

#	Date	Item Title	Confidential Order Details	Item being kept confidential - Agenda/ Attachment/ Minutes	Reason regarding retention or recommend-action to release	Resolution Regarding Action	Last Review Date	Next Review Date	Date Released
38	18 Jan 2010	Tender 2009.009 Construction of 120 ml Treated Waste Water Storage Dam	<b>Reason:</b> (h) tenders for the supply of goods, the provision of services or the carrying out of works.	Discussion, reports, attachments and minutes	Release	Release and make public	N/A	5 Sept 11	6 Sept 2010

**73.3**            **REPORT TITLE:**        **CONFIDENTIAL REPORT: TENDER**  
   **2009.009 CONSTRUCTION OF 120ML**  
   **TREATED WASTEWATER STORAGE DAM**  
**DATE OF MEETING:** **18 JANUARY 2010**  
**AUTHOR:**                **MATTHEW DAWKINS**  
**AUTHOR'S TITLE:**    **SENIOR PROJECT MANAGER -**  
   **INFRASTRUCTURE**  
**FILE NUMBER:**        **70/030/217**  
   **70/040/175**  
**DEPARTMENT:**        **GOVERNANCE & PROJECTS**  
**DEPARTMENT**  
**MANAGER:**            **BRIAN CLANCEY**

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Moved Councillor Stokes that Council:

1. Pursuant to Section 90(2) and 90(3) of the Local Government Act 1999 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. Determine that the Acting Chief Executive Officer, General Manager Governance & Projects, General Manager Vision and Compliance, Manager Projects, Senior Project Manager – Infrastructure and the Minute Secretary be permitted to remain in the room.

Seconded Councillor Bails and CARRIED

Moved Councillor Kuchel that Council:

3. Awards tender 2009.009 Construction of 120ML Treated Wastewater Storage Dam to Morgan Earthmoving for \$ 1,425,085 (ex GST) comprised of an initial contract sum of \$ 995,532 plus an allowance for rock excavation and removal of \$ 300,000 with contingency allowances of \$ 129,553 and note that the project manager will assess the cost-benefit ratio to minimise the cost of rock excavation recognising the obligations of Council to meet the Federal government's funding conditions.
4. Authorises the Chief Executive Officer or his delegated officer to execute relevant contract document for Tender 2009.009, Construction of 120ML Treated Wastewater Storage.
5. Orders that pursuant to Section 91(7), (8) and (9) of the Local Government Act 1999 that the discussion, reports,

attachments and minutes (other than the name of the successful tenderer with the approved tender price) relating to this item be kept confidential and that the revocation of confidentiality be delegated to the CEO to determine when there is no legal or commercial need for continued confidentiality, and that this order be reviewed every 12 months.

Seconded Councillor Irvine and CARRIED

CONFIDENTIAL

**17.2**      **REPORT TITLE:**      **CONFIDENTIAL REPORT: TENDER  
2009.009 CONSTRUCTION OF 120ML  
TREATED WASTEWATER STORAGE DAM**

**DATE OF MEETING:** 18 JANUARY 2010

**AUTHOR:**                      **MATTHEW DAWKINS**

**AUTHOR'S TITLE:**      **SENIOR PROJECT MANAGER -  
INFRASTRUCTURE**

**REPRESENTORS:**      **NIL**

**FILE NUMBER:**      **70/030/217  
70/040/175**

**ATTACHMENTS:**      **ATTACHMENT 1 – DAM LOCATION PLAN  
ATTACHMENT 2 - TENDER ASSESSMENT  
SUMMARY**

**DEPARTMENT:**      **GOVERNANCE & PROJECTS**

**DEPARTMENT  
MANAGER:**                      **BRIAN CLANCEY**

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**PURPOSE**

To gain Council's approval to award tender 2009.009 Construction of 120ML Treated Wastewater Storage Dam to Morgan Earthmoving.

**RECOMMENDATION**

That Council:

1. Pursuant to Section 90(2) and 90(3) of the Local Government Act 1999 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. Determine that the Acting Chief Executive Officer, General Manager Governance & Projects, General Manager Vision and Compliance, Manager Projects, Senior Project Manager – Infrastructure and the Minute Secretary be permitted to remain in the room.
3. Awards tender 2009.009 Construction of 120ML Treated Wastewater Storage Dam to Morgan Earthmoving for \$ 1,425,085 (ex GST) comprised of an initial contract sum of

\$ 995,532 plus an allowance for rock excavation and removal of \$ 300,000 with contingency allowances of \$ 129,553.

4. Authorises the Chief Executive Officer or his delegated officer to execute relevant contract document for Tender 2009.009, Construction of 120ML Treated Wastewater Storage.
5. Orders that pursuant to Section 91(7), (8) and (9) of the Local Government Act 1999 that the discussion, reports, attachments and minutes (other than the name of the successful tenderer with the approved tender price) relating to this item be kept confidential and that the revocation of confidentiality be delegated to the CEO to determine when there is no legal or commercial need for continued confidentiality, and that this order be reviewed every 12 months.

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#### **BACKGROUND**

Within the 2009/10 Council Budget under "Sewerage", Council has allocated \$1,540,000 for Dam Construction – Brown Land. The project involves the construction of a treated wastewater storage dam to be located on Council. Of the allocated expenditure value, there is \$271,000 in grant funding which must be expended in FY 09/10.

Council has previously considered this project on 3 November 2008 when it resolved to acquire the necessary land bounded by Bald Hills and Little Dublin Roads to accommodate the dam. Later, on 19 January 2009, this project was referred to in a report to Council concerning the Hillgrove mine private project and the associated supply of treated wastewater from Council's wastewater plant.

Based on the resolution of 3 November 2008, Council submitted plans to the Development Assessment Commission (DAC) for planning approval. DAC has assessed the project and granted development consent for the project on 23 November 2009. In parallel with that process, detailed designs have been completed. Attachment 1 illustrates the dam location and general arrangement.

In accordance with Council's Procurement policy, an open tender process commenced on 1 December 2009 inviting suitably qualified contractors to tender for the works. The tender period closed at 2pm on the 22nd of December 2009 and during the tender period an on site tender briefing attracted nine (9) different contractors.

#### **DISCUSSION**

This dam will be an important part of the Council's Community Wastewater Management System by facilitating the storage of

treated wastewater for reticulation and reuse. The dam will effectively act as a "tank" from which the delivery of recycled water to large end users such as the Hillgrove mine and other future Callington pipeline connections. In doing so, the dam assists in minimising overflow and loss of water from the Laratinga Wetlands into Mount Barker Creek and hence increases the utilisation of this important water resource.

The open tender call attracted nine (9) tender submissions from:

1. Candy Earthmovers
2. Morgan Earthmoving
3. Watpac
4. Eichler Earthmovers
5. Hille Earthmovers
6. Kangarilla Earthmovers
7. Ertech Pty Ltd
8. Adciv
9. SEM Civil

The tender evaluation panel comprised:

1. Matthew Dawkins – Senior Project Manager - Infrastructure
2. Ian Powell – Project Manager
3. Nathan Silby – Senior Design Engineer, Wallbridge & Gilbert

In accordance with the evaluation criteria provided with the tender documents, this tender has been evaluated against the following criteria and weightings (%):

- a) NON FINANCIAL
  1. Relevant Experience (15%)
  2. Past Performance (10%)
  3. Management and Technical Skills (10%)
  4. Resources (15%)
  5. Methodology (10%)
- b) FINANCIAL
  1. Lump sum price scenario (40%).

This project is primarily an earthworks "cut and fill" project involving the excavation and movement of relatively large volumes of material to form the compacted earth dam walls for the water storage dam. The other significant task on the project is the supply and installation of the plastic lining for the dam.

Interpretation of the soil logs over the site area by the consultant dam designer indicates that as much as 16,000 cubic metres of rock may be encountered however the actual difficulty of excavation and volume of rock can not be definitively determined until construction is underway.

Accordingly, the submitted tender schedules sought a lump sum price for the dam construction without any rock excavation together with unit rates for the excavation of rock of differing degrees of difficulty. With these unit rates, the assessment panel has been able to assess a worst case project cost comprised of:

- the lump sum price excluding rock,
- 16,000 cubic metres of rock based on the submitted rock excavation unit rates, and
- a 10% contract contingency allowance.

#### **BASIS OF DECISION**

The assessment criteria with the highest weighting is price. In this regard, a lump sum tender price assuming no rock excavation was sought together with a breakdown of the lump sum price provided through a schedule of prices and unit rates. Further, given that the project is predominantly of an earthworks nature, the greatest probability of project price variation will come from changes in the nature of the earthworks, namely the extent to which rock is encountered. Accordingly, separate rates for rock excavation were sought as part of the submitted tender schedules.

Based on the rock excavation rates submitted together with the designers estimation that approximately 16,000 cubic metres of rock excavation may be required to achieve the required total dam volume, an adjusted estimate of contract sum was determined by the tender assessment panel to ensure a consistent review of all tenders and associated overall contract price was made.

The remaining abovementioned criteria were also closely reviewed and scored by the tender assessment panel to ensure that the final selection is well considered and not focussed solely on price.

To supplement the decision making process, interviews were conducted with the three top ranked tenderer's namely, Morgan Earthmoving, Hille Earthmovers and Ertech. These interviews assisted the assessment panel in better understanding each shortlisted tenderer's submitted prices and rates, proposed methodology, plant and resources, other project commitments and appreciation of the project. In this regard, Morgan Earthmoving demonstrated good knowledge and project thought and gave the assessment panel confidence in their abilities to successfully carry out the project in a timely fashion.

Attachment 2 presents the final tender assessment summary sheet and ranking for the top three shortlisted tenderers.

## **POLICY IMPLICATIONS**

### **1. Financial/budget**

Based on the above discussion, when considering all of the assessment criteria, Morgan Earthmoving scored the highest. The contract value for which Council approval is sought is \$1,425,085 (ex GST) comprised of:

- Lump Sum Tender Price \$ 995,532
- Allowance for Rock \$ 300,000
- 10% Contingency \$ 129,553

This contract value falls within the approved FY09/10 budget allocation of \$1,540,000. Whilst there are additional costs payable from this budget allocation such as design and contract administration fees, siteworks external to the dam construction contract, project management fees etc, it is expected that the project will be completed in the current financial year within budgeted costs.

### **2. Legal**

The tendering process will be completed in accordance with Council's procurement policies and procedures. A formal agreement will be established with the successful tenderer.

In accordance with Council's Procurement policy the total value of the contract will be available to the public.

### **3. Staffing/Work Plans**

The tendering process will be completed by existing staff. The construction works will be overseen by the design consultant.

### **4. Environmental**

The project has, via the DAC development assessment process been fully considered by the relevant environmental stakeholders including the EPA, Dept for Water Land Biodiversity and Conservation and the Department for Health. The development consent therefore contains comprehensive consideration of the necessary environmental factors.

### **5. Social**

The project will provide outcomes that enable improved capability to increase the utilisation of treated wastewater and thus reduce the demands currently placed on traditional water sources and supplies.



## **6. Strategic Plans**

### **Mt Barker Districts Community Strategic Plan**

#### **Environment**

"Promote, value, conserve and manage the natural and built environment for the benefit of current and future generations and at every opportunity observe the principles of ecological sustainability."

"Provide a leadership role in a range of environmental issues including water management."

Develop a water resources management strategy that encompasses all areas on water quality and flooding involving key stakeholders. Take advantage of potential opportunities through the use of reclaimed effluent stormwater."

### **COMMUNITY CONSULTATION**

#### **1. Customer Needs Analysis**

Through the DAC process, extensive consultation and engagement has occurred and those parties that had sought further information have been contacted and communicated with.

#### **2. Promotion**

Information on the project, when approved, will be included in Council's web site and quarterly newsletter..



Tender Selection Criteria																		
Relevant Experience			Past Performance			Management and Technical Skills			Resources			Methodology			Price		Total	
Point Score	Weighting	Weighted Score	Point Score	Weighting	Weighted Score	Point Score	Weighting	Weighted Score	Point Score	Weighting	Weighted Score	Point Score	Weighting	Weighted Score	Price*	Point Score		Weighting
Criteria Weighting (%)																		
15%		10%		10%		15%		10%		40%								100%
BROWN LAND DAM																		
Tenderer																		
3	15%	0.45	5	10%	0.3	3	10%	0.3	4	15%	0.6	4	10%	0.4	\$ 1,043,250	9.88	40%	3.95
5	15%	0.75	5	10%	0.5	4	10%	0.4	5	15%	0.75	5	10%	0.5	\$ 1,295,532	10	40%	4
5	15%	0.75	5	10%	0.5	6	10%	0.6	4	15%	0.6	5	10%	0.5	\$ 2,457,870	1.67	40%	0.37
5	15%	0.75	3	10%	0.3	5	10%	0.5	5	15%	0.75	5	10%	0.5	\$ 4,447,969	-2.1	40%	0.19
5	15%	0.75	5	10%	0.5	4	10%	0.4	5	15%	0.75	5	10%	0.5	\$ 1,843,542	7.89	40%	3.16
5	15%	0.75	4	10%	0.4	3	10%	0.3	4	15%	0.6	3	10%	0.3	\$ 2,075,650	7	40%	5.15
5	15%	0.9	5	10%	0.5	6	10%	0.6	3	15%	0.45	3	10%	0.3	\$ 1,631,278	8.71	40%	3.49
5	15%	0.75	5	10%	0.5	6	10%	0.6	6	15%	0.9	4	10%	0.4	\$ 3,665,970	0.03	40%	0.03
5	15%	0.45	3	10%	0.3	4	10%	0.4	5	15%	0.75	4	10%	0.4	\$ 3,850,488	0.93	40%	0.37

The Tender Selection System is a weighted point score system which allows both price and non-price attributes to be taken into account in the selection of the preferred tender.

After the allocation of point scores to criteria, they will be multiplied by the relevant nominated weights and summed to determine an overall

For the assessment of price, the following point score formula will be used:

$$P = 5 + 10 (\$M - \$T) / \$M$$

where:

$\$T$  = tender price

\$M = \text{mean price}

assessment panel

# 1

Abnormally low or high tenders, of more than 30% from the mean *may* be rejected.

Points	Description
10	Exceptional
8-9	Superior
6-7	Good
4-5	Adequate
1-3	Poor to deficient
0	Unacceptable