

CM13.1. Sewer Rehabilitation Program 2021/22 Contract No 22/00780

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CONFIDENTIAL	No	REASON	
FURTHER ENQUIRIES	Greg Whorlow Water and Wastewater	PHONE	6023 8111
AUTHOR	Adam Carty		

Purpose of Report

To recommend a preferred contractor for Contract No. 22/00780 - Rehabilitation of Existing Sewer Mains, through a qualitative and quantitative assessment.

Background

Albury's sewer system consists of approximately 509km of sewer gravity mains which are of different ages and condition. The rehabilitation, or relining works, are now part of Council's annual program designed to rehabilitate ageing and ineffective sewer mains throughout the city. The rehabilitation work improves our level of service and reduces the amount of expenditure required via conducting manual civil repair works and reactive maintenance.

The scope of the contract includes the rehabilitation of existing sewer mains and associated works. The works comprise 9,403 lineal metres of sewer main to be rehabilitated at various locations within the city.

This tender contains both structural pipe relining and pipe cracking rehabilitation technologies. Both these methods are known as 'trenchless technologies', as they reduce the need for large scale excavation and surface restoration.

Structural pipe relining is a trenchless technology where the new pipe is formed inside of the old one. A felt or woven fabric tube is cut to length and impregnated with a mixture of epoxy or silicon resins and inserted into the defective main before being inflated and left to cure. After the liner is cured a robotic cutter is sent into the main to reinstate property connection points.

Pipe cracking is the technology used for replacing highly dilapidated sewer mains. Prior to the new pipe being installed all property connections to the existing pipe are exposed and launching and receiving pits are constructed around the manholes. A pneumatic hammer is then inserted into the main and forces its way through the existing main whilst simultaneously inserting a new pipe. Once the pipe is fixed in place the property connections and manholes are reinstated.

Council makes an annual allocation for the Sewer Main Rehabilitation Program. In the current approved Four Year Delivery Program a total of \$3.5M of funding is available, split between the following budget years:

- 2021/22 - \$1.5M in unspent funds;
- 2022/23 - \$0.5M current allocation; and
- 2023/24 - \$1.5M future allocation.

The contract duration is estimated at 36 weeks and will be completed in the 2022/23 financial year.

Tenders were invited for Contract No. 22/00780 – Rehabilitation of Existing Sewer Mains and advertised in the Border Mail, Sydney Morning Herald and through Tenderlink. Tenders closed at 12 noon on Tuesday 5 April 2022.

Tender Assessment

At the close of tenders, submissions were received from the following companies:

- Rangedale Rehabilitation and Renewals Pty Ltd;
- KBC Plumbing Pty Ltd;
- Insituform Pacific Pty Ltd; and
- Abergeldie Complex Infrastructure Pty Ltd.

All tenders were evaluated in accordance with Council's Procurement Policy and Guidelines. The assessment panel for the tender comprised of Team Leader Networks – Adam Carty, Team Leader Quality and Systems – Brad Wills, Sourcing Coordinator – Brook Starkey, Trainee Civil Engineer – Henry Clark and Technical Officer - Wastewater - Kris Smyth.

Conformity Check

A conformity assessment was undertaken to ensure all submissions received were in accordance with the contract documentation and specification.

Company	Pricing Details	Supporting Information	Commercial Terms	WHS Documentation	Comment
Rangedale Rehabilitation and Renewals Pty Ltd	✓	✓	✓	✓	Conforming
Insituform Pacific Pty Ltd	✓	✓	✓	✓	Conforming
KBC Plumbing Pty Ltd	✓	Part	✓	✓	Conforming
Abergeldie Complex Infrastructure Pty Ltd	✓	X	X	✓	Partially Conforming

As indicated above, three submissions were assessed as conforming tenders, with Abergeldie Complex Infrastructure Pty Ltd submitting a partially conforming tender. Abergeldie Complex Infrastructure Pty Ltd proposed substantial departures from Council's commercial terms, primarily around risk associated with delay costs, provisional sum margins and limitation of liability. These departures were considered by the assessment panel as being outside of Council's risk appetite for the technical nature of these works. Therefore, Abergeldie Complex Infrastructure Pty Ltd was not assessed further.

The remaining three tenderers are WHS registered with Council or have supplied all required Safety Compliance documentation.

Qualitative Assessment

A qualitative assessment considered a range of issues including:

- past performance – including referee checks, relevant experience and expertise in performing same or similar projects;
- methodology and program – project work methods and proposed program;
- capacity – current and future commitments and workload;
- capability – Including availability of resources, expertise, equipment, and contract management capabilities; and
- benefit to local region – social and community benefit to the Albury/Wodonga region.

Company	Past Performance (30%)	Methodology & Program (30%)	Capacity (15%)	Capability (15%)	Local Benefit (10%)	Total (100%)
Rangedale Rehabilitation and Renewals Pty Ltd	24	24	12	12	5	77
Insituform Pacific Pty Ltd	24	24	12	15	2	77
KBC Plumbing Pty Ltd	15	10	6	6	7	44

Rangedale Rehabilitation and Renewals Pty Ltd's head office is in Altona North, Victoria, although they have recently expanded into regional Victoria with a base of operations set up in Wodonga. For this project, they have nominated a project team with over 25 years' experience working in the sewer and storm water rehabilitation industry. Rangedale Rehabilitation and Renewals Pty Ltd (Rangedale) is backed by the Rangedale Group, established in 2003. The Rangedale Group specialises in construction, repair, demolition and maintenance of water and sewer infrastructure across Victoria and more recently into NSW.

Rangedale has indicated their current work commitments include relining works for CPB Contractors, anticipated completion June 2022, contracts with Lower Murray Water with an anticipated completion date of June 2022 and a contract for relining at Melbourne Airport, anticipated completion date 30 April 2022. In addition, the company has several smaller one-off projects for South East Water.

Rangedale has an experienced workforce. Several key roles are filled by individuals with significant experience in relining works of a comparable size to this contract. Referee information was favourable and indicated that Rangedale is cooperative, professional, and well organised.

Rangedale completed the Closed Circuit Television (CCTV) sewer investigation program for AlburyCity in 2020/21. These works required that they coordinate their work schedules with AlburyCity staff, the general public and residents, which required coordination and adherence to Council processes, similar to the requirements of this project.

Rangedale has provided a comprehensive methodology that explained all key construction activities to a high level of detail. They also provided thorough environmental and traffic management plans. The detailed program demonstrated logical sequencing and links between activities. Rangedale's construction duration is 30 weeks.

Rangedale has indicated that, should they be awarded this project, the majority of materials, plant, equipment and labour will be sourced from their local regional office in Wodonga. They contribute to the community through sporting club sponsorship.

Information provided to Council indicates that the business has the financial capacity to support the delivery of this project.

Insituform Pacific Pty Ltd is a civil construction company based in Kings Park, Sydney NSW. The company has completed a number of projects in the local region for North East Water in the townships of Wangaratta and Tallangatta. They are the pioneers in Cured-In-Place Pipe (CIPP) technology, with over 40,000 km of CIPP installed worldwide.

Insituform Pacific Pty Ltd (Insituform) has indicated that their current work commitments include a sewer relining program for North East Water, with an anticipated completion in June 2022, and sewer relining programs for Barwon Water and Gippsland Water, both with an anticipated completion in June 2023.

Insituform has an experienced workforce, including several nominated project managers. Referee information indicates that the company is competent and highly cooperative.

The company has nominated competent and experienced subcontractors for the mains cleaning and survey works.

Insituform submitted a detailed methodology, explaining all key components of the works. The construction program was of high quality, listing all activities with logical sequencing and links. The total construction duration is 33 weeks which is considered fair and achievable.

Based on their current commitments, available resources and nominated subcontractors, Insituform is deemed to have the capacity to undertake this project.

The company, which is based in Sydney, indicated that should they be awarded this project they would source their plant and materials from their existing suppliers who are based outside the region. Their submission indicated that up to 20% of labour would be sourced locally.

Information provided to Council indicates that the business has the financial capacity to support the delivery of this project.

From the information provided, the tenders from Rangedale Rehabilitation and Renewals Pty Ltd and Insituform Pacific Pty Ltd demonstrated the required management systems, experience, construction plant, resources, and availability to provide AlburyCity with a quality product and service.

KBC Plumbing Pty Ltd is a locally owned plumbing business that has been providing plumbing services within the region for over 13 years. Throughout this period, they have completed a number of minor relining works and repairs for Council.

The previous experience of KBC Plumbing Pty Ltd (KBC) is in servicing the local community with commercial/small business, residential, gas fitting, blockages and emergency plumbing services. They have not completed a project of this magnitude.

Information provided to Council indicated that the total value of this project exceeds KBC's total reported annual income for the 2020/21 financial year.

KBC nominated experienced subcontractors to project manage the overall project, to undertake the CCTV camera operations and to provide vacuum excavation works. In addition to the subcontracted works, KBC stated that they would have to engage three additional employees to undertake the project.

The construction program submitted by KBC was limited, without a clear methodology and clear sequencing of works.

Referee information indicated that the company is experienced in residential and small commercial works, is cooperative and with referees describing the contractor as highly competent.

The review panel formed the view that the level of experience offered by Rangedale Rehabilitation and Renewals Pty Ltd and Insituform Pacific Pty Ltd was superior to KBC Plumbing Pty Ltd. The lack of project experience, a detailed construction program and the need to invest in significant additional resources were seen as representing a high risk to the delivery of this project. For these reasons the KBC Plumbing Pty Ltd submission was not assessed further.

Quantitative Assessment (100%)

The lump sum tender prices and ratings relative to the lowest price are tabulated below.

Company	Estimated Contract Value (including GST)	Rating (100)
Rangedale Rehabilitation and Renewal Pty Ltd	\$2,860,422.57	100
Insituform Pacific Pty Ltd	\$4,480,752.23	64

The budget for this project will be drawn from the current approved Four Year Delivery Program where there is a total of \$3.5M of funding split between the following budget years - 2021/22, 2022/23 and 2023/24.

The submission from Rangedale Rehabilitation and Renewal Pty Ltd of \$2,860,422.57 is \$1,620,329.66 (36.1%) more favourable than the next closest submission from Insituform Pacific Pty Ltd.

Risk

- **Business Risk** – financial risks are possible and are most likely to be associated with scope creep, delays as a result of the COVID-19 pandemic, or with latent conditions. Due to the nature of the project and the contractors entering submissions, this risk is considered low.
- **Corporate Risk** – it is acknowledged that there is the possibility of corporate risk to the AlburyCity image and brand. Primarily as a result of delays to the construction timelines or significant cost discrepancies. However, the overall risk is considered low due to extensive CCTV and manhole investigations completed in the design phase.
- **WHS and Public Risk** – WHS risks due to the construction works will be controlled in accordance with AlburyCity procedures. The contractor will be WHS registered with AlburyCity and will be required to implement relevant Safe Work Method Statements, submit a traffic management plan and undergo safety inspections. Further, the contractor is required to submit COVID safety plans, complete AlburyCity's COVID-19 declaration and abide by Federal and State Government Public Health Orders.
- **Environmental Risk** – each applicant has provided a copy of their Environmental Management Policy and Construction procedures. For all identified environmental risks the contractors must provide suitable measures to mitigate them. The risk is deemed low with regards to the environmental and cultural heritage risks due to the work location (disturbed ground and existing sewer mains) and the non-intrusive trenchless method of construction.
- **Delivery Program Risk** – standard delivery program risks are possible, such as delays due to inclement weather, contractor delays and latent conditions. The current operating environment must also take into consideration the changing landscape that is impacted by the global pandemic COVID-19.

Community Engagement

- Property owners and tenants will be informed of the project with the intent to minimise any impact it may have on the operation of their property.
- This project is in keeping with the goals of Albury 2050 to ensure that Albury's infrastructure and assets are well maintained, managed and operated.
- The Rehabilitation of Existing Sewer Mains is now an annual program which provides for a higher level of service to our community.
- The broader community will be notified through social media up-dates and information provided on Council's website.

Summary

The scoring for the qualitative and quantitative assessment is summarised in the following table:

Company	Qualitative	Quantitative
Rangedale Rehabilitation and Renewal Pty Ltd	77	100
Insituform Pacific Pty Ltd	77	64

From the qualitative assessment, all companies have the required management systems, experience and availability to successfully undertake this project. With the proposals from Insituform and Rangedale addressing Council's scope and requirements to a high standard through the demonstration of the completion of a number of projects of similar size and value.

From a quantitative perspective the submission from Rangedale Rehabilitation and Renewals Pty Ltd was assessed as being the most advantageous.

Therefore, based on the qualitative and quantitative assessments, it is deemed that the submission from Rangedale Rehabilitation and Renewals Pty Ltd provides the best overall value to Council for the delivery of Contract No. 22/00780 - Rehabilitation of Existing Sewer Mains.

Conclusion

Council invited tenders for Contract No. 22/00780 – Rehabilitation of Existing Sewer Mains and received four submissions, with one being assessed as partially conforming and not progressed further due to a failure to meet Council's commercial terms. A second submission, not presenting a level of relative experience in delivering a project of this size and nature, was not further considered post the qualitative assessment.

The scope of the contract includes the rehabilitation of existing sewer mains and associated works at various locations within the City. These works form part of Council's ongoing Sewer Rehabilitation Program to rehabilitate ageing and ineffective sewer mains throughout Albury.

A qualitative and quantitative assessment was conducted on the tenders, with the panel scoring and referee feedback indicating Rangedale Rehabilitation and Renewals Pty Ltd to be the most advantageous submission and representing best overall value for money to Council. The lump sum tendered price of \$2,860,422.57 including GST is within the current approved Four Year Delivery Program budget allocation of \$3.5M for the Annual Sewer Rehabilitation Program.

Recommendation

That Council:

- a. accepts the tender from Rangedale Rehabilitation and Renewals Pty Ltd for Contract No. 22/00780 – Rehabilitation of Existing Sewer Mains for the lump sum cost of \$2,860,422.57 (including GST); and
- b. reallocates funding for the Annual Sewer Rehabilitation Program as part of future Quarterly Budget Reviews to meet the lump sum cost of \$2,860,422.57 (including GST) for this Contract.