



City of Busselton
Geographe Bay

Late Council Agenda

31 January 2018

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city@busselton.wa.gov.au

CITY OF BUSSELTON

MEETING NOTICE AND AGENDA – 31 JANUARY 2018

TO: THE MAYOR AND COUNCILLORS

NOTICE is given that a meeting of the Council will be held in the Council Chambers, Administration Building, Southern Drive, Busselton on Wednesday, 31 January 2018, commencing at 5.30pm.

Your attendance is respectfully requested.

Statements or decisions made at Council meetings or briefings should not be relied on (or acted upon) by an applicant or any other person or entity until subsequent written notification has been given by or received from the City of Busselton. Without derogating from the generality of the above, approval of planning applications and building permits and acceptance of tenders and quotations will only become effective once written notice to that effect has been given to relevant parties. The City of Busselton expressly disclaims any liability for any loss arising from any person or body relying on any statement or decision made during a Council meeting or briefing.



MIKE ARCHER

CHIEF EXECUTIVE OFFICER

25 January 2018

CITY OF BUSSELTON

AGENDA FOR THE COUNCIL MEETING TO BE HELD ON 31 JANUARY 2018

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13. COMMUNITY AND COMMERCIAL SERVICES REPORT

13.2 RFT20/17: Design and Construction of Airport Terminal - Busselton-Margaret River Airport

SUBJECT INDEX:	Busselton-Margaret River Airport
STRATEGIC OBJECTIVE:	Public transport services that meet the needs of the community.
BUSINESS UNIT:	Commercial Services
ACTIVITY UNIT:	Airport Development
REPORTING OFFICER:	Project Officer Contracts and Tendering - Ben Whitehill
AUTHORISING OFFICER:	Director, Community and Commercial Services - Naomi Searle
VOTING REQUIREMENT:	Absolute Majority
ATTACHMENTS:	Nil

PRÉCIS

The City of Busselton issued RFT20/17 to engage experienced contractors and consultants with the necessary expertise to undertake design and construction of the terminal building at Busselton-Margaret River Airport.

The City received four submissions in response to the request for tender. This report summarises the tender responses and makes a recommendation for the appointment of preferred tenderers.

BACKGROUND

The Airport Development Project, is a capital project with \$54.5 million of State Government funding and \$9.78 million of Federal Government funding. The contract for the design and construction of the airside infrastructure works was awarded in November 2016 and the contract for the design and construction of the landside civil and services infrastructure was awarded in October 2017.

The Terminal Building at Busselton-Margaret River Airport is to be designed and constructed in accordance with the City's requirements set out in the tender documentation and must satisfy the requirements of the City's funding partners. The specification and contract was prepared by City Officers, appointed project superintendent APP, associated design consultants, and Herbert Smith Freehills.

The design and construct works consist of, although is not limited to, the following items:

- Terminal building construction;
- Building services installation and connection including:
 - Public Address System
 - Electrical Wiring Interconnection System
 - Fire detection
 - Fire hydrants, Fire Hose Reels and Fire Tank
 - Hydraulics and rain harvesting water tanks
 - Syphonic drainage
 - Mechanical
 - Sewerage
 - Power
 - Active equipment
 - Building Information Modeling
 - Access Control
 - CCTV
 - Back-up generator

- Furniture, fitments and Equipment;
- Signage (wayfinding and regulatory)
- Security Screening equipment;
- Baggage Handling System;
- Terminal forecourt, including soft and hard landscaping;
- Terminal forecourt shelters;
- Fencing;
- Airside soft and hard landscaping, including access from the terminal gates to the apron.

All tenders received were within the allocated budget.

STATUTORY ENVIRONMENT

Part 4 (Tenders) of the *Local Government (Functions and General) Regulations 1996* requires that tenders be publicly invited for such contracts where the estimated cost of providing the total service exceeds \$150,000. Compliance with the section 3.57 of the Local Government Act 1995 is required in the issuing and tendering of contracts.

Regulation 20 of the *Local Government (Functions and General) Regulations 1996* permits a local government, after inviting tenders and having chosen a successful tenderer, to make a minor variation in the goods or services required and enter into a contract with the successful tenderer for the varied requirement without again inviting tenders. A minor variation is defined as a variation that the local government is satisfied is minor having regard to the total goods or services that tenderers were invited to supply.

Regulation 21A of the *Local Government (Functions and General) Regulations 1996* prevents a contract for the supply of goods or services from being varied with a successful tenderer unless the variation is necessary in order for the goods or services to be supplied and does not change the scope of the contract or if the variation is a renewal or extension of the term of the contract as described in the regulations.

RELEVANT PLANS AND POLICIES

The Busselton Regional Airport Expansion – Stage 2 is identified in the City’s Corporate Business Plan: “Subject to the outcome of the Busselton Regional Airport business case and the provision of external funding, progress with Stage 2 expansion of the airport to provide for interstate flights”.

The Busselton Regional Airport Master Plan (2016-2036) identifies future stages for development and the award of this tender will enable the City to progress those future stages.

The City’s purchasing, tender selection criteria, occupational health and safety and engineering technical standards and specifications were all relevant to this tender and have been adhered to in the process of requesting and evaluating tenders.

FINANCIAL IMPLICATIONS

The Busselton-Margaret River Airport Development Project is fully funded with \$54.5 million of State Government funding and \$9.78 million of Federal Government funding. A total of approximately \$14.7 million has been allocated to the terminal building works. The award of this tender, and any associated variations, will not exceed the overall project budget.

Long-term Financial Plan Implications

As part of the development of the State Government Business Case proposal for the project an operational financial model was developed which incorporated a 10-year financial plan. The model considered revenues and costs associated with the upgraded facility, including up-front and recurrent capital and ongoing operational expenditure. The model demonstrates that the upgraded facility will be self-sustainable, generating a modest profit into the future, to be transferred into the City's Airport Infrastructure Renewal and Replacement Reserve at the end of each financial year.

The Long Term Financial Plan (LTFP) is currently based on the 'here and now' scenario (stage 1), and will require updating to reflect the project, including ongoing operational and capital revenue and expenditure based on the redevelopment. This work has commenced and will be incorporated into future LTFP reviews.

STRATEGIC COMMUNITY OBJECTIVES

This report is consistent with the City of Busselton's Strategic Community Plan (2017) community goals and objectives.

Key Goal Area 5 - Transport:

- 5.1 Public transport services that meet the needs of the community.

RISK ASSESSMENT

A risk assessment was carried out and risks of medium and high associated with the awarding of the tender and the additional works proposed as minor variation are listed below:

<i>Risk</i>	<i>Controls</i>	<i>Consequence</i>	<i>Likelihood</i>	<i>Risk Level</i>
Delays with awarding the tender result in the State Government withdrawing funding from the project.	Officers are aware of obligations under the respective funding agreements.	Major	Possible	High

CONSULTATION

Project Governance Committee (South West Development Commission, City of Busselton, Tourism WA, Department of Treasury, Department of Transport and Department of Regional Development as observer only).

OFFICER COMMENT

Evaluation

The primary objective of RFT20/17 was to appoint a suitably experienced and qualified contractor for the design and construction of the Airport Terminal at Busselton-Margaret River Airport.

The documentation for RFT20/17 was issued on 27 November 2017. The request for tender closed on 9 January 2018 and the City received a total of four submissions as detailed below.

	Company	Location	Contact	Phone
1.	BGC Construction Pty Ltd (BGC)	Bunbury	Ross Marshall	08 9722 3100
2.	Cockram Construction Australia Pty Ltd (Cockram)	Perth	Greg Mithen	08 9330 2344
3.	Perkins (WA) Pty Ltd (Perkins)	Bunbury	Derek Wilkes	08 9721 7300
4.	Pindan Constructions Pty Ltd (Pindan)	Busselton	James Allingame	08 9471 5300

A tender evaluation panel was formed to evaluate the tender submissions. The evaluation panel members were as follows:

- Naomi Searle, Director – Community and Commercial Services;
- Andrew McColgan, Project Manager – APP Corporation;
- Jennifer May, Manager – Commercial Services; and
- Ben Whitehill, Project Officer – Contracts and Tendering.

As part of the tender evaluation process an initial compliance check was conducted to identify submissions that were non-conforming with the immediate requirements of the RFT. This included compliance with contractual requirements and the provision of requested information. All tenders were found to comply with the terms and conditions and mandatory requirements of the RFT.

Accordingly, each tender was scored according to the qualitative criteria included in the tender documentation as follows:

Criteria	Weighting
Relevant Experience	10 %
Key Personnel Skills and Experience	5 %
Tenderer's Resources	5 %
Demonstrated Understanding	20 %
Price	60 %

The net tendered price was scored using the 'average based scoring method' recommended by WALGA in the 'Local Government Purchasing and Tender Guide'.

The panel members individually assessed the qualitative criteria and then applied an average to provide a final rating. The scores were then added together to indicate the rankings for each tender.

Following the initial evaluation process, the panel has conducted tender interviews and sought clarifications from the two highest scoring tenderers PERKINS (WA) PTY LTD and PINDAN CONSTRUCTIONS PTY LTD. As at the date of this report the evaluation panel are finalising clarifications.

The confidential report gives further detail in relation to the relative merits of each of the individual tenderers. Officers recommend that PERKINS (WA) PTY LTD and PINDAN CONSTRUCTIONS PTY LTD be nominated as the best value for money tenders for the reasons outlined in the confidential report.

Variation of requirements before entry into contract

All tenders received were within the overall airport terminal project budget. However tenderers have provided as part of their submissions a number of value engineering options including alternative light fittings, alternative terrazzo suppliers and minor adjustments to the baggage handling specification. Some of these value engineering options are expected to be offset by other minor variations including having tiling in bathrooms to the ceiling instead of splashbacks.

Officers believe that the best mechanism for adjusting the extent of the works is to seek a variation of requirements prior to entering into the contract with the preferred tenderer pursuant to Regulation 20 of the *Local Government (Functions and General) Regulations 1996*.

Regulation 20 permits a local government, after inviting tenders and having chosen a successful tenderer, to make a minor variation in the goods or services required and enter into a contract with the successful tenderer for the varied requirement without again inviting tenders. A minor variation is defined as a variation that the local government is satisfied is minor having regard to the total goods or services that tenderers were invited to supply.

Officers believe that the changes in the extent of works is a minor variation because:

1. having regard to the total goods and services that tenderers were invited to supply the reduced goods and services do not significantly change the total goods and services supplied being, the design and construction services of the airport terminal at BMRA;
2. the variation would not alter the evaluation and assessment of the tenders;
3. in the context of the design and construct contract which was selected to allow opportunity to explore buildability and staging to meet the City's operational and financial objectives adjusting the requirements should only be considered a minor variation; and
4. there is unlikely to be any significant change in construction methodology.

For the reasons set out above, officers believe there are reasonable grounds upon which Council can be satisfied that the variations will be minor.

CONCLUSION

It is recommended that Council delegates authority to the CEO to negotiate with, after finalising clarifications and reference checks, either PERKINS (WA) PTY LTD and PINDAN CONSTRUCTIONS PTY LTD, the terms of the contract for a finalised lump sum price for the design and construction of the Terminal at Busselton-Margaret River Airport including any variations in accordance with Regulation 20 of the *Local Government (Functions and General) Regulations 1996* provided that the total cost does not exceed the budget.

It is also recommended that Council also delegates authority to the CEO to:

- a) to propose variations to the required works and services which variations are considered minor by the CEO;
- b) to determine whether the variations are minor in accordance with Regulation 20 of the *Local Government (Functions and General) Regulations 1996*;
- c) to agree any other variations to be included in the contract as a result of the varied works and services and which are considered reasonable by the CEO; and
- d) to enter into a contract with the chosen tenderer to supply the varied works and services.

OPTIONS

The Council may consider the following alternate options:

1. The Council may choose not to accept the Officer's Recommendation and award the tender to an alternate tenderer. In the view of the Officers this could result in a tender being awarded to a tenderer that has not presented the "best value for money" offer.
2. The Council may choose not to accept the Officer's Recommendation and not award the tender. This would mean going back out to tender, resulting in significant delays to the contract award and the Airport Development Project.
3. The Council may not choose to delegate authority to the CEO to propose and determine minor variations in accordance with Regulation 20 of the *Local Government (Functions and General) Regulations 1996*.
4. Not proceed with the development.

TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

Negotiations with the preferred tenderer can be undertaken immediately after the Council has endorsed the Officer's recommendation. Subject to finalisation of the contract the successful tenderer will receive formal written notification of the resolution. All unsuccessful tender applicants will also be notified at this time. It is expected that the finalisation of the contract will take approximately one week.

OFFICER RECOMMENDATION**ABSOLUTE MAJORITY DECISION OF COUNCIL REQUIRED**

That the Council:

1. Endorses the outcomes of the evaluation panel's assessment in relation to Tender RFT20/17 – Design and Construction of Airport – Busselton-Margaret River Airport, which has resulted in the tenders submitted by PERKINS (WA) PTY LTD and PINDAN CONSTRUCTIONS PTY LTD being determined as the best value for money tenders.
2. Delegates authority to the CEO to negotiate with, after finalising clarifications and reference checks, either PERKINS (WA) PTY LTD and PINDAN CONSTRUCTIONS PTY LTD, the terms of the contract for a finalised lump sum price for the design and construction of the Airport Terminal at Busselton-Margaret River Airport including any variations in accordance with Regulation 20 of the Local Government (Functions and General) Regulations 1996 provided that the total cost does not exceed the budget.
3. Delegates to the CEO the authority:
 - a) to propose variations to the required works and services which variations are considered minor by the CEO;
 - b) to determine whether the variations are minor in accordance with Regulation 20 of the *Local Government (Functions and General) Regulations 1996*;
 - c) to agree any other variations to be included in the contract as a result of the varied works and services and which are considered reasonable by the CEO; and
 - d) to enter into a contract with the chosen tenderer to supply the varied works and services.
4. Delegates authority to the CEO to approve variations in accordance with Regulation 21A of the *Local Government (Functions and General) Regulations 1996* limited so as not to exceed the overall project budget.