CM13.5. Albury Waste Management Centre Workshop Washbay Contract No. 16/01676

DATE	31 October 2018	**FIL REFERENCE**	FIL16/01676
CONFIDENTIAL	No		
FURTHER ENQUIRIES	Brad Ferris Engineering	**PHONE**	6023 8233
AUTHOR	Ross Tuckwell		

Purpose of Report

To consider the preferred tenderer for the construction of the Albury Waste Management Centre – Workshop Washbay, following negotiation in accordance with Council's resolution.

Background

Currently the facilities at the Albury Waste Management Centre requires heavy plant to be washed down, prior to servicing, on the western side of the workshop. This area consists of a gravel/dirt surface, which has inadequate drainage that results in the area being unusable during the wetter months. Additionally, this wash-down area has no means of capturing and treating the wash water.

The design of the proposed new washbay facility for the Albury Waste Management Centre Workshop, includes:

- site earthworks;
- a reinforced concrete slab, including washbay area, suitable for heavy plant ie, compactors;
- a steel roof structure, with colorbond cladding to cover the washbay and processing pits;
- a series of processing pits, holding tanks and an oil-water separator for the treatment of the wash water prior to piping the water to the existing leachate ponds;
- a new 20,000L water tank, pressure pump and high-volume hose to facilitate heavy plant cleaning;
- drainage pipes and pits, and kerb and gutter to provide drainage of the washbay area; and
- relocation and automation of the existing fuel tank, to enable the installation of the washbay.

The budget for this project is $440K including GST, however based on a revised design and more recently tendered projects, which included similar construction elements, such as the push-pit at the Albury Waste Management Centre, the revised estimate cost of this facility is approximately $583K including GST.

Tenders for the construction of the washbay were advertised during August and September. At the close of tenders, only one submission was received from Ultra Project Services Pty Ltd. Other contractors expressed interest in the project, although their feedback indicated that current commitments and availability of resources did not permit them to submit a proposal for the project.

As reported at the Council meeting of 8 October 2018, the submission received from Ultra Project Services Pty Ltd was evaluated in accordance with Council's Procurement Policy and Guidelines. Ultra Project Services Pty Ltd was evaluated to have submitted a conforming tender, and the qualitative assessment indicated they have the experience, capacity and required resources to successfully deliver this project in accordance with the specification.

The original tender submission from Ultra Project Services Pty Ltd of $737,480.96, was $154K greater than the engineering estimate. The submission generally aligned with all cost items except for two key trade items. It was possible that these elements of the scope of work may have been misinterpreted by the tenderer and the price submitted was not considered to be best value for the organisation.

Accordingly, at the 8 October Council Meeting, Council resolved to:

a. *Not accept the tender for Contract No. 16/01676 - Albury Waste Management Centre Workshop Washbay;*
b. *Not invite fresh tenders as from the evidence obtained from prospective tenderers, with the quantum of work currently in the market there is limited resources available and inviting fresh tenders at this time is unlikely to secure further or competitive bids;*
c. *Determine to enter into negotiations with Ultra Project Services Pty Ltd based on their initial tender submission aligning with Council's engineering estimate, with the exception of two key trade items; and*
d. *Authorise the General Manager to enter into negotiations with Ultra Project Services Pty Ltd or any other party deemed to be competent to perform the works required for the project with a view to entering into a contract for the construction of the AWMC Workshop Washbay, in accordance with s.178 of the Local Government (General) Regulations 2005; and*
e. *Provide a further report to Council prior to signing any contract mentioned in (d) above.*

In accordance with Council's resolution, negotiations were undertaken with Ultra Project Services Pty Ltd to confirm the project scope of works and to discuss items from the original tender that didn't align with the Council's engineering estimate. As a result of this, Ultra Project Services Pty Ltd were able to review the pricing on the key trade items which reduced the cost of the original submitted tender.

Revised Tender Evaluation

Following the negotiations with Council staff, Ultra Project Services Pty Ltd submitted a revised submission of $622,907.60 for the AWMC Workshop Washbay.

The revised tender submission was evaluated for quantitative assessment only, as the other stages of the assessment process had been satisfied previously, with Ultra Project Services Pty Ltd being considered a capable contractor with the experience and capacity to deliver the project successfully.

The key items that Ultra Project Services Pty Ltd adjusted in their revised tender were:

- steel members for the roof structure were reviewed with their Design Engineer and members were reduced in size;

- supply and installation of a pressure washer was removed, the AWMC Workshop already has this equipment, and the supply wasn't a requirement for the project;
- sewer supply and installation cost was reduced by changing the pipe to a standard grade; and
- provisional item – remove and replace unsuitable material, the quantity was reduced to match the engineering estimate.

The revised tender submission from Ultra Project Services Pty Ltd of $622,907.60, is $40K or 7% greater than the engineering estimate and is considered to represent a competitive price and best value for the organisation/community, in the current market.

The budgets for the Albury Waste Management Centre projects have been revised as part of the September budget review, and funds from other project savings or deferment, can be made available to cover the additional cost of this project.

Risk

- Business Risk – Financial risks are possible if latent/unknown construction issues are encountered, a geotechnical investigation has been undertaken to reduce this risk. Disruption to AWMC Workshop servicing/maintenance will occur, however planning sessions have been held with AWMC staff to minimise these disruptions. No other operations at the AWMC should be affected.
- Corporate Risk – The project is in an operations area of the AWMC and is not accessible to the public. This project will enhance operations and environmental outcomes.
- WHS and Public Risk - WHS risks due to the construction works will be controlled in accordance with AlburyCity procedures, ie. contractor will be WHS registered by AlburyCity, and will be required to implement relevant Safe Work Method Statements and safety inspections. No risk to the public is anticipated as the project is in an operations area of the AWMC and is not accessible to the public.
- Delivery Program Risk – standard construction risks are possible, ie. delays due to inclement weather, and changes due to latent/unknown construction issues. However, the construction is scheduled to occur during summer, and site investigations have been undertaken during the planning and design phase, so Delivery Program Risks are considered low.

Community Engagement

This project is within the operational area of the AWMC and does not directly impact on customers and the broader community. The project is included in the 2018/19 Operational Plan which was finalised following an extensive community consultation process.

Conclusion

Council invited tenders to construct the new workshop washbay facility at the Albury Waste Management Centre. Only one tender was received, with other local contractors advising that they were unable to submit tenders due to current commitments and availability of resources.

Due to the lack of competitive tenders and the only tender being well in excess of the allocated budget and the engineering estimate, Council resolved to:

a. *Not accept the tender for Contract No. 16/01676 - Albury Waste Management Centre Workshop Washbay;*
b. *Not invite fresh tenders as from the evidence obtained from prospective tenderers, with the quantum of work currently in the market there is limited resources available and inviting fresh tenders at this time is unlikely to secure further or competitive bids;*
c. *Determine to enter into negotiations with Ultra Project Services Pty Ltd based on their initial tender submission aligning with Council's engineering estimate, with the exception of two key trade items; and*
d. *Authorise the General Manager to enter into negotiations with Ultra Project Services Pty Ltd or any other party deemed to be competent to perform the works required for the project with a view to entering into a contract for the construction of the AWMC Workshop Washbay, in accordance with s.178 of the Local Government (General) Regulations 2005; and*
e. *Provide a further report to Council prior to signing any contract mentioned in (d) above.*

Negotiations were undertaken between Ultra Project Services Pty Ltd and Albury City Council, where the project scope of works was clarified, and items of variance were discussed. As a result of this, Ultra Project Services Pty Ltd was able to revise their tendered price which now closer aligns with Council's engineering estimate and is considered to provide best value for the organisation. On this basis the acceptance of the revised tender is recommended.

Recommendation

That Council accepts the revised tender from Ultra Project Services Pty Ltd for Contract No. 16/01676 - Albury Waste Management Centre Workshop Washbay in the lump sum of $622,907.60 (including GST).