

10.1 Confidential – Contract No. 08024 Willunga Storage Lagoons Excavation and Haulage

Approval is sought to let a contract for an amount that is likely to be greater than \$500,000 (above which the CEO does not have authority).

This is information seeking Council direction/approval

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Attachments: 1. The Tender Process and Tender Evaluation by Contractor Summary (2 pages)

1 Executive Summary

Topic

Approval is sought to let a contract for an amount that is likely to be greater than \$500,000 (above which the CEO does not have authority).

Context

The total allocated budget within the Water Proofing the South Project for the Willunga Balancing Storage element plus the proposed Trade Waste Scheme for implementation during the 2008/2009 and 2009/2010 financial years is \$10,360,000. The Trade Waste Scheme will be the subject of a separate report to be presented to Council September/October 2008. The estimated cost for the delivery of the Willunga Balancing Storage element within this budget is approximately \$4,000,000. This total budget is made up of:

- \$3,175,000 (30%) contribution from Council; and
- \$7,185,000 (70%) from the Federal Government under the Water Proofing the South Funding Agreement.

In accordance with our Contracts, Tenders and Purchasing Policy the prescribed method of supply for a contract of this value should result from an Open Tender process. In order to execute a contract and implement the project Council approval is now sought.

A separate non-confidential report has been included in this agenda that provides details in relation to the Business Case for the creation of the Willunga Balancing Storage.

Suggested Outcome

It is suggested that Council consider this item in Confidence. Section 90(3) (k) of the Local Government Act 1999 is suggested as the most appropriate to use for this purpose.

This item is presented as a confidential item because it presents commercial tenders for the carrying out of works for Council's consideration and award.

Council's procurement policy and process focuses on ensuring that the confidentiality of all information provided in the course of tendering is preserved. The possible implications of not considering this item in confidence is in the event that Council elects not to award the contract, and further negotiation with prospective tenderers is required, extending the course of tendering, these discussions would no longer be able to be held commercially in confidence.

That Council approve the awarding of a Schedule of Rates Contract to SA Civil as the Preferred Contractor for:

- The supply of all labour, plant and material for the excavation and haulage of Class A material from Willunga Storage Lagoon (Excavation Pond 1) to Excavation Pond 2 (Mixing Pit) at a rate of \$6.05 per cubic metre including GST.
- The supply of all labour, plant and material for the excavation and haulage of sludge material from Willunga Storage Lagoon (Excavation Pond 1) to Target Site "B" (Southern Region Waste Resource Authority (SRWRA)) at a rate of \$17.33 per cubic metre including GST.

Recommendation(s)

1. That

- (a) under the provisions of Section 90(2) of the Local Government Act 1999 an order be made that the public be excluded from attendance at the meeting in order to consider in confidence this item.**
- (b) the Council is satisfied that it is necessary that the public be excluded to enable the Council to consider the report at the meeting on the following grounds:**
 - **Section 90 (3) (k) tenders for the supply of goods, the provision of services or the carrying out of works.**
- (c) That accordingly, on this basis the principle that meetings of the Council should be conducted in a place open to the public has been outweighed by the need to keep the information or discussion confidential.**

2. **That Council approve the award of a Schedule of Rates Contract to SA Civil as described in Section 1.3 of this report for the excavation, removal and disposal of soil and sludge from the Willunga storage lagoons.**

3. **That an order be made under the provisions of Section 91(7) and (9) of the Local Government Act 1999 that the abovementioned document (or part of such document) including the minutes and the report of the Council relating to discussion of the subject matter of that document, having been dealt with on a confidential basis under Section 90 of the Act, should be kept confidential on the grounds of information contained in 90(3) (k) until the purchase order has been placed and confirmed.**

Key Factors

Scope of Works

The scope of works consist of

- The relocation of approximately 80,000 cubic metres of Class A soil from the Willunga Storage Lagoon (Excavation Lagoon 1) to the Excavation Pond 2 (Mixing Pit).

- The removal and disposal of approximately 4,000 cubic metres of sludge material from the Willunga Storage Lagoon (Excavation Lagoon 1) to the SRWRA land fill site.

In order to maximise the storage volume resulting from this contract, excavations will be to a depth of approximately 10m below natural ground level. Preliminary geotechnical investigations have been undertaken to a depth of 7m to confirm the type of material and inform a total volume of 80,000 cubic metres. Further investigations will be undertaken as the material is removed so that greater depths can be reached, therefore increasing the total volume of material. Cognisant of the high likelihood that latent conditions i.e. rock or water table may be encountered at greater depths; the exact volume of excavation is yet to be confirmed.

Details of Tender

In accordance with Council's Contracts, Tenders and Purchasing Policy and Procedures, tenders were invited by Open Tender.

The call for tenders closed on the 10 June 2008. At the time of closing four (4) tenders were received for the works.

Due to the uncertainty of the total volume of material to be relocated, as explained in Section 3.1 of this report, tenderers were invited to submit rates to relocate material between the following locations:

Location Site	Target Site
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Excavation site Pond No. 1	Excavation site Pond No. 2
Excavation Site	Target Site A - Peats Soils
Excavation Site	Target Site B - SRWRA
Excavation Site	Target Site C - Kangarilla Land Fill

Number of Tenders Received

At the time of closing four (4) tenders were received for the works from:

- SA Civil
- Tron Civil Contracting Pty. Ltd.
- Artec Engineering
- Lucas Earthmovers

The tender was assessed and evaluated by a panel of three Council staff.

In summary, all tenderers demonstrated an acceptable appreciation of the task, level of ability and having relevant policies, insurances and procedures in place to undertake the works. The differences are reflected in the Tender Evaluation Summary as contained in Attachment 1.

In order to 'score' the cost submissions of the four prospective contractors, the rates submitted were applied to the approximate total scope of works to identify a likely final contract value. Significant variation occurred in the total cost for the delivery of the works. This is presented in the table below:

Task	Qty	SA Civil	Tron	Lucas	ARTEC
		RATE (Total)	RATE (Total)	RATE (Total)	RATE (Total)
Excavation and material transfer between lagoons	80,000 cubic metres	\$5.50 (\$440,000)	\$5.84 (\$466,912)	\$7.70 (\$616,000)	\$6.30 (\$504,000)
Excavation and material transfer off site	4,000 cubic metres	\$15.75 (\$63,018)	\$8.16 (\$32,654)	\$21.15 (\$84,618)	\$12.17 (\$48,690)
LIKELY TOTAL		\$503,018	\$499,566	\$700,618	\$552,690

The evaluation panel have agreed that SA Civil should be awarded the contract based primarily on:

- Cost – due to the likely increase in the total volume to be relocated between lagoons beyond 80,000 cubic metres, as the submitted rate is applied, SA Civil's total contract value becomes less than Tron's. It is not expected that there will be an increase in material required to be transferred off site.
- Demonstrated ability: SA Civil was the only contractor to present achievement of projects of larger size and scale than the scope of works in their proposal.
- Appreciation of task: SA Civil demonstrated through their proposal a considered response to how the works would occur on site.

Council's Open Tender Assessment process has been followed. The Tender Process and Tender Evaluation by Contractor Summary are contained in Attachment 1.

3.3 Tender Management System (TMS)

Council staff used the TMS database program to enter all tender prices. The database calculates (using the Australian Consulting Engineers Association calculation) the price score based on the median price.

All evaluation scores (other than price) are determined by the evaluation team based on the weighted criteria selected for this tender as shown in the attached Tender Evaluation by Contractor Summary (Attachment 1). The selection criteria are made available in the tender document.

The attached Tender Process Summary (Attachment 1) is automatically generated by the TMS.