

### **10.3 Confidential - Contract award Piazza della Valle – Tender # 10044/OT**

*This report is seeking Council approval to award the contract for the Piazza della Valle – stage one implementation.*

*This is information seeking Council direction*

General Manager: Bruce Williams, General Manager Projects and Services  
Report Author: Susan Manchip, Project Leader (susman@onkaparinga.sa.gov.au)  
Contact Number: 8384 0521  
Attachments: 1. Tender Evaluation Summary (2 pages)  
2. Staging plan (1 page)

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## **1 Executive summary**

### **1.1 Topic**

This report is seeking Council approval to award the contract for the Piazza della Valle – 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 November 2010 and be completed by end March 2011.

Tenders were invited through an open tender process and assessed through our Tender Management System (TMS) as tender #10044/OT.

The contract value for the Piazza della Valle development is outside the Chief Executive Officer's delegated authority (\$500,000) and therefore requires a decision of Council to approve the contract.

It is recommended 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 Watpac 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.**
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- 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 Watpac tender #10044/OT at a cost of \$1,562,523.60 (including GST) for Stage 1 of the Piazza della Valle project.
  1. That Council delegate authority to the Chief Executive Officer to authorise Watpac to undertake works associated with Stage 2 implementation once sufficient funds have been received through state government grants and community fund raising.
  2. That Council delegate authority to the Chief Executive Officer to sign all required documentation to finalise the contract with Watpac for works associated with the Piazza della Valle project.
  3. That Council delegate authority to the Chief Executive Officer to authorise all expenditure in relation to the contract with Watpac for works associated with the Piazza della Valle project.
  4. 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

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

Tender	Price (GST inclusive)	Price (GST exclusive)
BE Building Services	\$1,862,785.14	\$1,693,441.00
McMahon Services	\$2,528,396.33	\$2,298,542.00

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Minuzzo Project Management	\$1,793,504.00	\$1,630,458.10
Romaldi Constructions	\$1,915,042.50	\$1,740,947.70
Unique Urban Built	\$1,714,749.30	\$1,558,863.00
Watpac	\$2,215,637.60	\$2,014,216.00

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.

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 sufficient information relating to key assessment criteria, particularly relating to demonstrated ability, current commitments/time and methodology.

Watpac demonstrated that they have undertaken many projects that are similar in scale, complexity and price to the Piazza development. In addition, the firm has experience in working with local government. Watpac provided a very detailed gantt chart demonstrating a thorough understanding of the tasks and time frame required on this project. The submission gave a breakdown of subcontractors to be used on the job which included some local subcontractors.

The submission provided a list of Watpac's personnel on the project and their roles and resumes demonstrating their experience on similar projects. In terms of methodology Watpac noted the constraints of the site, the need to work with neighbouring properties and the requirement of the project as a community project.

The tender evaluation panel assessment identified Watpac to have the highest weighted score and recommends them as the preferred contractor to undertake this project.

However, since Watpac's tender price was in excess of the total project cost estimate of \$1.8m panel members have worked with Watpac to successfully reduce their costs to within budget. This was achieved by cost savings offered by alternative electrical, shade structure and concrete subcontractors, modest savings in their preliminary costs and substituting the slate steps with more affordable

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pavers. Therefore, Watpac's revised tender price is now \$1,819,474 (ex GST) for both stages of the project.

### **3.4 Budget details**

#### **3.4.1 Background**

In summary it is proposed to fund the total project cost of \$1,800,000 as follows:

- \$700,000 (Council - Major Projects Fund) - Stage 1
- \$700,000 (Places for People grant - received) - Stage 1
- \$200,000 (Community - fundraising and sponsorship) - Stage 2
- \$200,000 (Places for People - further grant application) - Stage 2.

#### **3.4.2 Staging**

Given that the current budget is \$1.4m the tender assessment panel requested Watpac to divide the project into stages where stage 1 totalled \$1.4m and included the main piazza and enough works to provide an attractive and functional 'stand alone' outcome (refer attachment 2 – proposed stages). The staging has been discussed with the steering committee as outlined in the non-confidential report on this agenda. Watpac's revised costing for Stage 1 is \$1,420,476 (ex GST) and is slightly above the available budget.

The steering committee are well underway to raising the additional funding providing an opportunity to run stages one and two consecutively and thereby avoiding costs for mobilisation and de-mobilisation. Watpac has indicated a strong desire to work with us and the community steering group to achieve this outcome.

#### **3.4.3 Timing**

Once it was ascertained that a 'stand alone' Stage 1 was feasible for \$1.42m, a number of timing options were considered (refer Table 1, non-confidential report). Option 3 (consecutive staging of stages 1 and 2) is the preferred option in terms of timing and costing. Therefore, consideration to structuring the contract to allow for the continuation of works by Watpac has been proposed.

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