

10.2 Confidential - Contract award Happy Valley Sports Park redevelopment – stage one implementation tender # 10045 OT

This report is seeking Council approval to award the contract for the Happy Valley Sports Park redevelopment – stage one implementation

This is information seeking Council direction.

General Manager: Bruce Williams, General Manager Projects and Services
Report Author: Matt Buckell, Project Leader (matbuc@onkaparinga.sa.gov.au)
Contact Number: 8384 0629
Attachments: 1 Tender Evaluation Summary (2 pages)

1 Executive summary

1.1 Topic

This report is seeking Council approval to award the contract for the Happy Valley Sports Park redevelopment – stage one implementation.

1.2 Context

The tender and evaluation processes are complete and award of this contract will enable the on ground works to commence in October 2010 and be completed by mid 2011.

Tenders were invited through an open tender process and assessed through our Tender Management System (TMS) as tender # 10045 OT.

The contract value for the Happy Valley Sports Park redevelopment – stage one implementation is outside the Chief Executive Officer's delegated authority (\$500,000) and therefore requires a decision of Council to approve the contract.

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 as it presents commercial tenders for the carrying out of works for Council's consideration and award. Our procurement policy and process focuses on ensuring the confidentiality of all information in the course of tendering is preserved.

1.3 Suggested outcome

That Council approves the award of the contract to Axis Constructions as recommended by the tender assessment team.

2 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. 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. 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 accept the tender proposed by Axis Constructions, tender number 10045 OT at a cost of \$1,997,745 (including GST).
 3. That Council notes the additional funding of \$1,100,000 to be allocated to the Happy Valley Sports Park redevelopment as part of budget review 1.
 4. That Council delegate authority to the Chief Executive Officer to sign all required documentation to finalise the contract with Axis Constructions for works associated with the Happy Valley Sports Park redevelopment – stage one implementation.
 5. That Council delegate authority to the Chief Executive Officer to authorise all expenditure in relation to the contract with Axis Constructions for works associated with the Happy Valley Sports Park redevelopment – stage one implementation.
 6. 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 contract has been awarded and signed.

Key Factors

3 Discussion

3.1 Details of tender

In accordance with our Contracts, Tenders and Purchasing Policy and Procedures, an open tender invitation was issued through SA Tenders and Contracts.

3.2 Tenders received

Five tenders were received. The following table summarises the tender submission prices.

Tender	Price (GST inclusive)	Price (GST exclusive)
Andy's Building Services	\$2,502,500.00	\$2,275,000.00
Axis Constructions	\$1,997,745.00	\$1,816,132.00

Genworth Construction	\$2,278,476.20	\$2,071,342.00
Structural Concepts Australia	\$3,112,532.50	\$2,829,575.00
Unique Urban Built	\$2,044,342.00	\$1,858,492.73

Tenders were assessed in accordance with our procurement procedures.

3.3 Tender Management System (TMS)

All tender prices were entered into the TMS database program. 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 panel based on the weighted criteria nominated for this tender as shown in the Tender Evaluation Summary (attachment 1).

3.3.1 Criteria assessment

The tender evaluation panel scored the tenders in accordance with the agreed selection criteria.

Our tender documentation provided tenderers with the specific evaluation criteria that submissions would be assessed against. The quality of the submissions varied greatly with a number of lower scoring tenderers failing to provide information relating to key assessment criteria, particularly relating to current commitments/time and methodology.

Axis Constructions provided a detailed methodology confirming a committed approach that will ensure the timely commencement and completion of the project. It outlined the planned approach for the delivery of specific stage one project elements providing evidence of their appreciation of the task.

The submission provided information about Axis Constructions staff that would deliver the project through a considerable team of twelve sub contractors. This includes specialist contractors across a broad range of disciplines including demolition, civil, concreting and tennis court construction as well as trades required to develop the new clubroom and toilet facilities.

The tender price is within the project cost estimate and the panel is confident they can satisfactorily complete the project. The tender evaluation panel assessment identified Axis Constructions to have the highest weighted score and recommends them as the preferred contractor to undertake this project.

3.4 Financial implications

The HVSP project is funded through the Major Projects Fund (MPF). The total project budget is \$3,795,000 (including anticipated income) allocated over five years (2008-09 to 2012-13).

At its meeting on 25 May 2010 Council considered a report on the MPF including financial estimates, scheduling, borrowing capacity and budget for 2010-11. This

included a project budget for HVSP of \$1,000,000 for 2010-11 based on the assumption that stage 1 of the project would be spread over the 2010-11 and 2011-12 financial years. This budget will be further supplemented by carried forward amounts from 2009-10 of approximately \$237,463 leading to a total available budget of \$1,237,463 for 2010-11.

We have reviewed the estimated costs associated with the delivery of stage 1, these include:

Description	Cost (ex GST)
Axis Constructions stage one work (contract 10045)	\$1,816,132
design consultant assistance with management of site works	\$20,000
ETSA transformer augmentation, relocation	\$100,000
broader service modification/relocation (electrical, fire, telephone etc), tennis court lighting, civil and landscaping works	\$150,000
project contingency costs	\$250,000
Total	\$2,336,132

Given the interrelated nature of this work and efficiencies in both cost and programming of works we are now proposing that all stage 1 work be undertaken and funded in 2010-11.

The MPF report considered by Council at its meeting on 25 May 2010 also identified that:

'A degree of flexibility must be maintained to enable us to be able to respond to changing circumstances and arising issues. This includes the ability to escalate and reschedule projects in light of a changing environment, funding opportunities or any other unanticipated triggers. We will continue to update Council on issues affecting the MPF and any proposed changes through our regular financial management and reporting processes (ie Monthly Financial Reports and Budget Reviews).'

In discussion with the Chief Financial Officer it is proposed that an additional \$1,100,000 funding be allocated to HVSP for 2010-11 as part of Budget Review 1 (noting this does not increase the total project budget over the four years). These additional funds will be sourced through the revised scheduling of a number of MPF

projects. This will enable us to continue to meet our Budget Strategy 2009-10 – 2011-12 by ensuring we are within our borrowing capacity based on the MPF funding model.

This additional funding, combined with the existing budget of \$1,237,463 will lead to a total budget of \$2,337,463.

To date we have identified a number of potential scheduling adjustments for other projects being funded through the Major Project Fund. We will continue to refine our estimates and scheduling for all projects within the MPF and provide details of proposed adjustments to Council as part of Budget Review 1 for 2010-11.

