

6.4. CONTRACT CN2023-6024 – WARNER-MOWBRAY STREET TRUNK DRAINAGE UPGRADES (KERB AND DRAINAGE) - TENDER EVALUATION

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DEPARTMENT	Project Office

RECOMMENDATION

That Council:

- 1. Resolves to award Contract CN2023-6024 – Warner-Mowbray Street Trunk Drainage Upgrades (Kerb and Drainage) to Northern Civil Earthworks Pty Ltd Trading as Terranovus Civil (ABN 58 127 271 201) for \$730,852.98 (GST exclusive).**
- 2. Delegates authority under s 257 of the *Local Government Act 2009* to the Chief Executive Officer to negotiate, finalise and execute any and all matters in relation to this contract.**

EXECUTIVE SUMMARY

Douglas Shire Council has received funding to upgrade the kerb and drainage on Warner, Owen, and Mowbray Streets in Port Douglas. The project will deliver new stormwater and pit upgrades to improve water flow, enable more efficient cleaning of gutters and will significantly enhance the aesthetics of the streets.

The project will be completed as part of the 2022/2023 Capital Works Budget. The project budget is \$900,000 (exclusive of GST) and is grant funded with a contribution from Council.

The primary challenge is to complete the works with minimal impact to businesses and residents in the immediate area. The works are planned for completion before the 2023/2024 wet season and will need to commence in early July 2023.

The council issued an open tender invitation through Vendor Panel which attracted four contractors.

Northern Civil Earthworks Pty Ltd trading as Terranovus Civil is the recommended tenderer. The company provided a detailed submission which demonstrated a strong understanding of the scope and experience of handling high risk activities. Terranovus Civil also considered other possible risks and this reflects the contractors' broader understanding of the project. The offer from Northern Civil Earthworks is the lowest price by a significant amount.

BACKGROUND

Douglas Shire Council received funding to upgrade the kerb and drainage structures on Warner, Owen and Mowbray Street in Port Douglas. The project consists of new stormwater and pit upgrades to better withstand the wet seasons commonly experienced within the shire.

The aim is to complete the project by the end of 2023 so work will need to start in early July 2023. One of the key challenges will be to minimise impacts to businesses and residents as it is the height of the tourist season. Frequent communication with residents and traders prior to and during construction will be critical in mitigating impacts and eliminating interruptions to business.

Council issued an open tender invitation through Vendor Panel for the CN2023-6024 - Warner-Mowbray Street Trunk Drainage Upgrades (Kerb and Drainage).

The Vendor panel reference number is VP359779.

COMMENTS

Evaluation of the received submissions was conducted by:

Table 1. Evaluation Panel Members

Position	Department
Project Manager	Project Office
Project Manager	Project Office
Construction Consultant	External Consultancy

An initial compliance check was conducted on received submissions to determine non-conforming and alternative offers from the requirements of the Request for Tender (RFT). This included compliance with the contractual requirements and provision of requested information.

It is noted that one submission did not meet the requirements of the construction tender, due to the submission focusing on general supplies only and not relevant to the tender. This submission was deemed non-conforming following review from the evaluation panel and was excluded from further evaluation.

A summary of the compliance check is shown in Table 2.

Table 2. Tender Submission Conformance

Tenderer	Price	Offer	Status
Northern Civil Earthworks Pty Ltd, t/a Terranovus Civil	\$ 730,852.98	Comparative	Conforming
2	\$1,291,872.08	Comparative	Conforming
3	\$ 954,838.31	Comparative	Conforming
4	Nil	N/A	Non-Conforming

The remaining three submissions received were accepted by the evaluation panel for assessment on the basis that all terms, conditions, and mandatory requirements of the RFT had been substantively met.

Submissions were assessed against the evaluation criteria detailed in the RFT documentation. Specific criteria were weighted according to their importance in delivering the project successfully and providing the best overall value for money solution in accordance with Council's procurement policies.

The weighting attributed to each criterion was:

Table 3. Evaluation Criteria

Criteria	Weighting
Technical Capacity of Tenderer	15%
Business Profile (Local, Social and Sustainability)	20%
Program of Works	10%
Works Procedures and Methodology	15%
Price	40%

Each Tenderers score and rankings are shown in Table 4.

Table 4. Tenderer's Ranking and Scoring

Tenderer	Weighted Score					Total Score	Ranking
	Price (40%)	Technical Capacity (15%)	Business Profile (20%)	Program (10%)	Methodology (15%)		
	40	12.30	15.70	7.5	11.50	87.0	1
2	32.84	12.25	19.30	7.5	13.00	84.9	2
3	22.10	13.50	16.70	8.7	12.25	73.3	3

The green shading in the above table indicates the highest score for the criteria and the red shading indicates the lowest score for the criteria. The orange shading indicates equal scoring received in the criteria.

Based on the results of the evaluation, Northern Civil Earthworks Pty Ltd is the recommended tenderer for the contract. Northern Civil Earthworks Pty Ltd provided a detailed submission in terms of identifying and understanding the high-risk activities so that businesses, tourists, and residents are least impacted as practicable as possible. The submission also highlighted the contractor's capacity and experience to take on the scope. Moreover, the contractor has presented a significant price difference from the cheapest submission.

PROPOSAL

It is proposed that the Council accept the evaluation panel's award recommendations.

That Council:

1. Resolves to award Contract CN2023-6024 – Warner-Mowbray Street Trunk Drainage Upgrades (Kerb and Drainage) to Northern Civil Earthworks Pty Ltd Trading as Terranovus Civil (ABN 58 127 271 201) for \$730,852.98 (GST exclusive).
2. Delegates authority under s 257 of the *Local Government Act 2009* to the Chief Executive Officer to negotiate, finalise and execute and all matters in relation to this contract.

FINANCIAL/RESOURCE IMPLICATIONS

Council has allocated the following amounts in the capital budget 2022/2023.

Table 5. Budget and Expenditure

Project Budget/Expenditure	Amount (excl GST)
Project Budget (Grant and DSC Funded)	\$900,000.00
Expended to date (as at 25/5/2023)	\$61,789.08
Budget Available	\$838,210.92
Recommended Tender Price	\$730,852.98
Management and Contingency	\$210,470.60
Principal Supplied Materials	\$150,000.00
Total Estimated Project Cost	\$1,091,323.58
Net Position (Shortfall)	\$253,112.66

The submissions received exceed the grant funding budget provided. However, due to under runs in other programs, Council can recover approximately \$140,000 from the grant funding body.

As a result, this will leave a shortfall of \$113,112.66 to be recovered by Council. Should Council consider utilising the second cheapest submission, the shortfall to be recovered from Council would increase to \$446,235.32 and would require other capital projects to be placed on hold to cover the costs.

RISK MANAGEMENT IMPLICATIONS

The selection of Northern Civil Earthworks Pty Ltd provides some reduced risk by:

- The contractor has a significant understanding of the scope of work and has undertaken similar high impact work previously.
- The contractor has provided a detailed risk mitigation for work activities and cost estimates for other potential risks.
- The 16-week construction program is both reasonable and realistic.
- A budget shortfall of \$113,112.66 from the grant funding can be recovered through the Council's operating budgets, particularly that the cost savings can be achieved from reduced maintenance and repairs due to undertaking the upgrade.
- Since this project is primarily grant funded, this gives Council the opportunity to plan other capital works projects.

If the recommendation is not approved at all, the grant funding of \$600,000 is at risk as Council will not be able to meet its funding obligations.

The risk of not selecting the recommended supplier includes a substantial increase in the cost of the project that would need to be funded directly from Council's budget. This is likely to result in the postponement/cancellation of another capital works project(s) to reallocate funds accordingly.

SUSTAINABILITY IMPLICATIONS

- Economic:** Local suppliers, cafes and at times hotel accommodation will be used during construction.
- Environmental:** The project is in Port Douglas. Environmental components have been reviewed and will be managed by the Principal Contractor awarded the works.
- Social:** The upgrade will improve infrastructure assets to enhance stormwater flow for future wet seasons to Warner, Owen and Mowbray Street, Port Douglas.

CORPORATE/OPERATIONAL PLAN, POLICY REFERENCE

This report has been prepared in accordance with the following:

Corporate Plan 2019-2024 Initiatives:

Theme 2 - Fostering Sustainable Economic Growth

A robust economy is at the heart of a thriving community and enables investment in environmental protection. While our remoteness is a key attribute, it also presents challenges for attracting new business and investment. We must also meet the challenges of fierce competition in the tourism sector.

Council will partner with industry to build, diversify and promote the Douglas economy. Council will design and deliver infrastructure, strategies and services that support the local economy and businesses.

Goal 1 - We will build appropriate infrastructure and deliver services that connect and support businesses.

Theme 3 - Leading Environmental Stewardship

Our visitors and residents deeply value the unparalleled environment in which we live. We recognise our responsibility in protecting and preserving our natural world for generations to come. We understand the strong link between the environment and the economy: they are interdependent. Douglas Shire will be at the forefront of environmental protection by developing strategies, setting policies, and working with all stakeholders to become the envy of and to inspire locations across Australia and the World.

Goal 1 - We will protect our sensitive environment and plan for the impact of climate change.

Theme 5 - Robust Governance and Efficient Service Delivery

Strong governance and financial management are the foundations of the way in which Council will conduct its business and implement the initiatives of the Corporate Plan.

Goal 1 - We will conduct Council business in an open and transparent manner with strong oversight and open reporting.

COUNCIL'S ROLE

Council can play a number of different roles in certain circumstances, and it is important to be clear about which role is appropriate for a specific purpose or circumstance. The implementation of actions will be a collective effort and Council's involvement will vary from information only through to full responsibility for delivery.

The following areas outline where Council has a clear responsibility to act:

Builder/Owner Council makes a significant investment every year in the infrastructure that underpins the Shire through its capital works program. The council will manage its assets with appropriate frameworks and deliver its projects through robust project management.

CONSULTATION

Internal: Consultation has occurred with officers across all required departments during the preparation of the tender.
This matter was discussed at Councillor Workshop on 20 June 2023.

External: Tenders were received through public advertising of the project.

COMMUNITY ENGAGEMENT

Not Applicable – Asset Infrastructure upgrade.

ATTACHMENTS

Nil