

REPORTS THROUGH THE GENERAL MANAGER

REPORTS FROM THE DIRECTOR ENGINEERING AND OPERATIONS

a27 [EO-CM] Tender EC2010-147 - Design and Construction of an Industrial Building (Records Storage Facility) at Lot 212 DP 1122768 No 24 Honeyeater Circuit, Murwillumbah

ORIGIN: Design

FILE NO: EC2010-147

SUMMARY OF REPORT:

Council at its meeting on 16 November 2010 resolved the following:

"That:

- 1. Council declines to accept any of the Tenders received for EC2010-147 - Design and Construction of an Industrial Building (Records Storage Facility) at Lot 212 DP 1122768 No 24 Honeyeater Circuit, Murwillumbah, as no tender represents value for money.*
- 2. Council enters into direct negotiations, in accordance with the Independent Commission Against Corruption (ICAC) Guidelines, with any person, including the two lowest tenderers, for the construction component of the work to ensure project timeframes are met and to provide best value for money."*

This report provides an update on those negotiations to date and proposes a recommended course of action.

RECOMMENDATION:

That Council:

- 1. Continues negotiations with the Vendor of 24 Honeyeater Circuit, South Murwillumbah;**
- 2. Undertakes a selective tendering process with three (3) selected tenderers which includes the two lowest tenderers from the original tender, pursuant to clause 168 of the Local Government (General) Regulation 2005.**

REPORT:

Background

Council at its meeting held 16 November 2010 resolved the following:

"That:

1. *Council declines to accept any of the Tenders received for EC2010-147 - Design and Construction of an Industrial Building (Records Storage Facility) at Lot 212 DP 1122768 No 24 Honeyeater Circuit, Murwillumbah, as no tender represents value for money.*

2. *Council enters into direct negotiations, in accordance with the Independent Commission Against Corruption (ICAC) Guidelines, with any person, including the two lowest tenderers, for the construction component of the work to ensure project timeframes are met and to provide best value for money."*

In response to Part 2 of the resolution a Procurement Plan for the Industrial Building (Records Storage Facility) at 24 Honeyeater Circuit, Murwillumbah was prepared.

Negotiations then commenced with four (4) companies, two (2) of which were the lowest tenderers. Following a review of feedback from potential tenderers from the initial open advertisement of the tender, Council amended the contract from a design and construct to a construct contract. As a result, Council reviewed the design of the building and amendments to the design were made to reduce construction costs and importantly to reduce ongoing energy and operational costs.

Four (4) companies were provided with a full set of documents, including drawings, specifications, contract conditions, schedule of prices and schedules for other criteria and were invited to submit a price.

Following receipt of offers from three (3) of the four (4) companies, two (2) of which were original tenderers, soil testing results were received indicating that foundation designs would be inadequate, thus rendering the offers submitted to be redundant. It is necessary to provide the soil test results to the three (3) companies which submitted a price to undertake the works to allow them to amend their offers accordingly. It is recommended that this matter proceed as a selective tendering process as described in clause 168 of the *Local Government (General) Regulation 2005* with those three (3) companies.

Purchase of 24 Honeyeater Circuit, South Murwillumbah

Council's resolution of 17 August 2010 approved entering into a six month option to purchase the land, whereby when the option was exercised, the Contract would be subject to Council obtaining Council development consent for the construction of the industrial building within 9 months from exchange.

The option was never entered into, primarily to ensure that no monies were expended until design and tenders were finalised.

In light of the soil test results, it is recommended that negotiations with the Vendor continue to incorporate the issues arising from the soil tests.

LEGAL/RESOURCE/FINANCIAL IMPLICATIONS:

Funding is provided within the 2010/2011 Budget for EC2010-147 Design and Construction of an Industrial Building (Records Storage Facility) at Lot 212 DP 1122768 No. 24 Honeyeater Circuit, Murwillumbah.

POLICY IMPLICATIONS:

Nil.

UNDER SEPARATE COVER/FURTHER INFORMATION:

Nil.

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