

ORDINARY MEETING	14
21 DECEMBER 2023	

RECOMMENDATION FOR THE AWARD OF CONTRACT 75700 – SEWAGE PUMPING STATION REMEDIATION WORKS

63/5/73-01 | #7288906

RECOMMENDATION:

That Council:

1. Awards Contract 75700 – Sewage Pumping Stations Remediation Works to Koppens Developments Pty Ltd for a Lump Sum price of \$12,556,620.30 excluding GST.
2. Approves the Project Launch Approval for PCS22406 (R27) with a Project Launch Budget (PLB) of \$968,710 and an Approved End Date (AED) of 30 November 2025,
3. Approves the Project Launch Approval for PCS19406 (YK1B) with a Project Launch Budget (PLB) of \$744,844 and an Approved End Date (AED) of 30 November 2025,
4. Approves the Project Launch Approval for PCS22410 (HB1) with a Project Launch Budget (PLB) of \$1,678,742 and an Approved End Date (AED) of 30 November 2025.
5. Approves the Project Launch Approval for PCS22402 (ES1) with a Project Launch Budget (PLB) of \$868,514 and an Approved End Date (AED) of 30 November 2025.
6. Approves the Project Launch Approval for PCS22413 (RE1) with a Project Launch Budget (PLB) of \$1,299,671 and an Approved End Date (AED) of 30 November 2026.
7. Approves the Project Launch Approval for PCS19409 (CB2) with a Project Launch Budget (PLB) of \$1,333,468 and an Approved End Date (AED) of 30 November 2027.
8. Approves the Project Launch Approval for PCS22412 (TB5) with a Project Launch Budget (PLB) of \$1,033,200 and an Approved End Date (AED) of 30 November 2026.

9. Approves the Project Launch Approval for PCS22407 (CV1) with a Project Launch Budget (PLB) of \$2,123,80 and an Approved End Date (AED) of 30 November 2026.
10. Approves the Project Launch Approval for PCS22411 (GO3) with a Project Launch Budget (PLB) of \$1,142,563 and an Approved End Date (AED) of 30 November 2026.
11. Approves the Project Launch Approval for PCS21404 (GO4) with a Project Launch Budget (PLB) of \$1,436,064 and an Approved End Date (AED) of 30 November 2027.
12. Approves the Project Launch Approval for PCS22405 (R22) with a Project Launch Budget (PLB) of \$959,836 and an Approved End Date (AED) of 30 November 2027.
13. Approves the Project Launch Approval for PCS22409 (WW1A) with a Project Launch Budget (PLB) of \$2,793,295 and an Approved End Date (AED) of 30 November 2026.
14. Delegates authority to the Chief Executive Officer in accordance with the *Local Government Act 2009* to enter into contract, negotiate, finalise and execute any and all matters associated with or in relation to this contract subject to Council's normal procurement policies and practices.

INTERESTED PARTIES:

1. Koppens Developments Pty Ltd (Koppens)
2. BAMA Projects Pty Ltd (BAMA)

Note: The identification of interested parties is provided on a best endeavours basis by Council Officers and may not be exhaustive.

EXECUTIVE SUMMARY:

As part of Councils capital works delivery strategy, remediation works associated with twelve sewage pumping stations were packaged to form a single construction contract to be delivered as a program of works over the next four years.

A public tender for the contract was advertised to the open market on 1 September 2023. At the close of the tender process, two submissions were received and subsequently evaluated.

Based on the evaluation undertaken, it is recommended that Contract 75700 – Sewage Pumping Station Remediation Works is awarded to Koppen Developments Pty Ltd for the total lump sum of \$12,556,620.30 excluding GST; and the Project Launch Approvals (PLAs) for the following projects are approved for the total PLB value of \$16,382,916.

- PCS22406 - Sewage Pumping Station R27 renewal
- PCS19406 - Sewage Pumping Station YK1B refurbishment

- PCS22410 - Sewage Pumping Station HB1 Asset Renewal of Electrical/ Mechanical Assets
- PCS22402 - Sewage Pumping Station ES1 renewal
- PCS22413 - Sewage Pumping Station RE1 asset renewal of Electrical /Mechanical assets
- PCS19409 - Sewage Pump Station CB2 Refurbishment
- PCS22412 - Sewage Pumping Station TB5 Electrical Mechanical Asset Renewal
- PCS22407 - Sewage Pump Station CV1 Renewal of Electrical and Mechanical Assets
- PCS22411 - Sewage Pumping Station GO3 Asset Renewal of Electrical / Mechanical Assets
- PCS21404 - Sewage Pumping Station GO4 electrical mechanical asset renewal
- PCS22405 - Sewage Pumping Station R22 renewal
- PCS22409 - Sewage Pumping Station WW Mechanical Electrical and Wet Well Upgrade

BACKGROUND:

The works forming this contract were identified through the following methods:

- Works identified in the condition assessment of the existing mechanical, electrical and structural elements. For noting, a number of mechanical and electrical assets are at end of life and repair parts are no longer available;
- Outcomes of the Sewerage Catchment Planning Studies;
- Any significant or recurring maintenance/repairs listed in the Pump Station maintenance register in recent years;
- Issues listed in the Workplace Health and Safety register;
- Assets identified for renewal in the Asset Renewal register;
- Works identified in the FMECA risk assessment for single pump sewage stations;
- Review of Q100 flood zones;
- Confirmation of requirements as an outcome of workshops held with Utility Services and Asset Services staff; and
- The detailed design undertaken by external consultants.

The main objective of the remediation works is to minimise the risk of escalating maintenance costs and environmental risks due to asset failure.

Contract 75700 has been established as four separable portions to create opportunities for alternate contract award and delivery strategies as an outcome of the tender process.

With limited large-scale contractors available locally to complete the works, this approach was taken to offer a scope of works and potential contract value that may attract suitable contractors from a wider locality. This method also allows smaller local contractors the opportunity to tender on lesser scope of works with equal opportunity to be awarded a contract.

The approach also intended to provide broader market testing for suitably experienced principal contractors due to the broader tendering opportunities.

The works associated with each of the Separable Portions and the delivery strategy are outlined in the Table below:

Separable Portion:	Project Description	Delivery program
Separable Portion 1	PCS22406 – SPS R27 Renewal	2023/24 and 2024/25
	PCS19406 – SPS YK1B Refurbishment	2023/24 and 2024/25
Separable Portion 2	PCS22402 – SPS ES1 renewal	2023/24 and 2024/25
	PCS22410 - SPS HB1 Asset Renewal of Electrical/ Mechanical Assets	2023/24 and 2024/25
	PCS22413 SPS RE1 Asset Renewal of Electrical /Mechanical assets	2024/25 and 2025/26
Separable Portion 3	PCS19409 – SPS CB2 Refurbishment	2024/25 and 2025/26
	PCS22407 – SPS CV1 Renewal of Electrical & Mechanical Assets	2024/25 and 2025/26
	PCS22412 – SPS TB5 Electrical Mechanical Asset Renewal	2023/24 and 2024/25
Separable Portion 4	PCS22411 – SPS GO3 Asset Renewal of Electrical / Mechanical Assets	2024/25 and 2025/26
	PCS21404 – SPS GO4 electrical mechanical asset renewal	2025/26 and 2026/27
	PCS22405 – SPS R22 renewal	2023/24 and 2024/25
	PCS22409 – SPS WW Mechanical Electrical and Wet Well Upgrade	2023/24 and 2024/25

Council invited tenders pursuant to section 228 of the *Local Government Regulation 2012 (Qld) (Regulation)*, with the tender advertised on 1 September 2023 and closed on 9 October 2023.

At the close of the tender period, tenders were received from each of the tenderers identified below:

- (a) Koppens Developments Pty Ltd (Koppens)
- (b) BAMA Projects Pty Ltd (BAMA).

COMMENT:

A public tender based on an AS4000 Contract was advertised on 1 September 2023. This approach was consistent with the approved Pre-Market PRB submission requirements and ensured the procurement methodology complies with the *Local Government Act 2009* and Council's Procurement Policy.

During the tender period there were 57 downloads of the tender documents. At the close of the public tender process on 9 October 2023, Council received submissions from the following two companies:

- Koppens Developments Pty Ltd (Koppens)
- BAMA Projects Pty Ltd (BAMA).

Both respondents submitted prices for Separable Portion 1. Koppens also submitted prices for Separable Portions 2, 3 and 4.

After an initial review of the submissions, post tender closing clarifications (PTCC) were issued to tenderers seeking clarification on various issues. Responses to PTCC's subsequently addressed all matters raised.

All tender submissions were then evaluated based on each company's demonstrated strengths and weaknesses for each criterion, based on the information provided. Scoring for each criterion was differentiated by the level of detail supplied by each Tenderer.

Each tender was evaluated against the following assessment criteria as endorsed in the approved Pre-Market PRB submission.

Evaluation Criteria	Weighting
Contractor's relevant experience and resources	15%
Key personnel skills and qualifications	15%
Management systems	5%
Methodology and understanding	20%
Business profile (local, social and sustainability)	5%
Price/value for money	40%

The evaluation panel consisted of the following members, as also endorsed in the approved Pre-Market PRB submission.

Evaluation Panel Members:	
Panel Member 1 / Chair	Coordinator Program Delivery, Project Management Office, CIA
Panel Member 2	Senior Project Engineer, Project Management Office, CIA
Panel Member 3	Wastewater Services Coordinator, Utility Services, CIA
Other Representative (non-scoring)	Senior Technical Officer, Project Management Office, CIA

In evaluating the tender submissions and selecting the successful Tenderer, the evaluation panel had regard to sound contracting principles in accordance with section 104 of the *Local Government Act 2009 (Qld)*.

The evaluation identified:

- Koppens offered an overall saving of \$269,501.10 across the Contract if awarded ALL Separable Portions. There was no saving offered for award of 3 portions or less. The savings were apportioned as follows:
 - Separable Portion 1: \$79,235.50
 - Separable Portion 2: \$190,265.60
- The tendered price submitted by Koppens for Separable Portion 1 was the lowest priced submission and was consistent with the Council's budget for the project overall.
- Koppens were the only tenderer to price the full scope of Separable Portion 2, 3 and 4.
- The rates offered by Koppens for items included in the tender schedule were generally consistent with rates submitted by Koppens in response to recent successful tenders.
- Koppens scored the highest for the evaluation criteria for Relevant Experience, based on their significant experience with Council.
- Koppens and BAMA both scored equally for Key Personnel, Management Systems, Methodology and Understanding, and Business Profile (local, social and sustainability).
- Koppens has significant relevant recent experience with similar works, including a substantial number of projects previously completed with Council.
- Koppens have nominated an experienced project team and suitably experienced subcontractors for delivery in other key areas.

- The methodology offered by Koppens demonstrates a good understanding of the project requirements and includes mitigation strategies to address risk issues.
- The program offered by Koppens indicates that they will be able to complete the work within the timeframes indicated for each separable portion of the contract.
- The tender submission received from Koppens was evaluated as the preferred submission by the panel.

Based on the evaluation process undertaken, it is recommended that **Koppens Developments Pty Ltd** be awarded Contract 75700 Sewage Pumping Station Remediation Works for the total lump sum of **\$12,556,620.30** excluding GST and the Project Launch Approvals (PLAs) for project PCS19406, PCS22406, PCS22410, PCS22402, PCS22413, PCS19409, PCS22412, PCS22407, PCS22411, PCS21404, PCS22405 and PCS22409 are approved for the total PLB value of **\$16,382,711**.

OPTIONS:

Option 1: (Recommended)

That Council:

1. Awards Contract 75700 Sewage Pumping Station Remediation works to Koppens Developments for the total lump sum of \$12,556,620.30 excluding GST.
2. Approves the Project Launch Approval for PCS22406 (R27) with a Project Launch Budget (PLB) of \$968,710 and an Approved End Date (AED) of 30 November 2025.
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Option 2:

Council recommends the award of the contract works to another contractor other than that proposed by the evaluation panel.

This option is not supported as Koppens submitted the most competitive pricing for all Separable Portions and demonstrated the highest level of suitability as preferred contractor against all elements of the evaluation criteria.

Awarding a contract to an alternate tenderer may therefore result in a lesser outcome for Council.

Option 3:

Council recommends that award of Contract 75700 is not approved, and the remediation works are not undertaken.

This option is not supported as the works are a high priority and warrant immediate action to reduce the likelihood of further condition deterioration and therefore mitigate potentially higher future remediation costs.

CONSIDERATIONS:

Risk Management:

Contingencies have been included for the risks identified by Council Officers and the design consultants during desktop reviews, site inspections and preparation of design documentation. A contingency has also been included for latent conditions that were not known at the time of tendering. The contingency sums have been included in each Project Launch Budget but is not included in the contract award value.

A risk assessment summarising the scope of risks and potential costs associated with the risks is included in PLA risk assessment.

Council Finance and the Local Economy:

Based on the priced submission from Koppens, the total (PLB) as required in the relevant PLA's is \$16,382,711 while the total available budget is \$14,338,885, leaving an overall budget deficit of (\$2,043,826).

Due to the budget shortfall, Council officers undertook a review of the included scope of works to identify non-critical works that could potentially be deferred to reduce the budget deficit. The review however confirmed that while there were some elements of the works that could be deferred (minor switchboard works, pipework), the impact on the overall costs was not significant and the preference was therefore to award the contract for the full scope of the works.

The additional budget required to complete the PS works will therefore be sourced through the reprioritisation of the budget for:

- PCW23910 – University Water Reservoir Deformation and Proposed Treatment – Additional crack remediation works.

PCW23910 currently holds a budget allocation of \$3M in 2027/28.

Corporate and Operational Plans:

The contract works will assist Council with meeting the following corporate goal:

- Focus Three – Design for Liveability

The works will also meet Cairns Water and Resource Recovery's charter for "Planning for and delivering water, wastewater and waste infrastructure".

Statutory:


This tender process has been conducted in accordance with legislative requirements under the *Local Government Act 2009* and the *Local Government Regulation 2012*.

Policy:

The tender process was undertaken in accordance with Council's adopted Procurement Policy.

ATTACHMENTS:

Attachment 1 - Locality Map



Sarah Stephen
Associate Director Engineering Services



Mark Wuth
Director Cairns Infrastructure and Assets

