
TENDER CONSIDERATION PLAN FOR PDG-42105-4 SKATEPARK AT WEINAM CREEK WETLAND PARK – REDLAND BAY

Objective Reference:	A2470858 Reports and Attachments (Archives)
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Responsible Officer:	Nigel Carroll Acting Group Manager Project Delivery Group
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PURPOSE

The purpose of this report is to seek Council's approval to prepare and adopt a tender consideration plan in accordance with section 230 of the *Local Government Regulation 2012* for the procurement of and contract award for a main/head contractor to undertake skatepark construction and associated works at Weinam Creek Wetland Park in Redland Bay.

This request is on the basis that Council has recently conducted a competitive tender process for substantially similar services when tenders were sought between December 2016 and March 2017 for the Mount Cotton Community Skatepark project (PDG-41402-2). Tender responses showed a limited number of specialist suppliers capable of meeting the requirement.

The objective of this tender consideration plan is to ensure that construction of this project is commenced and completed prior to December 2017 and within the remaining allocated project budget.

In terms of value for money, Redland City Council's Project Delivery Group can demonstrate a competitive quotation process following sound contracting principles. It can also demonstrate that there are no benefits by going back out to market with public tender, potentially wasting time and resources of both Council and suppliers (being the same open market audience).

In addition, undertaking full tender preparation, advertisement, assessment and contract award will require additional project budget. An open market tender may also result in increased tender prices therefore a smarter and more efficient delivery mechanism is required.

The objectives of this plan will be achieved by:

- Evaluation of quotations received and finalising negotiations with shortlisted skatepark specialist for the construction of Weinam Creek Wetland Park skatepark and associated works under section 230 *Quote or tender consideration plan*; and
- The Chief Executive Officer awarding a contract to the successful shortlisted tenderer being [REDACTED] for up to the value of [REDACTED] excluding GST [REDACTED] including GST).

BACKGROUND

In December 2016, Project Delivery Group invited tenders from the open market under section 228 Tender Process of the *Local Government Regulation 2012* for skatepark construction specialists for the Mount Cotton Community Skatepark project (PDG-41402-2). On 27 March 2017, the Chief Executive Officer awarded the construction contract for the second time. This was due to the first awarded contractor withdrawing their offer (specialist skatepark subcontractor no longer available), therefore the second shortlisted tenderer was awarded the contract.

For the Weinam Creek Skatepark project (PDG-42105-4), Project Delivery Group officers believed that the open market had been tested and agreed to call for competitive quotes from the four suppliers who were believed to be capable of meeting the requirement and demonstrating greater value for money. Three of these suppliers had previously demonstrated their experience with skatepark construction projects under the Mt Cotton Community Skatepark project (PDG-41402-2) tender.

No skatepark specialists were identified as being on any Local Buy or State Government arrangements. On 20 April 2017, Project Delivery Group issued a quotation request for PDG-42105-4 to four suppliers. Quotations were received on 18 May 2017 through QTender and evaluation commenced. Negotiations with the first shortlisted tenderer were finalised on Tuesday 11 July 2017 as a result of tenderer being on holidays for a two week period.

It is envisaged that this tender consideration plan will save Council time and money as it will enable Council to continue with negotiations with the first shortlisted supplier being [REDACTED] and award a contract up to the value of [REDACTED] excluding GST ([REDACTED] including GST).

ISSUES

A resolution is sought from Council in accordance with section 228 of the *Local Government Regulation 2012* to:

- adopt a tender consideration plan for the construction of skatepark and associated works at Weinam Creek Wetland Park in Redland Bay (PDG-42105-4) within allocated project budget for the 2017/2018 financial year and completion prior to December 2017;
- finalise procurement negotiations with the first shortlisted supplier with a view to awarding a construction contract upon negotiation, acceptance of tendered lump sum price and all evaluation criterion being met; and
- provide the Chief Executive Officer with the delegated authority to accept, make and vary a contract with the successful shortlisted supplier under the Weinam Creek Wetland Park - Redland Bay project (PDG-42105-4).

STRATEGIC IMPLICATIONS

Legislative Requirements

Section 230 of the *Local Government Regulation 2012* (**LGR**) provides that Council may enter into a contract without first seeking quotes or tenders if Council resolves to prepare a tender consideration plan and prepares and adopts the plan.

The tender consideration plan must state:

- a) the objectives of the plan;
- b) how the objectives are to be achieved;
- c) how the achievement of those objectives will be measured;
- d) any alternative ways of achieving the objectives, and why the alternative ways were not adopted;
- e) the proposed terms of the contract for the goods or services; and
- f) a risk analysis of the market from which the goods and services are to be obtained.

The following is the tender consideration plan to be considered, adopted and implemented by Council.

Objective of the Plan

The objective of this tender consideration plan is to engage with a competitive specialist for the delivery of the skatepark at Weinam Creek Wetland Park in Redland Bay (PDG-42105-4) project.

How the objectives are to be achieved

The objectives of this tender consideration plan are to be achieved through engagement with skatepark construction suppliers, who are able to provide competitive market prices for the construction of a skatepark to Council's specifications, with a view to Council entering into a contract with the most competitive provider.

How the achievement of the objectives will be measured

The achievement of the objectives of this tender consideration plan will be measured by reviewing the offers received against set evaluation criterion to ensure that the offer accepted by Council is the most competitive and conforming offer.

Alternate ways of achieving the objective

It is possible that the objectives may have been achieved by undertaking a Council tender procedure in accordance with the LGR. This alternative was not adopted as a result of competing procurement timeframes, and with the view to negotiating a better outcome with the shortlisted tenderer and to ensure delivery within Council's project budget.

Proposed terms of the contract

Council's standard proposed terms of the contract are noted in the Australian Standards AS2124-1992 Conditions of Contract Annexures that will be utilised.

Risk Analysis

Skatepark construction is a niche national market. Council has managed its risk by engaging with local and interstate based skatepark specialists as well as suppliers of project management services who have previous skatepark construction experience.

Risk Management

Council has managed its risk by requesting quotations from local and interstate suppliers who have previously submitted conforming tenders for Council's other skatepark projects, and setting evaluation criterion for procurement assessment purposes.

Financial

The *Local Government Act 2009* establishes clear standards for financial management and the changes outlined in this report do not put Council at risk of non-compliance.

Budget has been carried forward from FY2016/2017 into FY2017/2018 for this project.

The shortlisted offer represents savings to Council of up to [REDACTED] in comparison to next conforming offer received which is in excess of project budget.

Financial implications impacting Council will only be realised if Council resolves to not proceed with this tender consideration plan in which case additional project budget will be required to be sourced to accommodate for increased cost, project management costs including tender advertising and QLeave payment as based on a percentage of the total contract.

People

Workload is reduced and there are minimal implications on Project Delivery Group procurement officers if the recommendations of this report are adopted.

Environmental

There are no implications.

Social

This report is in line with Council's Procurement Policy and legislative requirements.

Alignment with Council's Policy and Plans

This report is in line with Council's Procurement Policy and legislative requirements.

CONSULTATION

Consultation has been undertaken with the following:

- Legal Services;
- Service Manager Procurement Operations;
- General Manager Infrastructure & Operations;
- Acting Group Manager Project Delivery Group; and
- Service Manager Project Management Services Unit.

All are in agreement with the recommendations.

OPTIONS

Option One

That Council resolve as follows:

1. To adopt the tender consideration plan as set out above, in accordance with section 230 of the *Local Government Regulation 2012* for the construction of skatepark and associated works at Weinam Creek Wetland Park in Redland Bay (PDG-42105-4) within the allocated project budget during the 2017/2018 financial year;
2. To allow Redland City Council's Project Delivery Group to finalise procurement negotiations for PDG-42105-4 with the recommended shortlisted supplier being [REDACTED] with a view to awarding a construction contract tender up to the value of [REDACTED] excluding GST ([REDACTED] including GST);
3. To delegate authority to the Chief Executive Officer under s.257(1)(b) of the *Local Government Act 2009*, to negotiate, make, vary and discharge a contract up to the value of [REDACTED] excluding GST ([REDACTED] including GST) with the recommended shortlisted tenderer under quotation number PDG-42105-4; and
4. That this report remains confidential until the contract for PDG-42105-4 has been signed and awarded to the successful contractor.

Option Two

That Council resolves to:

1. Not adopt the tender consideration plan for the skatepark construction and associated works at Weinam Creek Wetland Park in Redland Bay (PDG-42105-4);
2. Shutdown quotation No. PDG-42105-4, source additional funds allowing for percentage increase in construction and project management costs allowing Project Delivery Group to tender in open market during 2017/2018 financial year; and
3. Provide further direction.

OFFICER'S RECOMMENDATION

That Council resolves as follows:

1. To prepare and adopt the tender consideration plan as set out in the attached report in accordance with section 230 of the *Local Government Regulation 2012* for the construction of skatepark and associated works at Weinam Creek Wetland Park in Redland Bay (PDG-42105-4) within the allocated project budget during 2017/2018 financial year;
2. To allow Redland City Council's Project Delivery Group to finalise procurement negotiations for PDG-42105-4 with the recommended shortlisted tenderer with a view to awarding a construction contract upon negotiation, and all evaluation criterion being met;

3. To delegate authority to the Chief Executive Officer under s.257(1)(b) of the *Local Government Act 2009* to negotiate, make, vary and discharge a contract with the recommended shortlisted tenderer under quotation no. PDG-42105-4; and
4. That this report remains confidential until a contract for PDG-42105-4 has been signed and awarded to the successful contractor.