

5.9. FNQROC REGIONAL SUPPLY & DELIVERY OF WATER CHEMICALS - OCTOBER 2022

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DEPARTMENT Water and Wastewater

RECOMMENDATION

That Council:

1. Awards the following contracts:

Contract 1 to Coogee QCA Pty Ltd
Liquid Sodium Hypochlorite (Package 1)

Contract 2 to Cleveland Bay Chemical Company Pty Ltd
Liquid Aluminium Sulphate (Package 2)
Sodium Hydroxide (Package 4)

Contract 3 to Northern Chemicals Pty Ltd
Citric Acid (Package 5)

With a contract term of 3.5 years with two extension options of up to 12 months each (i.e. 3.5 + 1 + 1 years), with maximum total term of 5.5 years for each package.

2. Delegates authority under s 257 of the *Local Government Act 2009* to the Chief Executive Officer, to enter into contracts, finalise and negotiate any and all matters relating to this contract and each package subject to normal procurement practices and policies.

EXECUTIVE SUMMARY

As part of its ongoing recurrent operations Council requires the supply and delivery of chemicals for use at council's recreational swimming pools, sewerage pumping stations, water treatment plants, reservoirs and wastewater treatment plants.

As neighbouring councils require chemicals for similar purposes, FNQROC invited tenders on behalf of the participating councils for the Regional Supply of Water Chemicals under a collective procurement arrangement, with each council to form an individual contract with the selected supplier/s.

A public tender was advertised via Vendor Panel on 1 August 2022 and at the close of the public tender process on 29 August 2022, FNQROC received seven submissions that were subsequently evaluated by the evaluation panel members comprising of representatives from participating councils.

Whilst there are several councils involved in the offer to the market, each council enters into individual contracts with the selected suppliers as FNQROC does not have formal delegated authority to enter into contract on behalf of councils.

Approval is therefore sought to award the supply of chemicals required to the recommended suppliers.

BACKGROUND

Collective procurement arrangements established by FNQROC enable both participating member councils and suppliers to realise a number of efficiency gains and economies of scale and provide improved local delivery supply chains.

FNQROC invited tenders for the regional supply and delivery of water chemicals on behalf of the following councils:

- Cairns Regional Council
- Cassowary Coast Regional Council
- Carpentaria Shire Council
- Cook Shire Council
- Croydon Shire Council
- Douglas Shire Council
- Etheridge Shire Council
- Hinchinbrook Shire Council
- Mareeba Shire Council
- Tablelands Regional Council
- Yarrabah Shire Council

The tender was split into five packages:

- Package 1 – Liquid Sodium Hypochlorite
- Package 2 – Liquid Aluminium Sulphate
- Package 3 – Aluminium Chloralhydrate
- Package 4 – Liquid Sodium Hydroxide (Caustic Soda)
- Package 5 – Citric Acid

Douglas Shire Council requires supply for four of the five chemicals – Packages 1, 2, 4 and 5 listed above.

The primary objective of these contracts is to ensure the timely provision of chemicals for council's use. These chemicals are utilised in the water and wastewater treatment processes and swimming pools.

- Sodium Hypochlorite is a compound that is used for water disinfection (both potable and recycled).
- Sulphate is a nontoxic liquid that is commonly used in water treatment plants as a coagulant to clarify drinking water and used in wastewater treatment to reduce the amount of phosphorus released to the environment.
- Aluminium Chloralhydrate is also a coagulant and used in a similar way to Aluminium Sulphate.
- Liquid Sodium Hydroxide (Caustic Soda) is used to balance the pH in the water and waste treatment process.
- Citric Acid is a weak organic acid and used in the water and wastewater treatment as a membrane cleaning agent to remove inorganic fouling. Citric Acid also passivates steel very slowly and lightly descales particles on various surfaces.

This contract covers the supply and delivery, including transport, insurances and fuel levy charges, for the delivery of chemicals to council's facilities.

The contracts will be for a term of 3.5 years (to align the ongoing arrangements more closely with financial years) with two extension options of up to 12 months each (3.5 + 1 + 1), with maximum total term of 5.5 years.

COMMENTS

The Request for Tender was advertised to the open market via Vendor Panel on 1 August 2022. At the close of the public tender process on 29 August 2022, FNQROC received submissions from seven suppliers for the five packages of chemicals.

Submissions were received from the following suppliers for the following packages:

Table 1. – Tender submissions

Package	Participating Councils	Supplier
Package 1 Liquid Sodium Hypochlorite – Bulk	Cairns Regional Council Cassowary Coast Regional Council Carpentaria Shire Council Cook Shire Council Croydon Shire Council Douglas Shire Council Etheridge Shire Council Hinchinbrook Shire Council Mareeba Shire Council Tablelands Regional Council Yarrabah Aboriginal Shire Council	Coogee QCA Pty Ltd
Package 2 Liquid Aluminium Sulphate	Cairns Regional Council Cassowary Coast Regional Council Cook Shire Council Douglas Shire Council Mareeba Shire Council Tablelands Regional Council	Cleveland Bay Chemical Company Pty Ltd
Package 3 Aluminium Chloralhydrate	Cassowary Coast Regional Council Mareeba Shire Council Tablelands Regional Council	Cleveland Bay Chemical Company Pty Ltd
Package 4 Sodium Hydroxide (Caustic Soda)	Cassowary Coast Regional Council Cook Shire Council Douglas Shire Council Mareeba Shire Council	Cleveland Bay Chemical Company Pty Ltd
Package 5 Citric Acid	Cairns Regional Council Douglas Shire Council	Northern Chemicals Pty Ltd

Each tender submission has been checked for conformance and, evaluated and scored by the evaluation panel based on following qualitative criteria and percentage weightings, which were previously agreed by the Council representatives.

Table 2. Evaluation Criteria

Criteria	Weighting
Business Profile (Local, Social and Sustainability)	10%
Relevant Experience & Capability	20%
Resources	15%
Work Procedures and Methodology	15%
Price	40%

The overall evaluation scores are detailed in Attachment A.

Douglas Shire Council has elected to use four of the packages to obtain the chemicals. As an outcome of the evaluation process, the recommendation is to award the packages as follows:

- Package 1 – Liquid Sodium Hypochlorite to Coogee QCA Pty Ltd
- Package 2 – Liquid Aluminium Sulphate to Cleveland Bay Chemical Company Pty Ltd
- Package 4 – Sodium Hydroxide (Caustic Soda) to Cleveland Bay Chemical Company Pty Ltd
- Package 5 – Citric Acid to Northern Chemicals Pty Ltd

These recommendations have been made on the basis that these three suppliers:

- Demonstrated they can meet the specific chemical compositions required as outlined in the specification
- Provided competitive pricing for the chemicals required
- Confirmed they can meet the delivery timeframes required on an ongoing basis
- Adequate WHS measures in place for proper handling during the transport and distribution process.

PROPOSAL

That Council:

1. Awards the following contracts:

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Citric Acid (Package 5)

With a contract term of 3.5 years with two extension options of up to 12 months each (i.e. 3.5 + 1 + 1 years), with maximum total term of 5.5 years for each package.

2. Delegates authority under s 257 of the *Local Government Act 2009* to the Chief Executive Officer, to enter into contracts, finalise and negotiate any and all matters relating to this contract and each package subject to normal procurement practices and policies.

FINANCIAL/RESOURCE IMPLICATIONS

The estimated annual costing per package is as follows:

Table 3. – Estimated annual costing per package

Chemical	Use	Volume (litres)	Cost (\$)
Liquid Sodium Hypochlorite	Pool, Water Treatment, Sewage Treatment	98,000	53,527.08
Liquid Aluminium Sulphate	Port Douglas WWTP	110,000	53,042.00
Sodium Hydroxide (Caustic Soda)	Mossman WTP, Port Douglas WWTP (as required)	17,000	12,741.61
Citric Acid	Mossman WTP	7,000	24,150.00
ESTIMATED ANNUAL COST			143,460.69

An allowance to cover the above has been included in the current years operational budget for the supply of chemicals.

Owing to the uncertainty of raw materials prices, the cost estimate for future years will be subject to a rise and fall calculation.

The estimated cost is dependent on the following factors:

- Severity of weather events
- Tourist numbers
- Operational processes and efficiency of key plant

RISK MANAGEMENT IMPLICATIONS

The chemicals are part of the treatment processes associated with water and wastewater systems so the product used must meet strict product specifications. This has been carefully considered during the evaluation process.

The pricing of chemicals is impacted by vast fluctuations in the market and further problematic due fluctuating fuel pricing which impacts chemical transport. Having a contract in place will help to negate these pricing fluctuations by having an agreed pricing structure in place with each supplier.

A regional arrangement has been introduced to ensure certainty of supply and economy of scale / aggregation of volumes for better pricing for all participating councils.

SUSTAINABILITY IMPLICATIONS

Economic: Nil

Environmental: Nil

Social: Nil

CORPORATE/OPERATIONAL PLAN, POLICY REFERENCE

This report has been prepared in accordance with the following:

Corporate Plan 2019-2024 Initiatives:

Theme 4 - Inclusive Engagement, Planning and Partnerships

In delivering for our communities, economy and environment, Douglas Shire will ensure open and transparent engagement and communication. We will develop robust strategic plans and we will partner with our community and key stakeholders.

Goal 1 - We will implement transparent decision making through inclusive community engagement and communication.

Goal 2 - We will develop forward looking strategies for the future of our communities and we will ensure balanced and appropriate planning decisions.

Goal 3 - We will recognise the critical role that our partners play in planning and delivering vital programs and services.

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.

Goal 2 - We will put the customer at the centre of our service delivery and process improvement as we deliver efficient and appropriate services based on community expectations.

Goal 3 - We will make sound financial decisions by ensuring robust strategic planning, financial management and reporting.

Operational Plan 2022-2023 Actions:

Legislative requirement.

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:

Advocate	Council makes representation on behalf of the community on important issues, funding opportunities, projects and programs. Council will use its influence to seek the best outcomes for the community.
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Builder/Owner Council makes a significant investment every year in the infrastructure that underpins the Shire through its capital works program. Council will manage its assets with appropriate frameworks and deliver its projects through robust project management.

Service Provider Council provides many services to the community from roads and waste services to libraries and recreational facilities. Services evolve over time and it is the Council's mission to ensure that these services are appropriate, delivered efficiently, and designed with the customer at the centre.

CONSULTATION

Internal: Water & Wastewater Leadership Group

External: Other FNQROC Council representatives

ATTACHMENTS

1. Attachment A [5.9.1 - 1 page]

Package 1 – Liquid Sodium Hypochlorite (Hypo)

Overall Evaluation Scores	
Coogee QCA Pty Ltd	89.64
Tenderer 2	N/A
Tenderer 3	No Bulk Supply
Tenderer 4	No Bulk Supply
Tenderer 5	N/A
Tenderer 6	N/A
Tenderer 7	N/A

Package 2 - Liquid Aluminium Sulphate (Alum)

Overall Evaluation Scores	
Cleveland Bay Chemical Company Pty Ltd	89.00
Tenderer 2	N/A
Tenderer 3	No Bulk Supply
Tenderer 4	N/A
Tenderer 5	N/A
Tenderer 6	N/A
Tenderer 7	80.17

Package 4 – Sodium Hydroxide (Caustic Soda)

Overall Evaluation Scores	
Cleveland Bay Chemical Company Pty Ltd	88.63
Tenderer 2	N/A
Tenderer 3	N/A
Tenderer 4	66.66
Tenderer 5	N/A
Tenderer 6	69.05
Tenderer 7	65.43

Package 5 - Citric Acid

Overall Evaluation Scores	
Northern Chemicals Pty Ltd	88.00
Tenderer 2	N/A
Tenderer 3	81.54
Tenderer 4	41.81
Tenderer 5	77.00
Tenderer 6	N/A
Tenderer 7	77.00