



REPORT FOR

CONFIDENTIAL SPECIAL MEETING OF COUNCIL

MEETING DATE

31 OCTOBER 2023

RECORD NO:

D23/88277

REPORT OF:

CITY OPERATIONS

TITLE:

VERGE AND MEDIAN MAINTENANCE - TENDER OUTCOME

- 1. That pursuant to Section 90(2) of the Local Government Act, 1999 the Council orders that the public (except staff on duty) be excluded from the meeting to enable discussion on the Verge and Median Maintenance - Tender Outcome .*
- 2. That the Council is satisfied that pursuant to section 90(3) k of the Local Government Act 1999, the information be received, discussed or considered in relation to this item is:*
 - tenders for the provision of services or the carrying out of works, with discussion to occur on tender responses and evaluation for the contracted works which would be inappropriate to discuss prior to the awarding of the contract. .*
- 3. In addition, the disclosure of this information would, on balance, be contrary to the public interest. The public interest in the public access to the meeting has been balanced against the public interest in the continued non-disclosure of the information. The benefit to the public at large resulting from withholding the information outweighs the benefit to it of disclosure of the information. That the Council is satisfied that the principle that the meeting should be conducted in a place open to the public has been outweighed in relation to this matter by the need to keep the discussion of this matter confidential on the basis that it may prejudice Council's ability to be able to negotiate a cost effective outcome for the benefit of Council and the community.*

PURPOSE

To consider the outcome of the tender process for the Verge and Median Maintenance Service.

RECOMMENDATION

That having considered the report titled “Verge and Median Maintenance – Tender Outcome” and dated 31 October 2023, Council support the additional budget allocation of \$85k to the verge and median cutting service to achieve the increased service level and maintenance of DIT median.

RETENTION OF CONFIDENTIAL DOCUMENTS

1. That having considered the agenda item titled “ VERGE AND MEDIAN MAINTENANCE - TENDER OUTCOME ” and dated 31 October 2023 in confidence under section 90(2) & (3) k and Section 91(7) of the Local Government Act 1999:
 - tenders for the provision of services or the carrying out of works on the basis that:
 - the information provides the tender responses and evaluation for the contracted works, which may prejudice Council’s ability to be able to negotiate a cost effective outcome for the benefit of Council and the community

the Council pursuant to section 91(7) of the Act orders that the report, attachments and minutes relevant to this item be retained in confidence with the exception of those third parties impacted by or involved in negotiations and potential outcomes until:

- the contract is signed by both parties or a decision has been made not to enter into a contract or
 - Council resolves otherwise, whichever occurs first.
2. That the Council gives the power pursuant to Section 91 of the Local Government Act 1999 to the Chief Executive Officer to revoke the order made under Section 91 (7) of the Local Government Act 1999 subject to the Chief Executive Officer consulting with the Mayor and reporting to the Elected Members of the revocation.

1. BACKGROUND

At its meeting dated 28 March 2023, Council resolved the following:

That Council having considered the report titled “Maintenance of Department for Infrastructure and Transport Median within the City of Tea Tree Gully” and dated 28 March 2023:

- 1. Supports Council undertaking the maintenance of Department for Infrastructure and Transport road median strips by means of grass cutting and/or weed spraying services at a service standard of up to eight cuts per annum based on prevailing weather conditions and associated growth;*
- 2. Authorises Council’s Chief Executive Officer to negotiate with the Department for Infrastructure and Transport to identify the funding to be received for Council to undertake the maintenance of Department for Infrastructure and Transport road medians (grass cutting and/or weed spraying) and sign any related agreement; with the inclusion of the budget cost being allocated in the 2023-24 Financial Year Operating budget and referenced in the draft Annual Business Plan for Councils consideration.*
- 3. Requests a further information report being returned to Council to advise on the outcome of the above items.*

Negotiation with the Department for Infrastructure and Transport (DIT) resulted in DIT providing in-principle support in October 2023 to Council to undertake DIT median maintenance, and receive a base funding allocation for this work based on full cost recovery. The potential maintenance of DIT median was included in the Verge and Median Maintenance Service tender.

Furthermore, at its meeting dated 11 April 2023, Council resolved the following:

That having considered the report titled “Verge Maintenance Service Review” and dated 5 April 2022, Council:

- 1. Acknowledges the report prepared by BRM Advisory titled CTTG Verge Maintenance Service Review. Final v4.0 – BRM Advisory and provided as Attachment 1 of this report; and endorses the actions contained in the implementation plan provided as Attachment 2 of this report.*
- 2. Adopts the proposed increase (minimum additional 2 cuts per annum in suburbs which require additional cuts) to the verge cutting service and that the draft Budget for the 2024 Financial Year be amended to incorporate this increased service level.*

3. *That quarterly progress reports be provided to the Service Review Committee regarding the delivery of the Implementation Plan.*

Given the underperforming verge maintenance contract in place at the time of the April 2023 report, the contract was mutually terminated by Council and the Contractor, with an interim pricing structure and increase in cuts negotiated whilst Council's verge and median maintenance program was tendered to the market.

2. DISCUSSION

The Verge and Median Maintenance Service for the City of Tea Tree Gully was released to tender via SA Tenders on the 19 May 2023, closing 4 July 2023. Three submissions were received, with one considered to be non-complying. Two submissions were therefore evaluated. A preferred contractor has been identified, with final negotiations now occurring and anticipation of contract award in November 2023.

The tender specification, in general terms, required a tender submission which responded to carrying out general maintenance to clean, cut, control, manage grass, turf or weed growth on Council verges, medians and traffic control devices within the council's boundaries as directed by Council.

The tender specification also provided Council with greater transparency in its pricing mechanism where unit rates have been applied for each verge and area (m2) of services provided.

3. FINANCIAL

It was estimated that, based on the contracted rates current at the time of the April 2023 report, an additional 2 cuts per annum (not including the Golden Grove Development Area) would result in an approximate \$250K additional budget requirement which would result in an additional rate increase of 0.3%. However, at that time and in giving consideration to price increases and current contractual deficiencies, it was estimated that the additional budget requirement would more likely be in the vicinity of up to \$550k.

Tender evaluation has considered that there will be a fluctuation in contract costs due to seasonal influences. The pricing is therefore estimated, however the base allocation to achieve an additional 2 full cuts across the City as per the resolution of Council, and undertake maintenance of DIT median requires the estimated additional budget allocation of \$550k plus an additional \$85k which will be sourced from Council's existing operating budget.

The additional budget requirement to therefore achieve the resolution of Council equates to an estimated \$635k.

The maintenance of DIT median is cost neutral, with the tender process equating this to be \$213k for 7 cuts, with DIT reimbursement of the same value. This includes a base financial allocation from DIT for the maintenance of the median in the Golden Grove Development Area.

Ongoing Review Requirement

There is a requirement for the preferred tenderer once the contract has been awarded, to capture data over the first 12 months, for Council to review the relevance and application of the schedule of rates to seek any improvements. Any amendments to the application of the schedule of rates will be agreed upon through formal amendments to the Contract. Where the unit of measure is not amended, the unit rate shall remain as submitted in the tender response.

4. STRATEGIC OBJECTIVES

Strategic Plan

The following strategic objectives in Council’s Strategic Plan 2025 are the most relevant to this report:

Objective	Comments
Community	
<i>People feel a sense of belonging, inclusion and connection with the City and the community</i>	A well maintained verge and median can enhance the appearance of the local area and promote a sense of community.
Environment	
<i>Environmentally valuable places and sites that are flourishing and well cared for</i>	The nature of the verge maintenance service provides a direct and ongoing visual amenity benefit to the council area.
<i>A community that is protected from public and environmental health risks</i>	Community participation in active pursuits increases through good quality, well-designed and well-utilised facilities, places and spaces.
<i>Our tree canopy is increasing</i>	
Economy	
<i>A local economy that is resilient and thrives, where businesses are supported to grow and prosper, provide local jobs and sustain our community and visitors and utilize technology to improve the livability of our city</i>	Well maintained places and spaces improve the visual amenity and provide benefits which may flow onto economic development, liveability and desirability for investment attraction.
Places	

<i>Streets, paths, open spaces and parks are appealing, safe and accessible</i>	<i>Good quality facilities, places and spaces create a vibrant and liveable city.</i>
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Policies / Strategies

The [Open Space Policy](#) defines an Amenity Area to include areas of isolated roadside landscaping including median strips, verges and nature strips. This provides focus on improving the visual appeal and functionality of a space.

There is no Council Policy relating to the maintenance of Medians in the City of Tea Tree Gully under the responsibility of the Department for Infrastructure and Transport (DIT).

5. LEGAL

The tender evaluation process is active and therefore this report is being considered by Council under confidence.

A formal agreement will be executed with DIT, with Council's Chief Executive Officer already authorised by prior Council resolution to negotiate and sign any such Agreement.

6. RISK – IDENTIFICATION AND MITIGATION

The April 2023 report noted that, should Council support an increased service level for Median grass cutting on main roads which are currently under the care and control of the Department for Infrastructure and Transport (DIT), there is a risk that the current verge maintenance contract may not be sustainable and will need to be reviewed. Similarly, this risk was possible for an increase in the frequency of cutting for residential verges. It was noted that this will have a likely financial impact on future Council operational budgets.

As detailed above, the verge maintenance contract in place at the time was not sustainable and was therefore mutually terminated. The tender process currently underway and being the topic of this report has resulted in a requirement to increase the operational budget to achieve the endorsed service level.

7. ACCESS AND INCLUSION

Maintaining the median and verges in a good condition helps achieve an appealing, safe and accessible streetscape.

8. SOCIAL AND COMMUNITY IMPACT

Council provides a regular program for verge and median maintenance services across the City of Tea Tree Gully to provide an amenity which is of high standard and value whilst also providing a positive experience to the community.

Unfortunately, the standard of the service was lacking and this resulted in a Verge Maintenance Service Review being undertaken, resulting in Council endorsement in April 2023 of an increase in service provision and exploration of undertaking median maintenance on all DIT median, which require mowing maintenance.

Community awareness of the consultation and promotion of the additional cuts to verges through the Annual Business Plan and budget processes occurred, raising community expectations in this area of service.

9. ENVIRONMENTAL

Climatic conditions impact seasonal growth and the requirements of the verge and median cutting schedule. Climate predictions are for more rather than less variability in climatic conditions in future years, presenting challenges for Council when seeking to apply a fixed service standard for verge and median maintenance services.

Consideration of environmental impacts have formed part of the service review particularly relating to weed management.

10. ASSETS

There was a level of dissatisfaction amongst Elected Members and the community in relation to the verge maintenance services standards in the City of Tea Tree Gully (CTTG), with the former cutting schedule across the City (other than the Golden Grove Development Area) not being sufficient to maintain grass height during peak growing season. This aspect was assessed as part of the Verge Maintenance Service Review and is to be mitigated through the increase in cuts endorsed by Council on the 11 April 2023.

Each cycle of programmed verge maintenance includes a complete round of cut for all 21 suburbs within the Council area or each cycle of Council's Main Roads. The order of suburbs and main roads is developed and agreed between both Council and Contractor prior to the cycle commencing. The order may be altered during the cycle with notice, as well as seasonal variations being negotiated and as required.

Currently CTTG maintain the median for three (3) DIT Roads within the Golden Grove Development Area. DIT Roads which Council maintain median for are:

- Grenfell Road
- The Golden Way

- The Grove Way

DIT have agreed in-principle to provide a base financial allocation to Council for 7 cuts to undertake the mowing maintenance on all DIT median in the City of Tea Tree Gully. This includes a base financial allocation from DIT for the maintenance of the median in the Golden Grove Development Area.

It is currently anticipated that a formal agreement will be in place for Council to undertake the DIT median maintenance from February 2024, receiving cost recovery from DIT for a base allocation of 7 cuts per annum of DIT Median, and the ability to seek reimbursement for additional evidenced cuts if required.

11. PEOPLE AND WORK PLANS

Management of the contract for main road and residential verge cutting is undertaken within existing staffing commitments.

12. COMMUNITY AND STAKEHOLDER ENGAGEMENT

Residents are often unaware of the distinction between Council controlled and DIT controlled roadways and therefore make complaints to Council about the appearance of many DIT maintained medians. Through Council undertaking this service for DIT median it aids in mitigating this.

Communications will be released to the community following tender award, to ensure the community receive relevant and up to date information pertaining to verge and median maintenance programs.

13. COMMUNICATIONS OF COUNCIL DECISION

The outcome relating to tender award and improved serviced standards for verge and median maintenance will be promoted to the community via social media and other promotional means.

14. INTERNAL REPORT CONSULTATION

Nil

Attachments

N/A

Report Authorisers

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