CM13.1. Albury Waste Management Centre Workshop Washbay Contract No. 16/01676

DATE	2 October 2018	**FIL REFERENCE**	FIL16/01676
CONFIDENTIAL	No		
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Purpose of Report

To consider a preferred tenderer for the construction of the Albury Waste Management Centre – Workshop Washbay, through a qualitative and quantitative assessment.

Background

Currently the heavy plant at the Albury Waste Management Centre is being 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 new washbay facility scope of works 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 tank 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.

Tenders for the construction of the washbay were placed on Tenderlink and advertised in the Border Mail and Sydney Morning Herald on Saturday 11 August and Tuesday 14 August 2018 respectively. The request for tender documents included architectural, structural and services drawings and specification, as well as a detailed scope of works.

The tenders closed at 12 noon on Tuesday 11 September 2018.

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

Tender Evaluation

The tender documents were downloaded by 64 companies, however at the close of tenders, only one submission was received from the following company:

- Ultra Project Services Pty Ltd (Rutherglen, Victoria).

Four other local contractors were contacted to determine why there was a poor response to the tender, and if any project documentation could have been improved to increase the tender response. These companies advised that the documentation was complete, to a good quality, and that they would have liked to have submitted a tender. However, at the time of tender their current commitments and availability of resources did not permit them to submit a proposal for the project.

The submission received was evaluated in accordance with Council's Procurement Policy and Guidelines. The evaluation was undertaken in a three stage process beginning with a general conformity assessment followed by qualitative and quantitative assessments. The evaluation of the tenders was conducted by the Evaluation Panel consisting of Gerard Coyle (Procurement and Contract Management), Thomas Staats (Engineering Designer), and Ross Tuckwell (Project Management).

Conformity Check

A conformity assessment was undertaken to ensure the submission was in accordance with the tender documentation.

Tenderer	Pricing Details	Supporting Information	WHS Compliance	Comments
Ultra Project Services Pty Ltd	✓	✓	✓	Fully Complies

As indicated above, the submission from Ultra Project Services Pty Ltd was deemed a conforming tender.

Ultra Project Services Pty Ltd have previously been WHS registered with Council and their submitted project control systems and procedures demonstrate that they will qualify for re-registration.

Qualitative Assessment

The qualitative assessment was based on the following criteria:

- past performance – including referee checks, relevant experience and expertise in performing the same or similar projects;
- methodology and program – proposed project methodology and program;
- capacity – current and future commitments and workload;
- capability - including availability of resources, equipment and contract management capabilities; and

- benefit to local region – social and community benefit to the Albury/Wodonga region.

The evaluation, based on an allocated rating for each criteria, provided the following assessment of the tender:

Tenderer	Past Performance (max 30)	Methodology & Program (max 25)	Capacity (max 25)	Capability (max 10)	Local Benefit (max 10)	Total (max 100)
Ultra Project Services Pty Ltd	22	19	17	8	6	72

Ultra Project Services Pty Ltd are based locally in Rutherglen. They have in the past completed projects for AlburyCity, including the stage replacement at the Albury Entertainment Centre. This project was completed to a high standard.

Ultra Project Services Pty Ltd have completed projects with similar scope to the workshop washbay, and have included a logical and achievable, 15-week construction program, which includes all major construction activities.

Ultra Project Services Pty Ltd have listed seven projects currently in hand, most scheduled for completion by October 2018. The client for all these projects is the Department of Defence. These current commitments and the listed resources demonstrate that Ultra Project Services Pty Ltd would have the experience, capacity and required resources to undertake this project.

Reference checks confirmed that Ultra Project Services Pty Ltd are co-operative to work with, have good WHS and Quality systems, and have successfully completed projects in the Albury Wodonga region. Ultra Project Services Pty Ltd provides local region benefit as they are based in Rutherglen, source all materials locally, and provide sponsorship to local charities and sporting clubs.

Quantitative Assessment

The tender price and rating relative to the lowest price are tabulated below.

Tenderer	Tendered Price (including GST)	Rating (max 100)
Ultra Project Services Pty Ltd	$737,480.96	100

As detailed above, the submission from Ultra Project Services Pty Ltd was the only tender received. Ultra Project Services Pty Ltd's tendered price was $154K or 26%, greater than the engineering estimate for this project and $297K, or 68%, greater than the available budget.

In comparing the submission with Council's engineering estimates, the bills of quantities and cost items generally aligned with the exception of two, key trade items. Specifically, there were significant cost variances between Ultra Project Services Pty Ltd and the engineering estimate for the roof

structure, and hydraulic installation. With consideration that the engineering estimate utilised rates from recently completed projects, it is not believed that an overall competitive price and best value for the organisation/community has been received in the current form. It is possible that the tenderer may have misinterpreted elements of the scope of works.

Summary

Tenderer	Quantitative ($) Assessment Score	Qualitative Assessment Score
Ultra Project Services Pty Ltd	100	72

Only one submission was received from Ultra Project Services Pty Ltd, the qualitative assessment indicated that they are capable of successfully delivering this project, to a high standard. The quantitative assessment indicated an inflated tender price influenced by two key trade items.

Issues

The only submission received for the AWMC Workshop Washbay was significantly over the allocated budget and Council's engineering estimate.

There is a surplus of projects currently being tendered or undertaken in the Albury Wodonga area for this type of work, and local contractors advised that resources were currently not available to provide a submission for this project. Hence, a re-tender may not attract any more interest.

Although not critical to the operation of the AWMC, the washbay would alleviate some of the difficulties in managing this important facility and it would mitigate some safety and environmental concerns in on-site heavy plant maintenance and management, hence it would be in Council's best interest to deliver the washbay project as soon as possible.

Should this be the case then the extra funding required to complete this project could be identified and accommodated through available reserves, savings in other budgeted projects or deferring other projects.

However, an alternative available to Council is to not accept any tender for this project and resolve to enter into direct negations with Ultra Project Services Pty Ltd in accordance with s178 (3) and (4) of the Local Government Regulation 2005, which states:

(3) A Council that decides not to accept any of the tenders for a proposed contract or receives no tenders for the proposed contract must, by resolution, do one of the following:

(a) postpone or cancel the proposal for the contract,
(b) invite, in accordance with clause 167, 168 or 169 fresh tenders based on the same or different details,
(c) invite, in accordance with clause 168, fresh applications from persons interested in tendering for the proposed contract,

(d) invite, in accordance with clause 169, fresh applications from persons interested in tendering for contracts of the same kind as the proposed contract,
(e) enter into negotiations with any person (whether or not the person was a tenderer) with a view to entering into a contract in relation to the subject matter of the tender,
(f) carry out the requirements of the proposed contract itself.

(4) *If a council resolves to enter into negotiations as referred to in subclause (3) (e), the resolution must state the following:*

(a) the council's reasons for declining to invite fresh tenders or applications as referred to in subclause (3) (b)-(d),
(b) the council's reasons for determining to enter into negotiations with the person or persons referred to in subclause (3) (e).

As outlined above, based on the current industry feedback and demands, it is deemed that inviting fresh tenders will not attract more interest in the market place. Negotiating directly with Ultra Project Services Pty Ltd will enable further discussions around key trade aspects of the project which do not align with Council's engineering estimates.

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, it is recommended that Council accepts no tenders for the project.

The option to invite fresh tenders is not preferred as it is unlikely to attract further interest due to the quantum of work already in the market and the commitments of suitably qualified contractors. Instead, an alternative option is available under s.178 of the Local Government (General) Regulation 2005 which provides that where a Council decides not to accept any of the tenders, it may enter into negotiations with any person with a view to entering into a contract in relation to the subject matter of the tender.

Considering that Ultra Project Services Pty Ltd's submission was higher than the engineering estimate in only two trades, and that the engineering estimate was calculated with rates from recently completed projects, it is anticipated that some misunderstanding of the scope might have occurred. In this circumstance, Ultra Project Services Pty Ltd may be in a position to negotiate a reduced tender rather than have it rejected outright.

Therefore, the preferred option would be for Council to authorise the General Manager to enter into negotiations, in line with s.178 of the Local Government (General) Regulation 2005, with Ultra Project Services Pty Ltd, with a view to entering into a contract for the construction of the AWMC Workshop Washbay, should mutually acceptable terms be agreed.

Recommendation

That Council:

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 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) Regulation 2005.