

ORDINARY MEETING
21 DECEMBER 2023

15

**RECOMMENDATION FOR THE AWARD OF CONTRACT 2927 –
 CONSTRUCTION OF NEW SEWAGE PUMPING STATION W1A**

63/5/76 | #7307622

RECOMMENDATION:

That Council:

- 1. Awards Contract 2927 – Construction of New Sewage Pumping Station W1A to Koppens Developments Pty Ltd for a Lump Sum price of \$6,616,910 excluding GST.**
- 2. Approves the Project Launch Approval for PCS13410-01 Sewage Pumping Station W1 New Pump Station with a Project Launch Budget (PLB) of \$8,457,253 and an Approved End Date (AED) of 30 June 2025.**
- 3. 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:

Koppens Developments Pty Ltd (Koppens)

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

EXECUTIVE SUMMARY:

A recent condition assessment identified the Sewage Pumping Station W1 (SPSW1) concrete wet well structure is in very poor condition, with a subsequent options assessment identifying the structure was at the end of its useful life and should be replaced.

The concrete condition issues have also led to an access restriction being put in place for parts of the pump station.

New SPSW1A will replace existing SPSW1, located off Links Drive, Woree. SPSW1 was constructed in 1976 and services the Whiterock catchment.

The construction of the new SPSW1A will be undertaken over the 2023/24 and 2024/25 financial years.

A public tender for the contract was advertised to the open market on 20 September 2023. At the close of the tender process one submission was received and subsequently evaluated.

Based on the evaluation undertaken, it is recommended that Contract 2927 – Construction of New Sewage Pumping Station W1A is awarded to Koppen Developments Pty Ltd for the total lump sum of **\$6,616,910** excluding GST; and the Project Launch Approval (PLA) is approved for the total PLB value of **\$8,457,253** excluding GST.

BACKGROUND:

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

- Works identified in the condition assessment and subsequent options assessment;
- Outcomes of the Sewerage Catchment Planning Studies;
- Significant and 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, address safety issues and address environmental risks due to the potential for asset failure.

Council invited tenders pursuant to section 228 of the *Local Government Regulation 2012 (Qld) (Regulation)*, with the tender advertised on 20 September 2023 and closed on 30 October 2023.

At the close of the tender period, one tender was received from the following:

Koppens Developments Pty Ltd (Koppens)

COMMENT:

A public tender based on an AS4000 Contract was advertised on 20 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 40 downloads of the tender documents. At the close of the public tender process on 30 October 2023 Council received one submission from the following company:

Koppens Development Pty Ltd;

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

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

Evaluation Criteria	Weighting
Contractor's relevant experience and resources	20%
Key personnel skills and qualifications	15%
Management systems	5%
Methodology and understanding	25%
Business profile (local, social and sustainability)	5%
Price/value for money	30%
Total Weighted Score	100%

After an initial review of the submission, a post tender closing clarifications (PTCC) was issued to the tenderer seeking clarification on various issues. The responses to PTCC subsequently addressed all matters raised.

The evaluation was based on a structured approach in accordance with Council's tender assessment procedure and considered the contractor's strengths and weaknesses for each criterion across the varying scope of works involved in the contract.

The evaluation panel also assessed the proposal to ensure that the full scope of works has been included. This included a line-by-line review of the tendered lump sum/s, review of the proposed methodology, and review of the nominated project teams and sub-contractors.

The evaluation identified:

- 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 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.

Based on the evaluation process undertaken, it is recommended that **Koppens Developments Pty Ltd** be awarded **Contract 2927 Construction of New Pump Station W1A** for the total lump sum of **\$6,616,910** excluding GST and the Project Launch Approval (PLAs) for project PCS19406 is approved for the total PLB value of **\$8,457,253**.

OPTIONS:

Option 1: (Recommended)

That Council:

1. Awards Contract 2927 – Construction of New Sewage Pumping Station W1A to Koppens Developments Pty Ltd for a Lump Sum price of \$6,616,910 excluding GST.
2. Approves the Project Launch Approval for PCS13410-01 Sewage Pumping Station W1 New Pump Station with a Project Launch Budget (PLB) of \$8,457,253 and an AED of 30 June 2025.
3. 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.

Option 2:

Council recommends that award of Contract 2927 – Construction of New Sewage Pumping Station is not approved and adopts an alternative course of action.

This option is not supported as the works are a high priority due to safety and condition issues 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 are 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 \$8,457,253 while the total available budget is \$6,080,510, leaving an overall budget deficit of \$2,376,743.

Additional budget will therefore be sourced through the reprioritisation and bring forward of the budget for:

- PCWBSF18 - Water Main Refurbishment (ONGOING PROGRAM).

PCWBSF18 holds a budget of \$71M over the 10-year capital works program. The 2026/27 and 2027/28 budget of \$5M and \$6M for water main refurbishment works will be reduced by \$2,376,743 through reprioritisation of lower criticality water mains and shall be released to cover the budget shortfall in 2024/25.

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

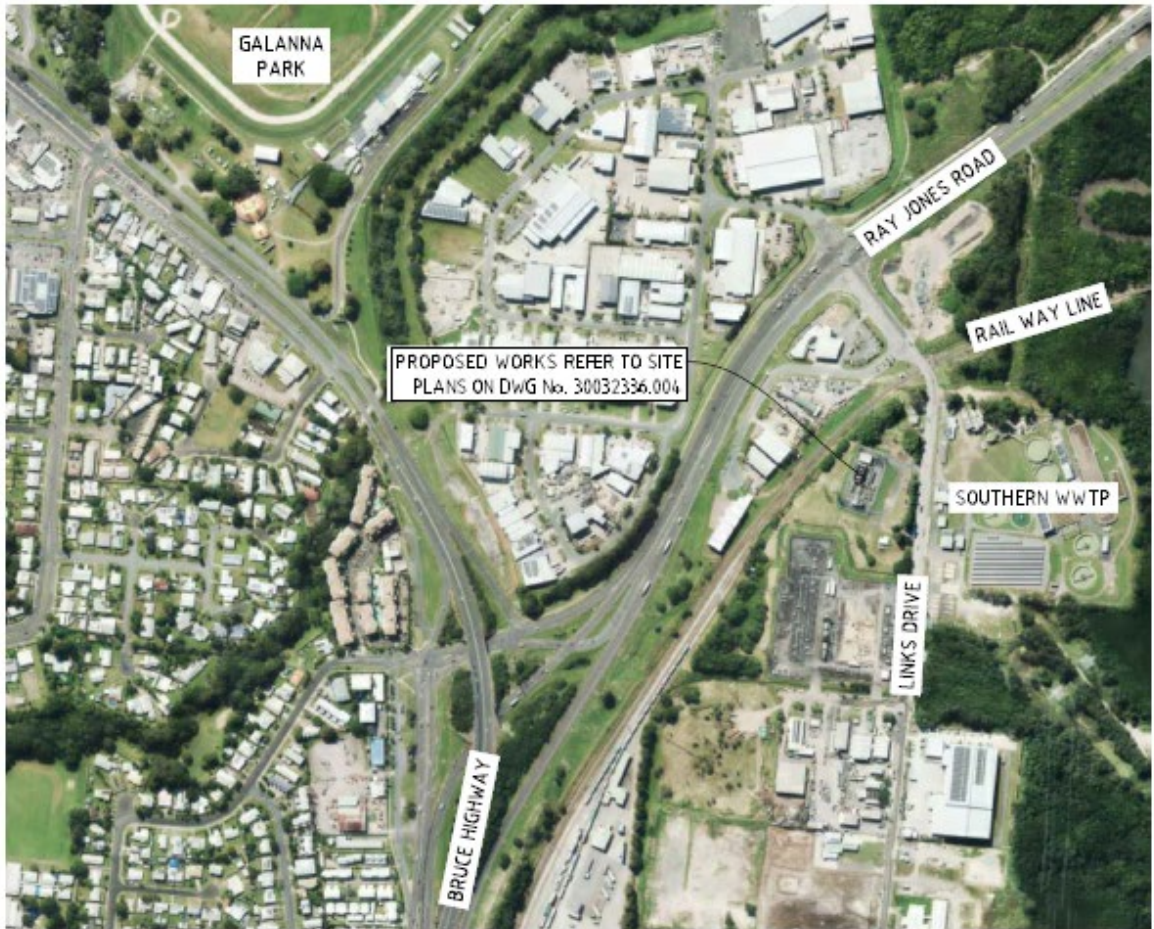
A handwritten signature in black ink that reads "Sarah Stephen".

Sarah Stephen
Associate Director Engineering Services

A handwritten signature in black ink that reads "Mark Wuth".

Mark Wuth
Director Cairns Infrastructure and Assets

Attachment 1 – Locality Map



LOCALITY PLAN
SCALE 1:5000 (A1)