consistent with the Monarto Quarries Business Plan previously adopted by Council.

7. Risk Management

ADCIV will need to execute the contract documentation as required by Council.

8. Asset Management

In accordance with the Monarto Quarries Business Plan.

COMMUNITY CONSULTATION**1. Customer Needs Analysis**

Strategic advice will be forwarded to all of the key customers of Monarto Quarries regarding minor price adjustments following on from the award of the tender.

It is not proposed to pass on to customers the full cost increase of 9% as this would place key existing customers at risk. Only portion of this would be passed on and portion would need to be absorbed which will impact on business profitability.

2. Promotion/Communications

Not applicable.

ITEM 17.1 ATTACHMENT 1

17. CONFIDENTIAL REPORTS

17.1 REPORT TITLE: TENDER 2008.032 - RAISING AND CRUSHING RUBBLE AT MONARTO QUARRIES

DATE OF MEETING: 20 JULY 2009

**AUTHORS: IAN POWELL
BILL GRAHAM
MARCUS SMITH**

**AUTHOR'S TITLES: COMMERCIAL ASSETS MANAGER
ACCOUNTANT
CONTRACTS & PROPERTY CO-
ORDINATOR**

REPRESENTORS: NIL

FILE NUMBER: 70/030/202

ATTACHMENTS: EVALUATION SUMMARY SCORECARD

DEPARTMENT: MONARTO QUARRIES

**DEPARTMENT
MANAGER: BRIAN CLANCEY**

PURPOSE

To gain Council's approval to award tender 2008.032 Rubble Crushing at Monarto Quarries to Exact Mining Services to produce 150,000 tonnes of various grades of rubble to relevant specifications in 2009/10 with an option, subject to satisfactory performance of a further contract to produce an additional 150,000 tonnes of various grades of rubble to relevant specifications in 2010/11.

RECOMMENDATION

That Council:

1. Pursuant to Section 90(2) and 90(3) of the Local Government Act 1999 the District Council of Mount Barker orders that the public be excluded from attendance at the meeting to consider in confidence matters regarding:

(k) tenders for the supply of goods, the provision of services or the carrying out of works.

2. That the Chief Executive Officer, General Manager Infrastructure & Projects, General Manager Strategy, Development & Communities, General Manager Corporate and the Minute Secretary be permitted to remain in the room.
3. Notes the recommendation of the evaluation panel to award tender 2008.032 Rubble Crushing at Monarto Quarries to Exactmix Pty Ltd to produce 150,000 tonnes of various grades of rubble to relevant specifications in 2009/10 with an option, subject to satisfactory performance, of a further contract to produce 150,000 tonnes of various grades of rubble to relevant specifications in 2010/11;
4. Awards tender 2008.032 Rubble Crushing at Monarto Quarries to Exactmix Pty Ltd to produce 150,000 tonnes of various grades of rubble to relevant specifications in 2009/10 with an option of a further contract to produce 150,000 tonnes of various grades of rubble to relevant specifications in 2010/11; and
5. Authorises the Chief Executive Officer to execute relevant contract documents with Exactmix Pty Ltd.
6. Orders pursuant to Section 91(7) and (9) of the Local Government Act 1999 that the financial amounts contained in Attachment 1 are kept confidential until 20 July 2010 given they include commercial information of a confidential nature.
7. That subject to Section 90 of the Local Government Act 1999 as amended, the public be readmitted to the meeting at the conclusion of the item.

BACKGROUND

In accordance with Council's Procurement policy an open tender process was undertaken to invite suitably qualified contractors to tender for the provision of raising and crushing rubble at Monarto Quarries.

Tenderers were required to provide the following information:

- *Schedule of Rates;*
- *Other Costs;*
- *Details of Plant;*
- *Financial Capacity;*
- *Licences & Accreditation;*
- *Insurances;*
- *OHS & W Management;*
- *Environmental Management Systems;*

- *Quality Systems;*
- *Referees;*
- *Statement of Conformity;*
- *Organisation Structure (employees/proposed sub-contractors);*
- *Experience;*
- *Current Contracts;*
- *Other Commitments.*

DISCUSSION

Six (6) tenders were received from the following (listed in order of opening):

1. Contract Mining Services Pty Ltd;
2. Adelaide Resource Recovery Pty Ltd;
3. Lucas Earthmovers Pty Ltd;
4. MA Skinner Contracting Pty Ltd;
5. Exactmix Pty Ltd;
6. ADCIV Pty Ltd.

Tenders have been evaluated by:

- Ian Powell – Manager of Monarto Quarries;
- Marcus Smith – Accountant; and
- Bill Graham – Contracts & Property Co-ordinator

The tenders have been evaluated in two categories (a) Financial and (b) Non financial (i.e. OHS&W management, licencing experience etc.). Each category has been weighted in importance, in the opinion of the evaluation panel, as follows:

<u>(a) Financial</u>	30%
<u>(b) Non Financial</u>	
• OHS & W management	30%
• Technical, managerial & physical resources	5%
• Previous experience with similar works	6%
• Plant condition and suitability	6%
• Use of sub-contractors	6%
• Environmental management	5%
• Financial capacity	6%
• Current commitments (impact on this tender)	6%

These criteria are generally used for the evaluation of similar works eg quarrying. The influence of the weighting towards the non financial criteria rather than pricing reflects the importance of such requirements in the industry. These criteria and weightings are similar to those used on previous tenders for raising and crushing rubble for the Monarto Quarries.

On the initial evaluation the panel eliminated the following Tenderers predominantly due to financial considerations.

1. Contract Mining Services Pty Ltd;
2. Adelaide Resource Recovery Pty Ltd;
3. Lucas Earthmovers Pty Ltd; and
4. MA Skinner Contracting Pty Ltd.

These Tenderers submitted higher rates than Exactmix Pty Ltd and ADCIV Pty Ltd which the panel agreed would require the Quarries to pay significantly more than it is currently paying for rubble crushing and realistically the Quarries could not remain competitive. A summary of the total tendered prices and a comparison to current expenditure is as follows:

The following assumption has been applied that 20mm Class 2 PM2/20Q and 30mm unclassified quarry rubble are the predominate products sold which is based on experience of actual sales. The quantities of product used for this comparison are as per the 2009-10 Monarto Quarries financial budget.

Tender	Tendered Price (ex GST)	Current Expenditure (2008-09 tender price)	Variance Increase / (Decrease)
Contract Mining Services Pty Ltd	\$1,326,109	\$988,080	34%
Adelaide Resource Recovery Pty Ltd	\$1,088,000 <i>Plus Unknown Plant cost</i>	\$988,080	N/A
Lucas Earthmovers Pty Ltd	\$1,471,600	\$988,080	49%
MA Skinner Contracting Pty Ltd	\$1,265,818	\$988,080	28%
Exactmix Pty Ltd	\$966,036	\$988,080	(2%)
ADCIV Pty Ltd	\$1,079,055	\$988,080	9%

For the evaluation of all of the criterion ie non financial and financial categories the tenders were scored on a rating out of 10 as follows:

• Outstanding offer, greatly exceeds criterion	10
• Very good offer, exceeds criterion	8
• Good offer, no deficiencies, meets criterion	6
• Fair offer, few deficiencies, almost meets criterion	4
• Marginal offer, some deficiencies, partly meets criterion	2
• Inadequate offer, many deficiencies, does not meet criterion	0

A summary showing the weighted scores for both the financial and non-financial criteria is attached to this report. The summary shows Exactmix Pty Ltd and ADCIV Pty Ltd rated significantly higher than the other Tenderers.

Members of the evaluation panel physically inspected plant owned by Exactmix Pty Ltd and plant which ADCIV Pty Ltd propose to hire for the works and are satisfied that the plant is in excellent working order and meets OHS&W requirements.

In summarising the tender evaluation, the panel considers that both Exactmix Pty Ltd and ADCIV Pty Ltd could provide the services equally as well however based on the tendered rates and the qualitative scores, Exactmix Pty Ltd offers the least cost option to Council at this time (refer to attachment 1) and is therefore the recommended tenderer.

OPTION OF A FURTHER CONTRACT

It is proposed that the contract includes an option for the successful contractor to be engaged to crush an additional 150,000 following the completion of the initial 150,000 tonnes, subject to satisfactory completion of the initial contract.

Prior to considering this option an evaluation panel will assess the contractor's performance in the initial contract and make a recommendation to the Chief Executive Officer on whether or not to proceed with the option of Exactmix Pty Ltd crushing an additional 150,000 tonnes in 2010/11. Council will be informed of the evaluation panel's assessment and recommendation at the time.

OTHER CONSIDERATIONS

It must be emphasised that the panel evaluated each tender only on the criteria mentioned above and which were conveyed to Tenderers in the Request for Tender (RFT) documents. The RFT document does allow for other criteria of Council's choice to be evaluated but no additional criteria were specified in the RFT.

Council must be made aware that the award of this tender to Exactmix Pty Ltd over ADCIV Pty Ltd may expose Council to risk and have a detrimental effect on the business of the Monarto Quarries due to the following:

- a) ADCIV Pty Ltd is a major customer of Monarto Quarries, during the 2008-2009 financial year sales of 16,500 tonnes, approximately 10% of total sales or \$250,000. ADCIV may choose to purchase product elsewhere.
- b) A reasonable proportion of ADCIV's civil construction business is focused in and around Mount Barker. It is acknowledged that this could increase therefore the potential for additional sales that Monarto Quarries can supply quarry products at competitive rates.
- c) ADCIV Pty Ltd has an excellent track record with Council for previous projects.

In view of this Council may wish to instruct staff (not necessarily the evaluation panel) to investigate the risks associated with the award of the tender to Exactmix Pty Ltd and report back to Council supporting or not supporting the recommendations of this report.

POLICY IMPLICATIONS

1. Financial/budget

In the assessment of this tender, the Monarto financial budget was used to ensure potential contractors could maintain the financial sustainability for the period of the contract. Tenders with variance greater than ten per cent of the current contractor were considered to be not financially viable.

Total estimated expenditure of \$966,036 exclusive of GST in 2009/10. This amount is within the budget provision.

2. Legal

The procurement process has been undertaken in accordance with Council's Procurement and Code of Tendering policies. A formal contract will be established with the successful tenderer.

3. Staffing/Work Plans

The procurement process has been undertaken by existing staff. The contract will be managed by the Manager of Monarto Quarries (currently vacant).

It is proposed that Monarto Quarries will be charged for the provision of the tender services undertaken by Council officers ie. the cost of time related to Council's Contracts & Property Coordinator.

4. Environmental

The successful tenderer has an environmental management system in place and will be required to provide a site specific environmental management plan prior to the commencement of the contract.

5. Social

Not applicable to this report.

6. Strategic Plans

The Business Plan for the Monarto Quarries adopted by Council determined that the existing crusher be disposed of and the crushing component of the business be procured from an external contractor.

COMMUNITY CONSULTATION

1. Customer Needs Analysis

Monarto Quarries supplies rubble to numerous customers including other Councils.

2. Promotion/Communications

An open tender process has been undertaken via the SA Tenders website.

Sender Evaluation Scorecard

RFT NAME:		2008.032														Raising & Crushing Rubble at Monarto Quarries													
RFT Number:																													
				Contract Mining Services Pty Ltd		Adelaide Resource Recovery Pty Ltd		Lucas Earthmovers Pty Ltd		MA Skinner Contracting Pty Ltd		Exactmix Pty Ltd		ADCIV Pty Ltd															
Evaluation Criteria		Weighting	Score	Weighted Score	Score	Weighted Score	Score	Weighted Score	Score	Weighted Score	Score	Weighted Score	Score	Weighted Score	Score	Weighted Score													
			(Out of 10)		(Out of 10)		(Out of 10)		(Out of 10)		(Out of 10)		(Out of 10)		(Out of 10)														
OHS & W management		30%	5	15.0	5.3	15.9	6.7	20.1	5.7	17.1	5.7	17.1	5.7	17.1	5.7	17.1													
Technical, managerial & physical resources		5%	5.3	2.7	5.7	2.85	5.3	2.65	4.7	2.4	6	3.0	5.7	2.9															
Previous experience with similar works		5%	6	3.6	0.7	0.42	7	4.2	5	3.0	7.3	4.4	4.7	2.8															
Plant condition and suitability		5%	6	3.6	4.3	2.58	6	3.6	5	3.0	6	3.6	6	3.6															
Use of sub-contractors		5%	6	3.6	2	1.2	6	3.6	2.7	1.6	6	3.6	6	3.6															
Environmental management		5%	6	3.0	3.3	1.65	2.3	1.15	6	3.0	5.7	2.9	6	3.0															
Financial capacity		5%	4.7	2.8	0	0.0	4.7	2.8	0	0.0	6	3.6	6	3.6															
Current commitments (impact on this tender)		5%	6	3.6	4.3	2.6	6	3.6	6	3.6	6	3.6	6	3.6															
Pricing		30%	0	0.0	2.5	7.5	0	0.0	1	3.0	5	15.0	4	12.0															
Totals		100%		37.9		34.7		41.7		36.7		56.7		52.2															

Last amended 25 May 2007

ITEM 17.1 ATTACHMENT 1

The successful tenderer has an environmental management system in place and will be required to provide a site specific environmental management plan prior to the commencement of the contract.

5. Social

Not applicable to this report.

6. Strategic Plans

The Business Plan for the Monarto Quarries adopted by Council determined that the existing crusher be disposed of and the crushing component of the business be procured from an external contractor.

COMMUNITY CONSULTATION

1. Customer Needs Analysis

Monarto Quarries supplies rubble to numerous customers including other Councils.

2. Promotion/Communications

An open tender process has been undertaken via the SA Tenders website.

ITEM 17.1 ATTACHMENT 1

RFT NAME:		:2008.032		Raising & Crushing Rubble		at Monarto Quarries		Tender Evaluation Scorecard											
RFT Number:																			
Evaluation Criteria	Weighting	Contract Mining Services Pty Ltd	Adelaide Resource Recovery Pty Ltd	Lucas Earthmovers Pty Ltd	MA Skinner Contracting Pty Ltd	Exactmix Pty Ltd	ADCIV Pty Ltd.												
		Score	Weighted Score	Score	Weighted Score	Score	Weighted Score	Score	Weighted Score	Score	Weighted Score	Score	Weighted Score	Score	Weighted Score	Score	Weighted Score	Score	Weighted Score
OHS & W management	30%	5	15.0	5.3	15.9	6.7	20.1	5.7	17.1	5.7	17.1	(Out of 10)		5.7	17.1	(Out of 10)		5.7	17.1
Technical, managerial & physical resources	5%	5.3	2.7	5.7	2.85	5.3	2.65	4.7	2.4	6	3.0	6	3.0	6	3.0	5.7	2.9	5.7	2.9
Previous experience with similar works	6%	6	3.6	0.7	0.42	7	4.2	5	3.0	6	3.6	6	3.6	5	3.0	6	3.6	6	3.6
Plant condition and suitability	5%	6	3.0	4.3	2.58	6	3.6	6	3.6	6	3.6	6	3.6	6	3.6	6	3.6	6	3.6
Use of sub-contractors	6%	6	3.6	2	1.2	6	3.6	2.7	1.6	6	3.6	6	3.6	6	3.6	6	3.6	6	3.6
Environmental management	5%	6	3.0	3.3	1.65	2.3	1.15	6	3.0	5.7	2.9	6	3.0	6	3.6	6	3.6	6	3.6
Financial capacity	5%	4.7	2.3	0	0.0	4.7	2.8	0	0.0	6	3.6	6	3.6	6	3.6	6	3.6	6	3.6
Current commitments (impact on this tender)	5%	6	3.0	4.3	2.6	6	3.6	6	3.6	6	3.6	6	3.6	6	3.6	6	3.6	6	3.6
Pricing	30%	0	0.0	2.5	7.5	0	0.0	1	3.0	5	15.0	4	12.0	5	15.0	4	12.0	5	15.0
Totals	100%		37.9		34.7		41.7		36.7		56.7		52.2		56.7		52.2		52.2

Confidential Addendum to Agenda Item 17.1 – Raising and Crushing Rubble at Monarto Quarries

Prepared by Brian Clancey, General Manager, Infrastructure & Projects

Discussion

Within agenda item 17.2 the Tender Assessment Panel has highlighted the issue of the potential impact on the Monarto Quarries business if the tender is awarded to Exactmix Pty Ltd and not ADCIV Pty Ltd.

ADCIV is an existing and substantial customer of Monarto Quarries (in 2008/09 sales to ADCIV were approximately 16,500 tonnes being valued at \$250,000 and representing around 10% of total sales).

In addition, ADCIV has previously made known to Council its interest in acquiring/operating Monarto Quarries.

Given these circumstances further consideration is proposed prior to Council making a decision that is:

1. Consistent with Council's procurement and tendering policies; and
2. In the best interests of the Monarto Quarries business.

An alternative set of recommendations is set out below.

Please note that recommendations 1, 3 and 4 below are directly replicated from recommendations contained in agenda item 17.2 (but the numbering of the recommendations is not consistent).

Timing

Adoption of the alternate recommendations below would mean that further information is provided to Council prior to decision making on the award of this tender.

That will mean that the award of the tender is delayed. It is anticipated that the further information could be prepared and considered at the Council meeting to be held on 3 August 2009.

If a decision on the award of the tender is not taken until 3 August 2009 there will not be any negative consequences on the operation of Monarto Quarries as sales have recently been slow, there is product supply available and the current contractor has indicated that they would not leave Council in the lurch and there is some flexibility for them to continue crushing in the short term if required.

Recommendation

That Council:

1. Notes the recommendation of the evaluation panel to award tender 2008.032 Rubble Crushing at Monarto Quarries to Exactmix Pty Ltd to produce 150,000 tonnes of various grades of rubble to relevant specifications in 2009/10 with an option subject to satisfactory performance of a further contract to produce 150,000 tonnes of various grades of rubble to relevant specifications in 2010/11.
2. Defers a decision on the award of the Monarto Quarries tender pending the preparation by Council staff of a further report (including recommendations) for Council's consideration regarding the potential implications on the Monarto Quarries business (as flagged by the tender panel) if the tender is awarded in accordance with the recommendation of the tender panel.
3. That Council orders pursuant to Section 91(7), (8) and (9) of the Local Government Act 1999 that the discussion, reports, attachments and minutes relating to this agenda item including the addendum be kept confidential until 20 July 2010.
4. That subject to Section 90 of the Local Government Act 1999 as amended, the public be readmitted to the meeting at the conclusion of the item.

ITEM 17.1 ATTACHMENT 2

DISTRICT COUNCIL OF MOUNT BARKER

MINUTES OF THE COUNCIL MEETING HELD ON 20 JULY 2009.

18

10. CONFIDENTIAL REPORTS

10.1 **REPORT TITLE:** **TENDER 2008.032 - RAISING AND CRUSHING RUBBLE AT MONARTO QUARRIES**
DATE OF MEETING: **20 JULY 2009**
AUTHORS: **IAN POWELL**
 BILL GRAHAM
 MARCUS SMITH
AUTHOR'S TITLES: **COMMERCIAL ASSETS MANAGER**
 ACCOUNTANT
 CONTRACTS & PROPERTY CO-ORDINATOR
FILE NUMBER: **70/030/202**
DEPARTMENT: **MONARTO QUARRIES**
DEPARTMENT
MANAGER: **BRIAN CLANCEY**

Moved Councillor Irvine that Council:

1. Pursuant to Section 90(2) and 90(3) of the Local Government Act 1999 the District Council of Mount Barker orders that the public be excluded from attendance at the meeting to consider in confidence matters regarding:
(k) tenders for the supply of goods, the provision of services or the carrying out of works.
2. That the Chief Executive Officer, General Manager Infrastructure & Projects, General Manager Strategy, Development & Communities, General Manager Corporate and the Minute Secretary be permitted to remain in the room.

Seconded Councillor Campbell and Carried

Moved Councillor Irvine that Council

3. Notes the recommendation of the evaluation panel to award tender 2008.032 Rubble Crushing at Monarto Quarries to Exactmix Pty Ltd to produce 150,000 tonnes of various grades of rubble to relevant specifications in 2009/10 with an option subject to satisfactory performance of a further contract to produce 150,000 tonnes of various grades of rubble to relevant specifications in 2010/11.
4. Defers a decision on the award of the Monarto Quarries tender pending the preparation by Council staff of a further report (including recommendations) for Council's consideration regarding the potential implications on the Monarto Quarries business (as flagged by the tender panel) if the tender is awarded in accordance with the recommendation of the tender panel.

DISTRICT COUNCIL OF MOUNT BARKER
MINUTES OF THE COUNCIL MEETING HELD ON 20 JULY 2009.

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5. Orders pursuant to Section 91(7) and (9) of the Local Government Act 1999 that the financial amounts contained in Attachment 1 are kept confidential until 20 July 2010 given they include commercial information of a confidential nature.
6. That subject to Section 90 of the Local Government Act 1999 as amended, the public be readmitted to the meeting at the conclusion of the item.

Seconded Councillor Wilksch and CARRIED

10.2

REPORT TITLE:	TENDER 2008. 027 – LARATINGA
TRAIL STAGE 2	
DATE OF MEETING:	20 JULY 2009
AUTHOR:	ANDREW GOTZHEIM
	BILL GRAHAM
AUTHOR'S TITLE:	MANAGER HORTICULTURAL
	PROJECTS
	CONTRACTS & PROPERTY CO-
	ORDINATOR
FILE NUMBER:	70/030/198
DEPARTMENT:	INFRASTRUCTURE & PROJECTS
DEPARTMENT	
MANAGER:	BRIAN CLANCEY

Moved Councillor Zanker that Council:

1. That pursuant to Section 90(2) and 90(3) of the Local Government Act 1999 the District Council of Mount Barker orders that the public be excluded from attendance at the meeting to consider in confidence matters regarding:
(k) tenders for the supply of goods, the provision of services or the carrying out of works.
2. That the Chief Executive Officer, General Manager Infrastructure & Projects, General Manager Strategy, Development & Communities, General Manager Corporate and the Minute Secretary be permitted to remain in the room.

Seconded Councillor Irvine and CARRIED

Moved Councillor Bails that Council

3. Awards tender 2008.027, Laratinga Trail Mt Barker Homemaker Centre to Cornerstone College to CAMCO (SA) Pty Ltd for the amount of \$884,559.76 exclusive of GST to complete all of the works associated with the tender.