

CONFIDENTIAL



REPORT FOR:	Operations Committee		
MEETING DATE:	12 August 2013		
REPORT FROM:	Director – City & Cultural Services		
REPORT TITLE:	Port Augusta Carpenters Landing Launching Ramp Upgrade & Extension – Tender Outcome & Additional Funding		
FILE NAME:	F11/4257	RECORD NO:	AR13/2071

COMMUNITY VISION & STRATEGIC PLAN OBJECTIVE/S

1 We Thrive

1.2 Because we invest in making places that contribute to city vitality.

PURPOSE

The purpose of this report is to ascertain Council's level of financial support towards the Port Augusta Carpenters Landing Launching Ramp upgrade and extension, based on the tender prices received for this project.

2. RECOMMENDATION

Operations Committee recommends Council:

1. Notes that the preferred quote for the Port Augusta Carpenters Landing Launching Ramp upgrade and extension totals \$428,280, which brings the total project cost to \$541,656.
2. Approves allocating an additional \$70,828 from the Special Capital Reserve Fund to funding 50% of this project which equates to \$270,828, however this allocation is subject to the SA Boating Facility Advisory Committee committing the same amount.
3. If the SA Boating Facility Advisory Committee or Minister for Transport and Infrastructure do not support this project financially to the value of 50% of the project costs, a further report must be submitted to Council for consideration as to whether the project will proceed and if other funding options are available to enable Council to fund the full cost of the project.

3. BACKGROUND

Following consideration of a report (AR11/12927) in July 2011, Council at its meeting held on 25 July 2011 resolved to commit \$200,000 from the Special Capital Reserve Fund towards the consultancy work required to prepare construction design, costings, engineering reports, hydrographic survey and spear testing and construction works to upgrade the Carpenters Landing Launching Ramp.

This funding allocation was subject to achieving funding support of 50% of the project costs through the SA Boating Facility Advisory Committee and further, that if the project costs exceeded \$400,000 or if funding from the SA Boating Facility Advisory Committee is not approved, that a further report be submitted to Council for consideration of proceeding with the project and allocating additional funding.

An application was prepared and submitted to the SA Boating Facility Advisory Committee on 24 October 2011 seeking 50% funding towards the launching ramp upgrade, however on 9 November 2011 advice was received from Mr M Cooney from Department of Planning, Transport and Infrastructure, that the Committee requested that Council secure firm written quotes for this project (3 minimum).

Following receipt of this request, Council commenced preparing a specification for the upgrade and extension of the Carpenters Landing launching ramp and public tenders were called in March 2012. Council received three written quotes as follows:

1) Tender No 1	\$555,806 (GST excl)
2) Tender No 2	\$519,630 (GST excl)
3) Tender No 3	\$1,229,252 (GST excl)
or alternative price	\$354,060 (GST excl)

One contractor has proposed a water based construction, whereas the other two contractors proposed a land based construction process. Council has in the past itself found a land based construction very difficult to achieve due to prevailing southerly winds, which once they get to 10 knots, means that land based construction has to cease until the winds calm down. This results in additional mobilisation costs for equipment such as cranes etc.

Due to the technical aspect and expertise required to appraise the tenders to ascertain a preferred tenderer, and the fact that Council staff are not qualified or experienced in this area, the Tender Panel felt it appropriate to seek an independent evaluation of the tendered construction proposals and to advise Council of their expert opinion in relation to a preferred tenderer.

Following consideration of the specification and the offers the consultant recommended that alterations be made to the specification and following this work by Aztec Analysis that Tender No 1 be requested, as preferred tenderer, to submit a revised tender based on the amended specification. This work was undertaken and the tenderer advised that their original price of \$555,806 was still applicable.

Planning and Building Rules Consent have been assessed for this project and both have been approved, however full Development Consent cannot be issued until the Construction Training Levy has been paid. This levy will not be paid until the project is approved to proceed.

An application was again forwarded to the SA Boating Facility Advisory Committee on 22 January 2013, to ascertain if funding support to the value of 50% of the total cost of the project would be provided.

Council received a response from the Department of Planning, Transport and Infrastructure on 6 March 2013 advising that the SA Boating Facility Advisory Committee had considered the latest costings provided by Council as a result of an open tender process, and were still concerned that the costs provided are too high for the type and scope of the works proposed.

The Committee requested that Council investigate further measures to reduce project costs in particular:

- explore alternative construction methodologies
- review scope of works (ie optimisation of dredging area)

and that the Committee will re-consider Council's submission once the project scope has been reviewed, and alternative methods to execute the work have been thoroughly investigated and costed.

The above tender process was then aborted and contractors advised of this decision.

Council subsequently engaged a consultant to review the tender scope and methodology and by reducing the amount of dredging, has enabled the methodology for the construction to be based on either a land or water construction method.

An advert was placed in the Transcontinental on 12 June 2013 and the Advertiser on 11 June 2013 regarding the Open Tender for the Port Augusta Carpenters Landing Launching Ramp Upgrade and Extension. Tenders closed at 2pm on Friday 5 July 2013.

Council received two quotes, in response to this tendering process as follows:

- 1) Tender No 1 - \$428,280 (plus GST)
- 2) Tender No 2 - \$622,000 (plus GST)

It should be noted that Tender No 1 have tendered on a water and land based construction, whereas Tender No 2 has tendered on a land based construction only.

4. DISCUSSION

4.1 Planning and Building Rules Consent were approved for the original scope of works, however as the scope of works have been amended, an application will be made to the Development Assessment Commission for an amendment to the original approval.

4.2 Based on the latest quotes received, the breakdown of the project costs including a 15% contingency fee are as follows:

Preliminary documentation:

a) Hydrographic Survey and Spear Testing	\$ 5,775.00
b) Preparation of boat ramp design Preparation of Environmental Management Plan Additional documents review, testing and results	\$29,378.05
c) Independent evaluation of tenders	\$ 4,635.01
d) Preparation of amended scope of works	\$ 7,480.00

e) Staff Travel expenses	\$ 491.00
TOTAL:	<u>\$ 47,759.00</u>
<u>Development Consent</u> including training levy	\$ 1,375.00
<u>Preferred Tender Quote</u>	\$428,280.00
<u>Project Contingency Fee 15%</u>	\$64,242.00
<u>TOTAL PROJECT COSTS</u>	<u>\$541,656.00</u>

- 4.3 It should be noted that this contract has not yet been awarded as funding for the project must be finalised through Council and the SA Boating Facility Advisory Committee.
- 4.4 Council originally committed funding of \$200,000 from the Capital Reserve Fund for this project. \$47,759 has been spent to-date in relation to the design and tendering process leaving a balance of \$152,241 from the original committed amount.
- 4.5 The 50% contribution that Council will be required to pay is \$270,828, therefore to finalise this project an additional \$70,828 be required from the Special Capital Reserve Fund. Obviously this additional funding is based upon Council successfully achieving a 50% financial contribution towards this project from the SA Boating Facility Advisory Committee.
- 4.6 It is now important to finalise negotiations for all components of this project including funding for the project as well as timeframes for construction.
- 4.7 One important aspect of this project is that weather conditions can negatively impact on the construction of this project, which can result in additional 'stand down' period costs, if the weather does not allow work to be undertaken. Council will negotiate with the successful tenderer to ensure that the construction phase is scheduled to be undertaken when the most appropriate weather conditions will occur.
- 4.8 The 15% contingency fee has been included in the overall project costs, to ensure that variations that may occur due to weather conditions, have as far as possible, been considered and factored in as part of the overall project costs. If such variations are not required, then the 15% contingency fee may not need to be utilised, therefore reducing the overall project costs and Council's and the SA Boating Facility Advisory Committee financial commitment towards the project.
- 4.9 Upon completion of the project, if it proceeds, the final costs will be calculated and evidence provided to the SA Boating Facility Advisory Committee when seeking the 50% financial contribution. The SA Boating Facility Advisory Committee will only fund 50% of the actual project costs, up to the funding request submitted. Should the final project costs exceed the funding application, no further financial support will be provided by the SA Boating Facility Advisory Committee.

- 4.10 The Director Corporate Services recently forwarded a report (AR13/14889) to Council outlining the Special Capital Reserve Funds Balance Update as at June 2013. The report states that the balance of the fund was \$321,684 as at June 2013. If Council proceeds with this project utilising the Special Capital Reserve Fund and the additional \$70,828 is allocated, the balance of the Special Capital Reserve Fund will be \$250,856.
- 4.11 A further application to the SA Boating Facility Advisory Committee has been submitted seeking approval for 50% contribution towards this project. The SA Boating Facility Advisory Committee will consider the application and then make a recommendation to the Minister for Transport and Infrastructure for consideration and approval. If this funding application is not supported, Council will be required to consider a further report, at that time, in relation to options available to fund the full cost of this project.

5. CONFIDENTIALITY PROVISIONS

Pursuant to Section 90(2) of the *Local Government Act 1999* it is recommended that Council orders that members of the public be excluded from attendance at the meeting for the agenda item identified as Report AR13/2071 and titled Port Augusta Carpenters Landing Upgrade and Extension – Tender Outcome and Additional Funding.

The reason for maintaining this agenda item under confidential provision is supported by Section 90(3)(k) of the Act, in that the report provides information to be received, discussed or considered in relation to tenders for the upgrade and extension of the Port Augusta Carpenters Landing Launching Ramp.

It is considered that the principle that the meeting be conducted in a place open to the public has been outweighed in the circumstances because the information to be disclosed and discussed has the potential to impact adversely on each of the tenderers as competitive commercial information will be disclosed.

Pursuant to Section 91(7) of the *Local Government Act 1999* it is recommended that having considered agenda item AR13/2071 – Port Augusta Carpenters Landing Launching Ramp Upgrade and Extension in confidence under Section 90(2) and (3)(k), the Council, orders that the tender documents and all minutes be retained in confidence for a period of 6 months or until the tender process has been finalised, whichever is the sooner.

This order is subject to Section 91(8)(b) of the Act which provides that details of the identity of the successful tenderer must be released once Council has made a selection. In addition, Section 91(8)(ba) of the Act requires details of the amount(s) payable by the Council under a contract for the provision of the upgrade and extension of the Carpenters Landing Launching Ramp to be released once the contract has been entered into by all concerned parties.

6. RISK MANAGEMENT

6.1: Financial/Budget

Council has previously approved \$200,000 financial support for this project to be paid from the Special Capital Reserve Fund. As outlined within this report, the total project costs are estimated at \$541,656 and therefore, Council's 50% contribution towards this project is \$270,828 (rounded up). An additional \$70,828 will be required from the Special Capital Reserve Fund. It is recommended that this additional funding be allocated from the Special Capital Reserve Fund.

If the SA Boating Facility Advisory Committee do not financially support this project up to 50% of the actual project costs, based on a cost of \$541,656 as outlined above, Council will need to make a further decision as to whether the other 50% of the funding can be allocated from an alternative funding source. If this was required a further report would be submitted to Council for consideration.

6.2: Legal

Council has undertaken a public tender inline with the provision of Council's Purchasing, Contracts and Tendering Policy – 1.1.09.

6.3: Environment

An Environmental Management Plan has been prepared that relates to protecting the environment during the construction phase of this project. Planning conditions provide that the Environmental Management Plan must be adhered to during the construction activities and the contractor must have the appropriate licences to undertake this work.

6.4: Community

6.4.1 General

If this project proceeds, the community will need to be informed as to the proposed commencement date, as this site will be closed to the public during the construction period. Negotiations with the contractor around the construction period will be undertaken to ensure that the least amount of impact on the community as possible is made.

6.4.2 OPAL Program

The OPAL Program support healthy lifestyles and eating, and fishing is a very important recreational activity for many members of the Port Augusta community, plus visiting recreational fishermen. Fish is recommended as a healthy dietary choice.