

CO28/08 – SUPPLY AND INSTALLATION OF ARTESIAN BORES AT THE LEN SHEARER AND SHIRLEY STRICKLAND RESERVES (REC) (ATTACHMENT)

Ward : All
 Category : Operational
 Subject Index : Tenders
 Customer Index : City of Melville
 Disclosure of any Interest : No Officer involved in the preparation of this report has a declarable interest in this matter.
 Previous Items : Not Applicable
 Works Programme : Not Applicable
 Funding : 2009/2010 Budget
 Responsible Officer : Ian Davis
 Manager Parks and Environment

AUTHORITY / DISCRETION

Definition

<input type="checkbox"/>	Advocacy	<i>when Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.</i>
<input checked="" type="checkbox"/>	Executive	<i>the substantial direction setting and oversight role of the Council. e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.</i>
<input type="checkbox"/>	Legislative	<i>includes adopting local laws, town planning schemes & policies.</i>
<input type="checkbox"/>	Review	<i>when Council review decisions made by Officers.</i>
<input type="checkbox"/>	Quasi-Judicial	<i>when Council determines an application/matter that directly affects a person's right and interests. The judicial character arises from the obligation to abide by the principles of natural justice. Examples of Quasi-Judicial authority include town planning applications, building licences, applications for other permits/licences (eg under Health Act, Dog Act or Local Laws) and other decisions that may be appealable to the State Administrative Tribunal.</i>

CO28/08 –SUPPLY AND INSTALLATION OF ARTESIAN BORES AT THE LEN SHEARER AND SHIRLEY STRICKLAND RESERVES (REC) (ATTACHMENT)

KEY ISSUES / SUMMARY

- To recommend acceptance of a tender for the Supply and Installation of Artesian Bores at the Len Shearer and Shirley Strickland Reserves.

BACKGROUND

Tenders for the Supply and Installation of Artesian Bores at the Len Shearer and Shirley Strickland Reserves were invited by advertisement in the West Australian on Wednesday 12 September 2009, closing at 3.00 pm on Wednesday 30 September 2009 at the offices of WALGA, 15 Altona Street, West Perth.

The City currently irrigates the sports field at Len Shearer Reserve using a 305 metre deep Leederville Aquifer bore with a 33,034 kilolitre per year allocation that was constructed in 1978. Over the past thirty years the yield in the bore has deteriorated due to a combination of regional aquifer depressurisation and bore corrosion which has resulted in sand entering the bore. The City has re-sleeved the casing on several occasions due to this corrosion, but the bore has now reached the end of its useful life and needs to be replaced.

The City also irrigates the sports playing fields at Shirley Strickland Reserve from a 311 metre deep Leederville Aquifer bore with an annual allocation of 58,395 kilolitres. This bore was also constructed in 1978. Although it has not undergone a significant deterioration in performance it is nearing the end of its design life and is also scheduled for replacement.

The City plans to develop two replacement bores, one at Len Shearer Reserve and the other at Shirley Strickland Reserve using an existing 5C license that covers both locations. A consultant (Pennington Scott), has been engaged to project manage and provide hydrogeological advice and support for the new bore construction.

Price Schedule

The Price Schedule forms part of the WALGA Evaluation Report and is included as an attachment to the Agenda, which was distributed to the Members of the Contract and Tender Advisory Unit on Thursday 26 November 2009 under confidential cover and distributed to Elected Members on Friday 27 November 2009 under confidential cover.

CO28/08 –SUPPLY AND INSTALLATION OF ARTESIAN BORES AT THE LEN SHEARER AND SHIRLEY STRICKLAND RESERVES (REC) (ATTACHMENT)

Tender Evaluation Process

All tenders were evaluated using a non-price weighted attribute method. Each tender was assigned a percentage score out of 100. The tenderer who achieved the highest qualitative score has been recommended.

The Evaluation Sheet forms part of the Attachments to the Agenda and is included in the WALGA Evaluation Report, which was distributed to the Members of the Contract and Tender Advisory Unit on Thursday 26 November 2009 under confidential cover and distributed to Elected Members on Friday 27 November 2009 under confidential cover.

The Evaluation Committee consisted of members of the Procurement Consultancy Services of WALGA, the Business Development Coordinator, the Administration Officer and the Senior Hydrogeologist from Pennington Scott . The City's Evaluation Panel consisted of the Manager Parks and Environment, the Purchasing Coordinator and the Irrigation Supervisor.

The criteria for this tender were based on the following specific attributes.

1. Demonstrated Capacity and Experience
2. Key Personnel
3. Performance

DETAIL

Two submissions were received on the closing date:

Darling Downs Drilling
Western Irrigation Pty Ltd

Both submissions were considered compliant and were evaluated accordingly by WALGA. An evaluation report was subsequently provided to the City for consideration and is attached.

The City's Evaluation Panel met to discuss the report and have noted a significant difference between the qualitative scoring of both tenderers. Whilst the scoring for Darling Downs was considerably lower than Western Irrigation, the WALGA Evaluation Panel considered that Darling Downs still had the required technical expertise to undertake the project. Whilst their experience in drilling bores to this depth compared to Western Irrigation was less, the WALGA panel did not see this as posing a significant risk. Reference checks were undertaken and these were positive and contained no areas of concern.

Due to the technical nature of this project the City's Evaluation Panel requested additional supporting information and opinion of any risk from Pennington Scott regarding the possible appointment of Darling Downs Drilling. Pennington Scott has produced a response letter which is attached.

CO28/08 –SUPPLY AND INSTALLATION OF ARTESIAN BORES AT THE LEN SHEARER AND SHIRLEY STRICKLAND RESERVES(REC) (ATTACHMENT)

It is agreed by both the Consultant and the members of the Evaluation Panel that there is a considerable difference in the level of experience between Darling Downs and Western Irrigation in drilling bores to the depth required in this project and that the appointment of Darling Downs will require greater project management and supervision which has not been allowed for under the contract with Pennington Scott. Fees for 20 days have been indicated at \$45,000.

Latent ground conditions such as those listed below are considered likely when undertaking deeper drilling in the Leederville Aquifer and are charted on the drilling logs for the current bore at Len Shearer. These logs were included in the tender documentation, so are not therefore unknown conditions to the driller, other drilling risks appear to be:

- Drill fluid loss to cavities or permeable sediments;
- Swelling clays blocking casing or drill rods;
- Slow penetration in hard shale layers; and
- Drill fluid weighting complexity in the event of different hydraulic heads between multiple aquifers.

The conditions above do reflect a possible risk to the City as a financial cost and are further discussed under Strategic and Risk Management Implications. It is the opinion of the Contract and Tender Advisory Unit however, that the recommendation by WALGA to appoint Darling Downs Drilling for the drilling of the two bores should be accepted based on their demonstrated experience in drilling bores, the required technical equipment and appropriate Class 3 license to undertake the project. The indicative price on the Bill of Quantities is considered as representing best value for money.

PUBLIC CONSULTATION/COMMUNICATION

Not applicable.

CONSULTATION WITH OTHER AGENCIES / CONSULTANTS

Not applicable

STATUTORY AND LEGAL IMPLICATIONS

Section 3.57 of the Local Government Act 1995 states “A Local Government is required to invite tenders before it enters into a contract of a prescribed kind under which another person is to supply goods or services”.

CO28/08 –SUPPLY AND INSTALLATION OF ARTESIAN BORES AT THE LEN SHEARER AND SHIRLEY STRICKLAND RESERVES(REC) (ATTACHMENT)

FINANCIAL IMPLICATIONS

There is a significant price differential between both tendered prices, nevertheless both tender submissions are less than the total budget amount of \$809,300.00 which is available in the 2009-2010 budget from account 485-80494-7550-000.

STRATEGIC AND RISK MANAGEMENT IMPLICATIONS

Failure to not undertake the works

The repercussions of not undertaking the works are that the risk of water supply failure increases over time, as does a requirement for an ever-increasing maintenance input in order to keep the irrigation system operable. The longer the current bore remains in service, the greater the risk of failure. The path towards failure is evidenced by the presence of scale and debris (originating from the bore structure) in the water pumped from the bore at present. The scale and debris will block sprinklers and wear the pump equipment leading to an increasing maintenance commitment to keep the irrigation system operable.

In general, it is considered that once an artesian bore has reached the stage of producing significant quantities of scale and debris, planning for replacement should start. There are no remedial measures which can be taken to correct the process, and no proven method of determining how long there is before complete failure.

Risk potential with appointment of Darling Downs Drilling

The Contract and Tender Advisory Unit does consider the experience level of Darling Downs Drilling in drilling bores to the depth required for the project as being considerably lower than Western Irrigation and that if ground conditions were encountered that were not anticipated, the experience level of Western Irrigation would be of significant benefit. It is believed (but not stated) that Western Irrigations tendered Bill of Quantities price indicates an allowance of significantly more contingency monies to allow for minor events such as those indicated as “likely” in Pennington Scott’s response letter. It should be noted that in the event of bore collapse however, that the City will be placed at financial risk to re-drill a new hole or to abandon the project regardless of which contractor is appointed unless directly caused by error on their part.

The likelihood of encountering problems has been indicated by an independent Hydrogeologist as between a 10-20% possibility.

POLICY IMPLICATIONS

Procurement of Goods and Services Through Direct Purchasing and Public Tendering Policy 13-PL-005.

CO28/08 –SUPPLY AND INSTALLATION OF ARTESIAN BORES AT THE LEN SHEARER AND SHIRLEY STRICKLAND RESERVES (REC) (ATTACHMENT)

ALTERNATE OPTIONS AND THEIR IMPLICATIONS

An alternate option to appointing Darling Downs to the project is to appoint Western Irrigation which would provide a higher degree of comfort to the City in enlisting a contractor with considerable experience in the drilling of Artesian Bores to the depth required and a potentially better ability to respond to unexpected ground conditions should they occur. The choice of this contractor would result in considerable additional cost to the City but may provide the City with a lower risk exposure overall and reduced additional cost being incurred for Project Management.

CONCLUSION

The Council is required to consider this tender and the recommendation from the Contract and Tender Advisory Unit because the value of the contract exceeds the \$500,000 limit delegated to the Unit. It is the opinion of the Contract and Tender Advisory Unit that the tender for the Supply and Installation Artesian Bores at the Len Shearer and Shirley Strickland Reserves be awarded to:

Darling Downs Drilling

They have demonstrated experience in drilling bores, have the necessary equipment required to drill to the depth required and have a driller who holds the required Class 3 Drillers License to undertake the project.

EVALUATION PANEL RECOMMENDATION (CO28/08)

REJECTED

- 1. That the tender submitted by Western Irrigation Pty Ltd for the Supply and Installation of Artesian Bores at the Len Shearer and Shirley Strickland Reserves for the Durability option for the estimated rates as specified , with payment being subject to actual measured quantities approved by the City representatives or appointed Superintendent, exclusive of GST, be accepted as the most advantageous.**

CO28/08 –SUPPLY AND INSTALLATION OF ARTESIAN BORES AT THE LEN SHEARER AND SHIRLEY STRICKLAND RESERVES (REC) (ATTACHMENT)

**CONTRACTS AND TENDER ADVISORY UNIT RECOMMENDATION (CO28/08)
APPROVAL**

1. That the tender submitted by Welltechnic Pty Ltd trading as Darling Downs Drilling for the Supply and Installation of Artesian Bores at the Len Shearer and Shirley Strickland Reserves for the Durability option for the estimated rates as specified , with payment being subject to actual measured quantities approved by the City representatives and appointed Superintendent ,exclusive of GST, be accepted as the most advantageous.
2. That additional project management services to be provided by Pennington Scott, acting as Superintendent for the City, be accepted for the appointment of Welltechnic Pty Ltd trading as Darling Downs Drilling as the successful tender.