

Distribution Date: 3 October 2017

12.1.1 Award of Tender 2017–18 ‘South Hedland Aquatic Centre – Renewal Works’

OFFICER RECOMMENDATION

That with respect to Request for Tender (RFT) 2017–18 South Hedland Aquatic Centre – Renewal Works, Council:

1. Endorse the recommendation of the evaluation panel.
2. Amend the 2017/18 Budget at the November 2017 budget review for GL C1105101 (South Hedland Aquatic Centre – Work to Renew and Upgrade to Working Condition) and increase the amount allocated to this project by an additional \$500,000.00 excluding GST to \$850,000.00 excluding GST (inclusive of an approximate 10% contingency).

SIMPLE MAJORITY VOTE REQUIRED

AMENDED RECOMMENDATION

That with respect to Request for Tender (RFT) 2017–18 South Hedland Aquatic Centre – Renewal Works, Council:

1. Endorse the recommendation of the evaluation panel.
2. Amend the 2017/18 Budget at the **annual** budget review for GL C1105101 (South Hedland Aquatic Centre – Work to Renew and Upgrade to Working Condition) and increase the amount allocated to this project by an additional \$500,000 excluding GST to \$1,000,000 excluding GST (inclusive of an approximate 10% contingency).
3. **Approve the allocation of \$500,000 from the Asset Management – Infrastructure Reserve Fund reducing the final year budgeted closing balance of the Reserve to \$2,099,000.**

SIMPLE MAJORITY VOTE REQUIRED

EXECUTIVE SUMMARY

The purpose of this report is to provide a summary of the assessment of submissions received for the Request for Tender (RFT) 2017–18 South Hedland Aquatic Centre – Renewal Works and to award the contract to the preferred tenderer.

DETAIL

In 2011, a major facility upgrade commenced at the South Hedland Aquatic Centre (SHAC), inclusive of Pool retrofit, Plant and Filtration, Pipework, Heating and Plant building. The pool experienced considerable issues after the upgrade which resulted in regular closures and shut downs as the facility was not able to maintain its compliance.

In September 2016, due to a major water quality non-compliance issues and corresponding Public safety risks, the SHAC was closed to allow for the review and upgrade of the pool filtration, water treat and mechanical services systems.

In November 2016, The Town engaged Geoff Ninnes Fong and Partners (GNFP) to provide a full review and scoping of the technical requirements, and design for the Filtration, Water Treatment (FWT) and Mechanical Services Plant Upgrade for the SHAC.

The documentation for RFT 2017–03 South Hedland Aquatic Centre Filtration & Water Treatment Plant and Pool Heating Upgrade was released on Wednesday 18 January 2017. A mandatory tender briefing and site inspection was conducted at 1.00pm (WST) 25 January 2017. Companies that did not attend the mandatory tender briefing and site inspection were deemed ineligible to submit a tender.

When the Tender submissions closed at 2.00pm (WST) Thursday 9 February 2017, two (2) submissions were received with one of the tenderers also submitting a non-confirming bid.

Based on the tender evaluation undertaken, all submissions exceeded the Town of Port Hedland's (ToPH or Town) 16/17 budget allocation with an average bid of \$2,363,236.60. In accordance with delegation 1.8 'Expression of Interests and Tenders' the Chief Executive Officer formally rejected all tenders.

The Towns Manager Technology and his team undertook an extensive review of the original scope of works and liaised with key stakeholders and consultants to come up with an alternative solution to the issues at the SHAC. After reworking the scope and preparing a revised design with refined priorities, the Town invited submissions from suitably qualified contractors for the upgrade of the existing plant room and piping works.

The purpose of this tender is to rectify all the identified issues with the piping, filtration and pumps in order to comply with public safety and the general performance of the mechanical equipment.

Request for Tender

The documentation for RFT 2017–18 South Hedland Aquatic Centre – Renewal Works was released on Saturday 2 September 2017. A mandatory tender briefing and site inspection was conducted at 10.00am (WST) Friday 15 September 2017. Companies that did not attend the mandatory tender briefing and site inspection were deemed ineligible to submit a tender.

The following companies were in attendance:

- TEC Services Group
- Mechanical Project Services
- Aquatic Services WA
- Safeway Aquatics
- Goodline
- Trisley's Hydraulic Services Pty Ltd
- Dynamic Pools Australia Pty Ltd
- Shenton Aquatic Division

When the Tender submissions closed at 12.00pm on Friday 22 September 2017, three (3) submissions were received.

Submissions were received from the companies listed below:

Company name	Registered Address
Dynamic Pools Australia Pty Ltd	333 Hamilton Road, Coogee WA 6166
Safeway Aquatics	Unit 1/63 Gordon Road, Mandurah 6210
TEC Services Group	Lot 2 Hardie Street, Port Hedland WA 6721

Tender Assessment

All compliant tender submissions have been evaluated by a panel of two (2) Town employees and the Aquatic Division and Technical Manager from Shenton Aquatic Division whose main objectives were:

- (a) Make a recommendation to the CEO, as to the Tenderer that best represents value for money;
- (b) Ensure the tender submissions are assessed fairly in accordance with a predetermined weighting schedule;
- (c) Ensure adherence to Local Government policies and legislation; and
- (d) Ensure that the requirements specified in the Request are evaluated in a way that can be measured and documented.

Evaluation Panel consisted of:

- Project Manager, Voting Member
- Director Infrastructure & Town Services, Voting Member
- Aquatic Division and Technical Manager, Voting Member
- Governance Administration Officer, Non-Voting Member

All three (3) submissions, were deemed compliant and assessed against the tender assessment criteria of; price (inclusive of application of Regional Preference Policy); relevant experience; tenderers resources, key personnel, skills and experience; and demonstrated understanding. The approved weighting for the qualitative criteria is shown in the table below:

Criteria	Weighting
Price, inclusive of application of Regional Preference Policy	30%
Relevant Experience	30%
Tenderers Resources, Key Personnel, Skills and Experience	20%
Demonstrated Understanding	20%

A summary of the assessment results of submissions received for RFT 2017–18 is included in the confidential attachment.

BASIS FOR PANELS DECISION

Quality

The preferred tenderer is a highly experienced commercial pool contractor. They have undertaken several large new constructions as well as refurbishment projects on commercial pools. They have a very clear understanding of the works to be undertaken and have made several recommendations in their submission which will be beneficial for the Town and the SHAC facility going forward.

Their nominated partners and subcontractors are all highly respected in the aquatics industry and they have also engaged local suppliers where appropriate.

Price

Their submitted price was in line with what was expected and was second of the three (3) prices submitted. In this instance price was weighted at 30% as the Town wanted to place more of an emphasis on the tenderers knowledge, relevant experience and their understanding of the works to be undertaken and the Towns desired outcomes. The preferred tenderer were not the cheapest; however, the cheapest tenderer clearly stated that they had omitted all the works associated with the chemical controller and other areas as detailed above. The preferred tenderers submitted price encompasses the entire scope of works listed and is in the panel's opinion the best value for money for the Town.

Engagement and Communications

Internal and external consultation has taken place with reference to the development of the RFT.

Discussions have also taken place with Governance and Risk in relation to compliance and non-compliance related matters.

LEGISLATION AND POLICY IMPLICATIONS

The Local Government Act and Town of Port Hedland's Procurement Policy were observed when preparing and awarding this tender.

The *Local Government Act (1995)* section 3.57 and the *Local Government (Functions and General) Regulations 1996* part 4, division 2 provide statutory requirements for the release, assessment, and award of tenders.

RFT 2017–12 was conducted in accordance with the following policies: The Town of Port Hedland's Procurement Policy 2/007, Tender Policy 2/011, and Regional Price Preference Policy 2/016.

Regulation 33A of the *Local Government (Financial Management) Regulations 1996* applies, as it details the provisions for the annual review of a local government's budget.

Sections of this report pertaining to price submissions from tenderers have been deemed confidential in accordance with the *Local Government Act (1995)* section 5.23 part 2(e) (iii).

FINANCIAL IMPLICATIONS

All costs associated with this RFT will be allocated to GL C1105101 South Hedland Aquatic Centre – Work to Renew and Upgrade to Working Condition. An initial budget of ~~\$350,000.00~~ **\$500,000.00** excluding GST was allocated; however, at the time the budget was allocated the Town did not have a full understanding of the scope of works to be undertaken to restore the facility to working condition. **The \$500,000 budget included a roll over amount of \$150,000 from 2016-2017 which has been allocated for external upgrade works at SHAC (water tower and slide renewals, pergola renewal, paving, electrical renewals, plumbing renewals, shade renewals).** An additional \$500,000.00 excluding GST (inclusive of 10% contingency) will be required to complete the works **and is proposed to be funded from reserve funds.** This brings the total budget for the works to ~~\$850,000.00~~ **\$1,000,000.00** excluding GST.

STRATEGIC AND RISK IMPLICATIONS

Environmental

There are no significant identifiable environmental impacts arising from adoption of the officer's recommendation.

Economic

There are no significant identifiable economic impacts arising from adoption of the officer's recommendation.

Social

The social risks associated with this item is that residents have not been able to access the SHAC for recreation purposes, competitions or events.

Financial

The financial risks associated with this item has been the loss of revenue with the SHAC not being operational for an extended period of time.

Strategic

As part of the Strategic Community Plan 2014-2024, section 1.2 A vibrant community rich in diverse cultures states the need for Port Hedland to deliver and support programs, events, facilities and services which attract and retain residents to increase our permanent population. One (1) of the success indicators is to improve community satisfaction with access to services, events and facilities.

Risk

There is a risk rating of High (12) assigned to the reputational risk associated with the inability to return SHAC to working condition and the necessary timeframe required for the development of the Master Plan for the South Hedland Sports Precinct.

OPTIONS

Option 1 - Adopt Officers Recommendation

Option 2 - Amended Officers Recommendation

Option 3 – Do not adopt Officers Recommendation

That the Council does not award the contract to the preferred tenderer and instead opts to wait for the development of the Master Plan for the South Hedland Sports Precinct. This option is not supported by Officers due to both the social and financial risk associated in prolonging the works necessary to restore functionality for the SHAC. The outcomes of the master planning process and development is still some years away.

CONCLUSION

Town Officers recommend the awarding of RFT 2017–18 to the preferred tenderer indicated in the Tender Evaluation Report. They have met and exceeded all selection criteria requirements and also represent best value for money for the Town. Town Officers also request the amendment of 2017/18 Budget at the ~~November~~ **annual** budget review for GL C1105101 (South Hedland Aquatic Centre – Work to Renew and Upgrade to Working Condition) and increase the amount allocated to this project by an additional \$500,000.00 excluding GST, **which is proposed to be funded from reserve funds**, to ~~\$850,000.00~~ **\$1,000,000.00** excluding GST (inclusive of an approximate 10% contingency).