

Tender - Reject and Negotiate - Sydney Park Water Reuse Upgrade

File No: X019324

Tender No: 1921

Summary

This report provides details of the tenders received for the water reuse system upgrade for Sydney Park.

Stormwater is harvested from the Munni catchment to top up the Sydney Park wetlands and provide source water for the site's recycled stormwater scheme. The recycled water is used to irrigate the 44-hectare park and supply water to the neighbouring City of Sydney nursery depot. The City of Sydney's initial water reuse project at Sydney Park commenced in 2013 and was completed in 2015 with the capability of diverting stormwater flows of up to 840 ML/year on average.

In 2017, the original water treatment plant at Sydney Park had to be decommissioned to accommodate the NSW State Government's WestConnex road project which extended into a portion of the park where this plant was located.

The Sydney Park Water Reuse Upgrade project will build a new water treatment plant at the nursery depot, diverting untreated water from wetland 5 to the new water treatment plant for recycling before being reused for irrigation purposes. Other works to facilitate this project include the laying of new pipe from wetland 5, through Sydney Park to the water treatment plant at the nursery depot.

This report recommends that Council reject and negotiate the tender offers for Sydney Park Water Reuse Upgrade.

Recommendation

It is resolved that:

- (A) Council decline to accept any of the tenders submitted for the proposed contract for the Sydney Park Water Reuse Upgrade project for the reasons set out in Confidential Attachment A to the subject report;
- (B) Council enter into negotiations with any person (whether or not the person was a tenderer) with a view to entering into a contract in relation to the subject matter of the tender;
- (C) Council note that the reasons for declining to invite tenders or fresh applications are: that doing so would not attract additional suitable service providers over and above those that have submitted a tender;
- (D) authority be delegated to the Chief Executive Officer to:
 - (i) undertake the negotiations referred to in clause (C) above; and
 - (ii) negotiate, execute and administer the contracts resulting from these negotiations; and
- (E) Council be informed of the outcome of the negotiations and successful organisation that will enter into the contract with the City for the Sydney Park Water Reuse Upgrade project by CEO Update prior to executing the contract.

Attachments

Attachment A. Tender Evaluation Summary (Confidential)

Background

1. The Sydney Park stormwater harvesting project was initiated with the aim of achieving the City's three water targets; zero increase in potable water use by 2030 from the 2006 baseline through water efficiency and recycled water; 50 per cent reduction in the annual solid pollution load discharged to waterways via stormwater by 2030; and 15 per cent reduction in annual nutrient load discharged to waterways via stormwater by 2030.
2. The City of Sydney's initial water reuse project at Sydney Park started in April 2013 and was completed in 2015.
3. The original water treatment plant was located at the southern end of wetland 5 with a capacity of 7L/s and reticulation network to treat and supply recycled water to the park's irrigation areas and the nursery depot.
4. In 2017, the original water treatment plant at Sydney Park had to be decommissioned to accommodate the NSW State Government's WestConnex road project which extended into a portion of the park where this plant was located.
5. The City received compensated from RMS due to the WestConnex project for the loss of the existing water treatment plant facilities. The compensated amount was based on Quantity Surveyor estimates.
6. The decommissioning of the old water treatment plant provided a new opportunity to design a new water treatment plant with the possibility of increasing production capacity by three times and room for future expansion (improving water quality standards and increasing the production rate by nine times).
7. In August 2018, the City engaged a design consultant to identify the best possible area to locate the new water treatment plant and treatment system to accommodate the current irrigation capacity requirements and additional capacity for future expansion.
8. In February 2019, the City engaged an environmental consultant to carry out the geotechnical and contamination investigations for the new pipe route through the park and the preparation of a Spoil Management Plan based on the findings.
9. Noting that Sydney Park was originally a landfill, the environmental investigation confirmed findings by identifying building demolition waste in most of the test pits. In line with recommendations within the Environmental Guidelines, the landfill beneath Sydney Park has been capped with a layer of clay below the surface of the park and the planned excavation will not breach the clay-capped layer.
10. Based on these preliminary environmental investigation results, a Spoil Management Plan has been created to manage the disposal of all excavated material as Special Waste and the construction site will be fenced to control construction by the contractor to site works carried out in a controlled environment and monitored by an Occupational Hygienist.

11. The City's Design and Construct Tender Request was informed by these design and environmental reports. The tender sought to engage a suitably qualified contractor to design and construct a new water treatment plant with a purpose built building to house the new plant, integrate the new plant and pipework into the existing infrastructure and provide a number of improvements to the original design of the system. Tenders were to demonstrate compliance with environmental and Work Health and Safety management plans.

Invitation to Tender

12. The tender was advertised through the City's e-tendering system, The Sydney Morning Herald and The Daily Telegraph on Tuesday 26 March 2019 and closed on 2 May 2019.

Tender Submissions

13. Three submissions were received from the following organisations:
 - Never Stop Water Group of Companies;
 - SNG Constructions Pty Ltd; and
 - Water Treatment Australia Pty Ltd.
14. No late submissions were received.

Tender Evaluation

15. All members of the Tender Evaluation Panel have signed Pecuniary Interest Declarations. No pecuniary interests were noted.
16. The relative ranking of tenders as determined from the total weighted score is provided in the Confidential Tender Evaluation Summary – Attachment A.
17. All submissions were assessed in accordance with the approved evaluation criteria being:
 - (a) Past track record – demonstrated expertise in carrying out work of a similar size and nature; and project team with relevant qualifications, demonstrated experience, technical ability, available capacity, and project management capability to carry out the D&C work (including subcontractors);
 - (b) System design, operation and control methodology – a proposed methodology that shows how the water treatment plant and related system infrastructure can be designed, constructed, integrated, operated and controlled in a manner that meets the project objectives and the Principal's project requirements;
 - (c) Proposed work program and management plans – demonstration of how the water treatment plant and associated tanks, pipework and equipment can be installed with minimum interruption to site services and site routine operations and as far as practical within the Principal's preferred timeframe;

- (d) Adequacy of response to the preliminary design and schedule of technical particulars;
- (e) Organisation's Environmental Management Plan and Quality Assurance System;
- (f) Work, Health and Safety (WHS);
- (g) Financial and commercial trading integrity, including insurances; and
- (h) Lump Sum Price and Schedule of Prices.

Performance Measurement

18. The City will ensure that the performance measures are met and monitored by:
 - (a) Reviewing the program, WHS and Construction Environmental Management Plan and works method statements;
 - (b) Attend Design Review, Critical Control Point and Hazard and operability study (HAZOP) workshops;
 - (c) Reviewing drawings, Safe Work Method Statements, progress and design report;
 - (d) Attending regular inspections of the works;
 - (e) Conducting weekly site meeting with the head contractor; and
 - (f) Ensuring the works are in accordance with the contract documents such as design specification, technical specification, spoil management plan, contract preliminaries and general requirements.

Financial Implications

19. The prices submitted, within the tender responses, albeit with non-conforming bids, indicate that there is a risk that there may be insufficient funds allocated for this project within the draft 2019/20 capital works budget and future year forward estimates.
20. Additional funds may be required once negotiations are completed and the justifications are outlined in Confidential Attachment A.

Relevant Legislation

21. The tender has been conducted in accordance with the Local Government Act 1993, the Local Government (General) Regulation 2005 and the City's Contracts Policy.
22. Attachment A contains confidential commercial information of the tenderers and details of Council's tender evaluation and contingencies which, if disclosed, would:
 - (a) confer a commercial advantage on a person with whom Council is conducting (or proposes to conduct) business; and
 - (b) prejudice the commercial position of the person who supplied it.
23. Discussion of the matter in an open meeting would, on balance, be contrary to the public interest because it would compromise Council's ability to negotiate fairly and commercially to achieve the best outcome for its ratepayers.

Critical Dates / Time Frames

24. The proposed program comprises the following activities:
 - Contract with successful contractor - September 2019
 - Design completion - January 2020
 - Construction completion - March 2020
 - Commissioning and accepting testing completion - April 2020
 - Practical completion - June 2020

Options

25. The Sydney Park Water Reuse System Upgrade project is important to achieve the City of Sydney's Environmental Action 2016-2021 Strategy target and Action Plan's vision of meeting the water sensitive City target of efficient use of potable water through water efficiency and recycled water.
26. It is recommended the City reject and negotiate with suitably qualified contractors with the capacity to carry out the works.

Public Consultation

27. The Tender Report for the Sydney Park Water Reuse Stage 2 published in December 2012 indicated that planned public consultation for the Sydney Park water reuse scheme was undertaken over four weeks period between 26 September and 28 October 2011. The consultation period was promoted through newspaper advertisements in local media.
28. Local residents were informed of the consultation period and invited to a community open day via letter box drop distribution to 8,500 households. In addition, a media release, information on the City's website, and on-site displays were arranged to encourage community comment on the concepts during the consultation period.
29. The staffed exhibition and open day was held on 16 October 2011, where the Lord Mayor spoke to the community about the project. The consultation day included staff discussions with the public and a number of site tours to run through the proposal.
30. For this project, the City will notify residents and visitors about the environmental remediation works during construction. This will involve project boards, the City's website and notification letters for nearby residents.

AMIT CHANAN

Director City Projects and Property

Erwin Jeremiah, Project Manager

Sophie Spinks, Delivery Manager