

ORDINARY MEETING	11
22 NOVEMBER 2023	

AWARD OF CONTRACT 2915 – RESERVOIR REMEDIATION PACKAGE (MAYERS STREET, PANGUNA, BAYVIEW LARGE, BARRON VIEW, RUNNYMEDE BRINSMEAD, DEMPSEY STREET A/B, CREST CLOSE)

63/5/72 | #7281597

RECOMMENDATION:

That Council:

1. Awards Contract 2915 – Reservoir Remediation Package (2 Separable Portions) to Pensar Structures Pty Ltd for a total lump sum price of \$7,636,219.15 excluding GST;
2. Approves the Project Launch Approval for PCW20101 (Mayers St) with a Project Launch Budget (PLB) of \$2,492,859 and an Approved End Date (AED) of 30 November 2025;
3. Approves the Project Launch Approval for PCW19803 (Panguna) with a Project Launch Budget (PLB) of \$1,061,493 and an Approved End Date (AED) of 30 November 2025;
4. Approves the Project Launch Approval for PCW19802 (Bayview Large) with a Project Launch Budget (PLB) of \$1,658,244 and an Approved End Date (AED) of 30 November 2025;
5. Approves the Project Launch Approval for PCW21804 (Barron View) with a Project Launch Budget (PLB) of \$543,044 and an Approved End Date (AED) of 30 November 2025;
6. Approves the Project Launch Approval for PCW22803 (Runnymede) with a Project Launch Budget (PLB) of \$727,672 and an Approved End Date (AED) of 30 November 2026;
7. Approves the Project Launch Approval for PCW22801 (Brinsmead) with a Project Launch Budget (PLB) of \$2,004,747 and an Approved End Date (AED) of 30 November 2026;
8. Approves the Project Launch Approval for PCW21803 (Dempsey A&B) with a Project Launch Budget (PLB) of \$473,036 and an Approved End Date (AED) of 30 November 2025;

9. Approves the Project Launch Approval for PCW21803 (Dempsey A&B) with a Project Launch Budget (PLB) of \$473,036 and an Approved End Date (AED) of 30 November 2025;
10. Approves the Project Launch Approval for PCW21801 (Crest Close) with a Project Launch Budget (PLB) of \$780,596 and an Approved End Date (AED) of 30 November 2026.
11. 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:

- A Gabrielli Constructions Pty Ltd
- BAMA
- MCM Marine & Civil Maintenance
- Pensar Structures Pty Ltd
- Southern Cross Reservoir Services Australia Pty Ltd
- Ultimate Equipment Hire Transport (Spillers)

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 nine water reservoirs across eight reservoir sites were packaged to form a single construction contract to be delivered as a program of works over the next three years.

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

Based on the evaluation undertaken, it is recommended that Contract 2915 – Reservoir Remediation Package is awarded to Pensar Structures Pty Ltd for the total lump sum of \$7,636,219.15 excluding GST; and the Project Launch Approvals (PLAs) for the following projects are approved for the total PLB value of **\$9,741,691**:

- PCW20101 – Mayers Street, Edge Hill refurbish water reservoir;
- PCW19803 – Panguna reservoir refurbishment;
- PCW19802 – Bayview large water reservoir refurbishment;
- PCW21804 – Barron View reservoir refurbishment;
- PCW22803 – Runnymede reservoir refurbishment;
- PCW22801 – Brinsmead reservoir refurbishment;

- PCW21803 – Dempsey (A & B) refurbishment; and
- PCW21801 – Crest Close reservoir refurbishment.

BACKGROUND:

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

- Works identified in the Level 2 (L2) and Level 3 (L3) Condition Assessments and Council site inspections;
- Assessment of significant or recurring maintenance works listed in the maintenance register in recent years;
- Issues listed in the Workplace Health and Safety Register;
- Issues listed in the Drinking Water Quality External Audit;
- Assets identified for renewal in the Asset Renewal register;
- Issues identified through workshops held with Utility Services and Asset Services staff; and
- The detailed design solutions developed as an outcome of design consultancies undertaken for each of the projects.

Contract 2915 has been established as two separable portions to create opportunities for alternate contract award and delivery strategies as an outcome of the tender process.

This approach was taken to offer a scope of works and potential contract value that may attract external contractors, noting there are limited large scale local contractors available to complete the works, while also allowing smaller local contractors to tender on a lesser scope of works with equal opportunity to be awarded a contract.

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

The works associated with each of the Separable Portions are:

- Separable Portion 1: Mayer Street Reservoir, Panguna Reservoir, Dempsey Street A & B Reservoirs, Bayview Large Reservoir and Barron View Reservoir.
- Separable Portion 2: Runnymede Reservoir, Brinsmead Reservoir and Crest Close Reservoir.

Under this delivery strategy, Separable Portion 1 sites will be remediated during 2023/24 and 2024/25 and Separable Portion 2 sites will be remediated during 2024/25 and 2025/26.

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 4 October 2023.

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

- (a) A Gabrielli Constructions Pty Ltd (Gabrielli)
- (b) BAMA Projects Pty Ltd (BAMA).
- (c) MCM Marine & Civil Maintenance (MCM).
- (d) Pensar Structures (Pensar).
- (e) Southern Cross Reservoir Services Australia Pty Ltd (Southern Cross), and
- (f) Ultimate Equipment Hire Transport (Spillers).

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 44 downloads of the tender documents. At the close of the public tender process on 4 October 2023, Council received submissions from the following six (6) companies:

- A Gabrielli Constructions Pty Ltd.
- BAMA Projects Pty Ltd.
- MCM Marine & Civil Maintenance.
- Pensar Structures.
- Southern Cross Reservoir Services Australia Pty Ltd.
- Ultimate Equipment Hire Transport (Spillers).

All respondents submitted priced submission for both Separable Portions and all tenders were subsequently assessed to be conforming tenders.

BAMA also submitted an alternate tender with a potential cost saving of \$1.5M across the program, utilising an alternate product 'Polibrid 705E-Elastomeric Polyurethane System' which could be supplied by a local company.

To allow Council the opportunity to capitalise from the offer, Council officers sought advice on suitability of the product from a specialist with knowledge of the product. Advice received from the specialist indicated the benefits claimed in the submission could not be readily verified and therefore was assessed to be non-conforming.

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).

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	Senior Project Engineer, Project Management Office, CIA
Panel Member 2	Team Leader Demand Management, Utility Services, CIA
Panel Member 3	Coordinator Program Delivery, Project Management Office, CIA
Other Representative (non-scoring)	Senior Technical Officer, Project Management Office, CIA

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.

The evaluation identified:

- The tendered price submitted by Pensar for each of the two Separable Portions was the lowest across all tenderers and was consistent with the Council's budget for the project overall.
- Pensar scored the highest of all tenderers across evaluation criteria for Relevant Experience, Key Personnel and Methodology.
- Pensar scored the equal highest for Management Systems, equal with three other tenderers.
- Pensar scored in the mid-range for Business Profile (local, social and sustainability), noting that they are not Cairns based and scoring in this criterion is influenced by the locality of the tenderer.
- Pensar has significant relevant recent experience with similar reservoir works, including projects previously completed with Council.

- Pensar have nominated an experienced project team and suitably experienced subcontractors for delivery in other key areas.
- The methodology offered by Pensar demonstrates a good understanding of the project requirements and includes mitigation strategies to address risk issues.
- The program offered by Pensar confirmed 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 Pensar was evaluated as the preferred submission by the panel.

Based on the evaluation process undertaken, it is recommended that Pensar Structures Pty Ltd be awarded Contract 2915 - Reservoir Remediation Package for the total lump sum of **\$7,636,219.15** excluding GST and the Project Launch Approvals (PLAs) for projects PCW20101, PCW19803, PCW19802, PCW21803, PCW21804, PCW22803, PCW22801 and PCW21801 are approved for the total PLB value of **\$9,741,691**.

OPTIONS:

Option 1: (Recommended)

That Council:

1. Awards Contract 2915 – Reservoir Remediation Package to Pensar Structures Pty Ltd for the total lump sum of \$7,636,219.15 excluding GST;
2. Approves the Project Launch Approval for PCW20101 (Mayers Street) with a PLB of \$2,492,859 and an AED of 30 November 2025,
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10. Delegates authority to the Chief Executive Officer in accordance with *the Local Government Act 2009* to enter into contracts, 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 the award of the contract works to another contractor other than that proposed by the evaluation panel.

This option is not supported as Pensar submitted the most competitive pricing for both 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 2915 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.

The works being undertaken are also required in part to address safety issues, and therefore should not be deferred.

CONSIDERATIONS:

Risk Management:

Contingencies have been included for the risks identified by Council Officers and the design consultants during desk top 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 Pensar, the total (PLB) as required in the relevant PLA's is \$9,741,691, while the total available budget is \$9,756,900, leaving an overall budget surplus of \$15,209.

There is sufficient budget allocated in the current approved budget for the delivery of the Program.

Whilst delivering the project, Pensar will have all employees accommodated in the Cairns region. This will have a flow on effect to local business in relation to purchases of food, groceries, materials, and rental accommodation.

Pensar will also source material for the works, subcontractors and equipment hire from the Cairns region with local rate payers benefiting from work on the project.

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.

CONSULTATION:

Internal stakeholders have been consulted in all phases of the project works to date and will be consulted on an on-going basis as the upgrade works progress.

ATTACHMENTS:

Attachment 1 - Locality Maps

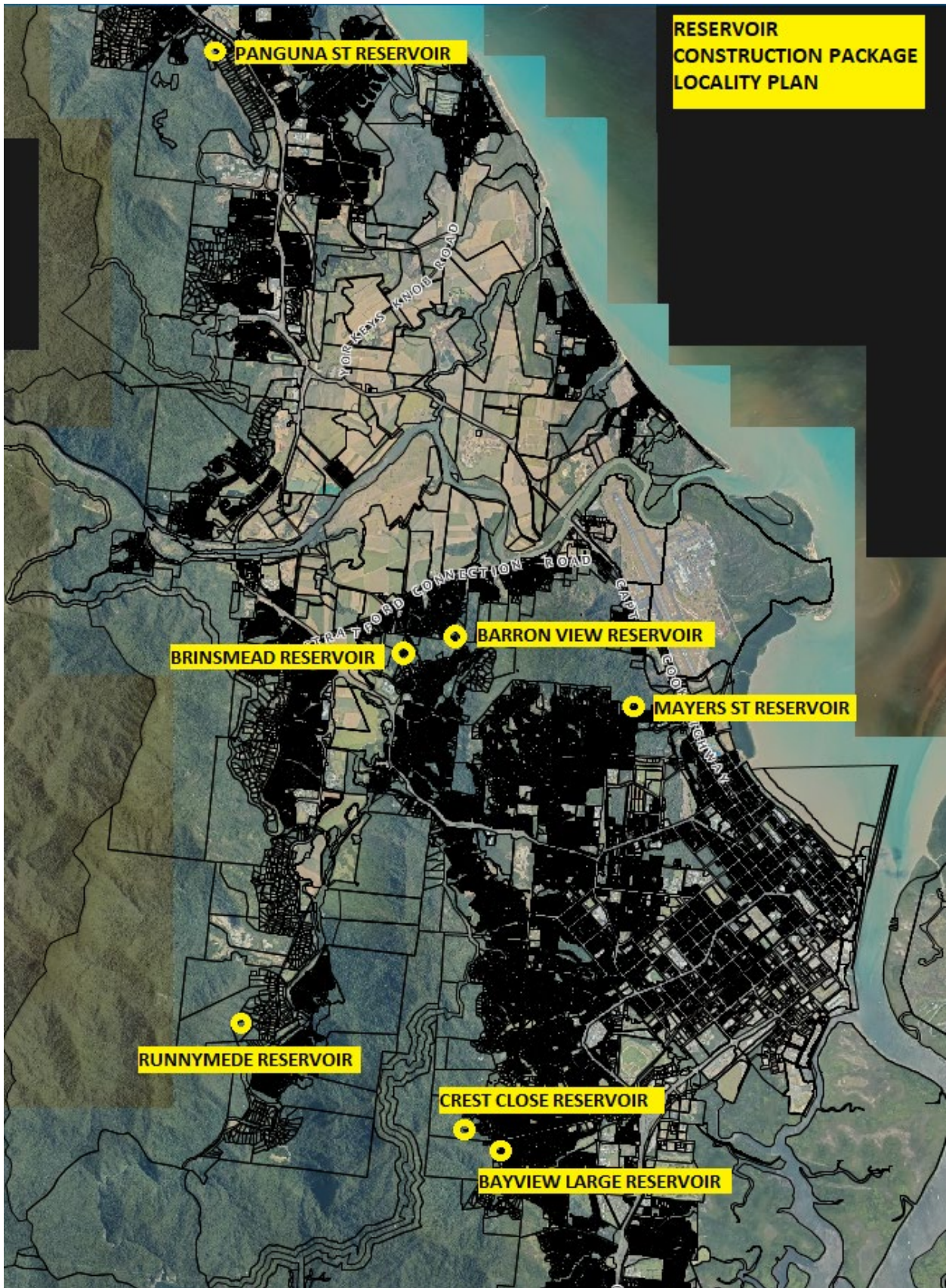


Sarah Stephen
Associate Director Engineering Services




Mark Wuth
Director Cairns Infrastructure and Assets

Attachment 1 – Locality Maps





Dempsev A & B Reservoir

<p>Cairns Regional Council COPYRIGHT This document is and shall remain the property of the Cairns Regional Council. Using or copying this document or any part of it without specific authorization is absolutely prohibited.</p> <p>The position of all services shown are approximate only. Services are to be physically located prior to the start of any works related to or affected by the information on the plan.</p>	<p>30-September-2022</p>	<p>CAIRNS REGIONAL COUNCIL</p> <p>DEMPSEY STREET A RESERVOIR</p>	 <p>Scale = 1:10704.960</p> <p>A4P DO NOT SCALE</p>
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