



# Corporate & Works Committee

**Agenda:** *Corporate & Works Committee*

**Date:** *Monday 6 March 2006*

**Time:** *6.00pm*

## **Outline Of Meeting Protocol & Procedure:**

The Chairperson will call the Meeting to order and ask the Committee/Staff to present apologies or late correspondence.

The Chairperson will commence the Order of Business as shown in the Index to the Agenda.

At the beginning of each item the Chairperson will ask whether a member(s) of the public wish to address the Committee.

If person(s) wish to address the Committee, they are allowed four (4) minutes in which to do so. Please direct comments to the issues at hand.

If there are persons representing both sides of a matter (eg applicant/objector), the person(s) against the recommendation speak first.

At the conclusion of the allotted four (4) minutes, the speaker resumes his/her seat and takes no further part in the debate unless specifically called to do so by the Chairperson.

If there is more than one (1) person wishing to address the Committee from the same side of the debate, the Chairperson will request that where possible a spokesperson be nominated to represent the parties.

The Chairperson has the discretion whether to continue to accept speakers from the floor.

After considering any submissions the Committee will debate the matter (if necessary), and arrive at a recommendation (R items which proceed to Full Council) or a resolution (D items for which the Committee has delegated authority).

## **Delegated Authority ("D" Items):**

General financial and corporate management of the Council, except those specifically excluded by statute, by Council direction or delegated specifically to another Committee.

Note: This not to limit the discretions of nominated staff members exercising Delegated Authorities granted by the Council.

Quarterly review of Council's Management Plan.

Finance Regulations, including:-

- Authorisation of expenditures within budgetary provisions where not delegated;
- Quarterly review of Budget Review Statements;
- Quarterly and other reports on Works and Services provision; and
- Writing off of rates, fees and charges because of non-rateability, bad debts, and impracticality of collection.

Auditing.

Property Management.

Asset Management.

Traffic Management - Works Implementation.

Works and Services - Monitoring and Implementations.

Legal Matters and Legal Register.

Parks and Reserves Management.

Infrastructure Management, Design and Investigation.

To require such investigations, reports or actions as considered necessary in respect of matters contained within the Business Agenda (and as may be limited by specific Council resolution).

Confirmation of Minutes of its Meeting.

Any other matter falling within the responsibility of the Corporate and Works Committee and not restricted by the Local Government Act or required to be a Recommendation to Full Council as listed below.

## **Recommendation only to the Full Council ("R" Items):**

Such matters as are specified in Section 377 and within the ambit of the Committee considerations.

The voting of money for expenditure on works, services and operations.

Rates, Fees and Charges.

Donations

Matters which involve broad strategic or policy initiatives within responsibilities of the Committee.

Matters not within the specified functions of the Committee.

Asset Rationalisation.

Corporate Operations:-

- Statutory Reporting; - Delegations.
- Adoption of Council's Management Plans; - Policies.
- Quality Service/Communications; - Tenders.
- Leases.
- Matters reserved by individual Councillors in accordance with any Council policy on "safeguards" and substantive changes

**Committee Membership:**

7 Councillors

**Quorum:**

The quorum for a Committee meeting is 4 Councillors.

# WOOLLAHRA MUNICIPAL COUNCIL

## Notice of Meeting

2 March 2006

To: His Worship the Mayor, Councillor Petrie, ex-officio  
Councillors John Walker (Chair)  
Claudia Cullen  
Marcus Ehrlich  
Tanya Excell  
Wilhelmina Gardner  
Keri Huxley  
Fiona Sinclair King

Dear Councillors

### **Corporate & Works Committee Meeting – 6 March 2006**

In accordance with the provisions of the Local Government Act 1993, I request your attendance at a Meeting of the Council's **Corporate and Works Committee** to be held in the **Council Chambers, 536 New South Head Road, Double Bay, on Monday 6 March 2006 at 6.00pm.**

Gary James  
General Manager

## Meeting Agenda

<b>Item</b>	<b>Subject</b>	<b>Pages</b>
1	Leave of Absence and Apologies	
2	Late Correspondence	
3	Declarations of Interest	

### **Items to be Decided by this Committee using its Delegated Authority**

D1	Confirmation of Minutes of Meeting held on 20 February 2006	1
D2	Capital Projects Status Report – 331.G 2005/2006	2

### **Items to be Submitted to the Council for Decision with Recommendations from this Committee**

R1	Structure of the Proposed Environmental & Infrastructure Levy – 331.G 2206/2007	13
R2	Cliff Street, Watsons Bay – Road reconstruction & drainage improvement works – Tender 05/09	18

**Item No:** D1 Delegated to Committee  
**Subject:** **Confirmation of minutes of meeting held on 20 February 2006**  
**Author:** Les Windle, Manager – Governance  
**File No:** See Council Minutes  
**Reason for Report:** The Minutes of the Meeting of Monday 20 February 2006 were previously circulated. In accordance with the guidelines for Committees' operations it is now necessary that those Minutes be formally taken as read and confirmed.

**Recommendation:**

That the Minutes of the Corporate and Works Committee Meeting of 20 February 2006 be taken as read and confirmed.

Les Windle  
Manager - Governance

**Item No:** D2 Delegated to Committee  
**Subject:** **Capital Projects Status Report**  
**Author:** Don Johnston, Manager Finance  
**File No:** 331G 2005/2006  
**Reason for Report:** To provide the Committee with an update on the status of capital works projects

**Recommendation:**

That the report be received and noted.

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**Background:**

An initial capital projects status report was circulated to Councillors late in 2005. It is now intended to provide this status report on a 6 weekly basis. There will be a full financial based report in conjunction with quarterly budget reviews and an interim status report without financial details between quarterly reviews.

**Discussion:**

The Capital Projects Status Report as at mid-February is attached as **ANNEXURE 1**. The report has been prepared by the various Council officers responsible for the delivery of capital projects under the co-ordination of Finance staff.

The report groups capital projects into the following programs:

- Environmental Works
- Infrastructure Works
- Traffic Infrastructure
- Streetscape
- Parks, Reserves, Playgrounds & Sportsfields
- Buildings & Community Facilities

The projects are grouped into a series of steps toward completion including preliminary investigation, design, consultation, tenders called, contract let and works in progress.

**Conclusion:**

The Capital Projects Status Report has been prepared as at mid-February to provide the Committee with an update on the progress of all capital works projects.

Don Johnston  
Manager Finance

Warwick Hatton  
Director Technical Services.

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**Annexures:**

A. Capital Projects Status Report as at mid February

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**Item No:** R1 Recommendation to Council  
**Subject:** **Structure of the proposed Environmental & Infrastructure Levy**  
**Author:** Don Johnston, Manager Finance  
**File No:** 331G 2006/2007  
**Reason for Report:** To re-affirm the structure of the proposed Environmental & Infrastructure Levy prior to submitting an application for a special variation to the Department of Local Government

**Recommendation:**

That Council re-affirm its decision to introduce the Environmental & Infrastructure Levy as a 'flat rate' through a rate structure based on an ad valorem rate subject to a high minimum rate that results in as many properties as possible paying the average levy amount.

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**Background:**

Options for Council's strategy in regard to funding environmental and infrastructure projects was considered at the Budget Workshop held on 21 February 2006. To allow Council to consider a recommendation on 27 February the same report was submitted to the Corporate & Works Committee on 20 February with a recommended course of action. Council has resolved:

*That Council:*

1. *Make application for a combined infrastructure and environmental levy*
2. *Introduce a stormwater levy of \$25 per residential property and \$100 per business property*
3. *Make application to forgo the last year of the environmental levy, subject to i) and ii) above*

This report deals with the rating structure for the combined Environmental and Infrastructure Levy that Council has resolved to apply for.

**Discussion:**

When this was considered by council last year it was determined that the levy be introduced as a 'flat rate'. Last year's application provided for a 'flat rate' of \$50 in the first year, increasing to \$100 in years 2 to 5. An integral part of the application was a proposal to introduce a Council pensioner rebate for the full amount of the levy.

To facilitate this, the proposed structure was to introduce an 'ad valorem' rate subject to a minimum of \$49.50. The effect of this was that 99.7% of all properties paid \$49.50. Only 85 properties paid more than this. The minimum rate cut out at a land value of \$5,000,000 above which properties began to pay more than the minimum levy. The highest levy would have been \$206 on a land value of \$20,600,000.

Different rating structures will impact on individual properties based on their respective land values. The table below summarises land values across the municipality.

These figures are drawn from the information at the time of levying the 2005/2006 rates. There will be some minor changes as a result of changes during the year which will be picked up in Council's application for special variation. These changes will not impact on the general principles discussed in the report.

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<b>LV Range</b>	<b>No. of Properties</b>	<b>Land Value (LV)</b>
Less than \$125,000	5,027	406,104,319
\$125,001 to \$235,000	5,131	898,834,704
\$235,001 to \$400,000	5,014	1,581,525,323
\$400,001 to \$850,000	5,235	3,037,212,790
Above \$850,000	4,839	7,598,717,239
	25,246	13,522,394,375
Average LV		535,625
Properties below average LV		17,589
Properties above average LV		7,657

There are three rating structure options available to Council. Section 497 of the Local Government Act states:

*A rate, whether an ordinary rate or special rate, may, at a council's discretion, consist of:*

- (a) An ad valorem amount (which may, in accordance with section 548, be subject to a minimum amount of the rate), or*
- (b) A base amount to which an ad valorem amount is added*

Council can structure the levy as:

- pure ad valorem
- ad valorem subject to a minimum
- a base amount to which an ad valorem amount is added

**Option 1 - Pure ad valorem (rate in the dollar multiplied by the land value of property)**

Under this option the total amount of the proposed levy (\$2.5m) would be divided into the total land value of the municipality of \$13,522m to provide a rate in the dollar of 0.01868 cents in the dollar. This rate would then be applied to the land value of individual properties to levy the levy. The resulting levy amounts across a range of land values would be:

<b>Land Value</b>	<b>Levy</b>
30,000	5.60
100,000	18.68
235,000	43.90
400,000	74.72
535,635	100.06
850,000	158.78
1,000,000	186.80
1,500,000	280.20
3,000,000	560.40
5,000,000	934.00
20,600,000	3,848.08



Option 2 - Ad valorem, subject to a minimum rate

This is the means by which Council can achieve a ‘flat levy’. To do this requires a minimum rate of close to the average levy of \$100 per property. Council will require Ministerial approval to increase the minimum rate to this level as the maximum minimum permitted under the legislation is \$2. The ad valorem rate also needs to be kept low to facilitate a ‘flat levy’. The table below summarises the results of introducing an ad valorem rate of 0.0015 cents in the dollar subject to a minimum of \$99.95.

No. of properties paying minimum levy	25,195
Land Value where more than minimum is paid	\$6,700,000
Highest Levy Paid	\$309
No. of properties paying more than the minimum	51

To provide the same information as the other options, the table below shows the resulting levy amounts across the range of land values.

Land Value	Levy
30,000	99.95
100,000	99.95
235,000	99.95
400,000	99.95
535,635	99.95
850,000	99.95
1,000,000	99.95
1,500,000	99.95
3,000,000	99.95
5,000,000	99.95
20,600,000	309.00

A variation of this structure would be to reduce the minimum rate to, say, \$50. This would require a rate in the dollar of 0.0164 cents in the dollar.

The table below shows the resulting levy amounts across the same range of land values use above.

Land Value	Levy
30,000	50.00
100,000	50.00
235,000	50.00
400,000	65.60
535,635	87.84
850,000	139.40
1,000,000	164.00
1,500,000	246.00
3,000,000	492.00
5,000,000	820.00
20,600,000	3,378.40

Option 3 - Base Amount to which an Ad valorem amount is added

This option allows Council to raise the levy on the basis of collecting up to 50% of it through a base amount. The remaining levy is levied on an ad valorem basis and added to the base amount. Council's residential rate is currently levied on the basis of 50% coming from a base amount and 50% coming from an ad valorem component. Introducing the levy on this same basis would result in a base amount of \$50 to which an ad valorem amount is added at the rate of 0.00934 cents in the dollar.

The table below shows the resulting levy amounts across the same range of land values use above.

Land Value	Levy
30,000	52.80
100,000	59.34
235,000	71.95
400,000	87.36
535,635	100.03
850,000	129.39
1,000,000	143.40
1,500,000	190.10
3,000,000	330.20
5,000,000	517.00
20,600,000	1,974.04

**Conclusion:**

Three options and one sub-option have been identified in the report. The impact of each of these on the range of land values used in the report is provided in the table below:

Land Value	Pure Ad Valorem	'Flat Levy'	\$50 min	50% Base
30,000	5.60	99.95	50.00	52.80
100,000	18.68	99.95	50.00	59.34
235,000	43.90	99.95	50.00	71.95
400,000	74.72	99.95	65.60	87.36
535,635	100.06	99.95	87.84	100.03
850,000	158.78	99.95	139.40	129.39
1,000,000	186.80	99.95	164.00	143.40
1,500,000	280.20	99.95	246.00	190.10
3,000,000	560.40	99.95	492.00	330.20
5,000,000	934.00	99.95	820.00	517.00
20,600,000	3,848.08	309.00	3,378.40	1,974.04

The proposed Environmental & Infrastructure Levy will be introduced as a special rate if our application for the special variation is successful. This carries with it commitments to spending the levy only for the purpose for which it is raised and it is accounted for and reported separately in Council's books of account.

Section 495 of the Local Government Act provides:

- 1) *A council may make a special rate for or towards meeting the costs of any works, services, facilities or activities provided or undertaken, or proposed to be provided or undertaken, by the council within the whole or any part of the council's area, other than domestic waste management services.*
- 2) *The special rate is to be levied on such rateable land in the council's area as, in the council's opinion:*
  - a. *Benefits or will benefit from the works, services, facilities or activities, or*
  - b. *Contributes or will contribute to the need for the works, services, facilities or activities, or*
  - c. *Has or will have access to the works, services, facilities or activities.*

In adopting a 'flat rate' approach to the levy last year Council was of the opinion that the works proposed in the Infrastructure Renewal Program (now a combined Environmental and Infrastructure Renewal Program) would benefit the whole municipality equally. Moving away from a 'flat levy' approach will skew the recovery of the levy toward higher land valued properties and, in doing so, toward business properties which typically have higher land values. This may place an unfair proportion of the levy in commercial areas.

Introducing a levy on a 'flat' basis will be consistent with the proposed introduction of a stormwater levy and is also in keeping with the community consultation for the originally proposed Infrastructure Levy. It is also consistent with the previous application to the Department for a special variation.

The report recommends that Council re-affirms its decision to introduce a levy on a 'flat rate' basis.

Don Johnston  
Manager Finance

Geoff Clarke  
Director Corporate Services

Gary James  
General Manager

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**Annexures:**

Nil

**Item No:** R2 Recommendation to Council  
**Subject:** **Cliff Street, Watsons Bay, Road Reconstruction and Drainage Improvement Works - Tender 05/09**  
**Author:** Jamie Howieson - Project Manager Environmental Works  
**File No:** Tender 05/09  
**Reason for Report:** To recommend to Council the acceptance of a tender

**Recommendation:**

That Council enter into a Contract with Hughes Contractors Pty Ltd to carry out the stormwater and road reconstruction works in Cliff Street, Watsons Bay, for the Lump Sum Price of \$533,360, including GST, in accordance with the specification and conditions of Tender No. 05/09.

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**Background:**

The area adjoining Camp Cove Reserve situated within a localised low spot between Victoria Street, Cliff Street and Pacific Street has been subject to numerous past flooding events to both public and private property. Council, under the Environmental Works and Drainage Infrastructure Programs, has allocated funds to address the flooding problems being experienced in these areas.

Council commissioned Cardno Willing Pty Ltd in 2003 to investigate the drainage infrastructure and to develop alternatives to reduce flooding impacts on local residents living within the triangle boundary of Victoria, Cliff Street and Pacific Street, which forms the low point. The drainage investigation study provided a three stage strategy for implementation to address all flooding issues, totalling approximately \$1.34M, which was reported to Council in June 2003.

Boyden & Partners Pty Ltd was engaged to develop the detailed design for stage 1 works. Two options were reported to Council in 2004 which were; 1) drainage augmentation for Cliff Street only and 2) drainage augmentation plus road lowering works. The combined road lowering and drainage augmentation was the adopted option.

The works recommended for contract in this report (refer Annexure 1) consist of laying approximately 120m of new stormwater line, lowering 50m of Cliff Street and carrying out the necessary adjustments to all major services in Cliff Street as a result of the road lowering. Refer to the General Arrangement Plan (refer Annexure 2).

In June 2005 Council adopted a resolution to call tenders for Option 2 and seek funding opportunities. The primary purpose of this report is to recommend to Council a suitable contractor to carry out the work and to address funding options in accordance with resolutions adopted in the May 2005 report as summarised below:

- A. *THAT Council call tenders for the construction of Stage 1 of the drainage improvement works proposed at Cliff Street, Watsons Bay with the funds available under Environmental Levy funds and the 2004-05 Capital Budget allocation.*
- B. *THAT Council continue to seek funding contributions from the Department of Environment and the Department of Defence towards the drainage improvement works proposed at Cliff Street, Watsons Bay.*
- C. *THAT a further report be presented to Council regarding the tenders received, together with identifying and addressing any further funding issues or shortfalls to undertake the proposed drainage improvement works at Cliff Street, Watsons Bay. The further report to also include information relating to the cost of any claims associated with previous flooding in the Camp Cove area.*

- D. *THAT the Mayor write to the local Federal and State Members of Parliament requesting that they make representations on behalf of Woollahra Council to Senator The Hon. Robert Hill, Federal Minister for Defence and The Hon Robert Debus, State Minister for the Environment to obtain funding assistance for the stormwater drainage works.*

Item D was addressed through the Mayor writing to The Hon Robert Debus MP, Minister for Environment and Senator The Hon. Robert Hill, Minister for Defence, in April 2005 requesting funding. As reported to Council in 2005, negative responses were received from both the Minister for Environment and Minister for Defence. Council continued to address funding issues, in accordance with Item B, by writing to federal and state members The Hon Malcolm Turnbull MP and The Hon. Peter Debnam MP. In response to follow-up letters from the Deputy Mayor in January, Mr Debnam has asked for advice from both the Minister for Defence and the Minister for Environment. Council is awaiting a formal response.

In response to the latter part of Item C, an individual claim totalling \$24,867.00 for flood compensation has been paid to claimants of 15 Pacific Street. An additional three claims are pending for claimants at 14 Victoria Street and 7 & 23 Pacific Street, with an estimate of \$30,000.00 to be considered.

The benefits of proceeding with this project, as reported to Council in June 2005, are outlined in the extract below;

*'Once the proposed works are implemented, overland flows from Cliff Street to Cove Street/ Camp Cove Reserve will be reduced. Therefore ponding of flood water in Camp Cove Reserve and surrounding areas will be reduced in larger flood events (eg: 100 year ARI). The three houses that are estimated to flood (habitable floor) in 100 year ARI event will no longer be subject to flooding. In the 1 in 100 year event, ponding of Camp Street will be reduced from 0.96 m to 0.51m.'*

On completion of road lowering and drainage augmentation work in Cliff Street, the risk of flooding to houses and properties by stormwater runoff from Cliff Street that flows into the low lying area will be significantly reduced for large flooding events. This will reduce the risk to Council for future flood damage claims from houses within this low-lying area.

The following report details the tender process and recommends a suitable contractor to carry out the works in accordance with the Council resolution A of 23 May 2005

### **Tender Process**

Tenders for the works were called between 2 November 2005 and 5 January 2006. In addition, a pre-tender meeting was held on 12 December 2005 to give potential tenderers an opportunity to clarify issues relating to the tender documents.

At the close of tenders, seven tender submissions were received. These are shown in **Table 1** in order of total cost from lowest to highest.

**Table 1 – Lump Sum Totals including GST**

<b>TENDERER</b>	<b>PRICE (Including GST)</b>
Hughes Contractors	\$533,360
J N Civil	\$560,393
Onyx Group	\$733,568
Athassel Excavations	\$745,384
Chrisos Construction	\$819,675
Antoun Civil	\$967,841
North Shore Paving	\$1,645,050

Tendered amounts are shown inclusive of GST, however, the amount exclusive of GST is the amount applicable for the project budget.

### Tender Evaluation Process

The tenderers were assessed in accordance with the selection criteria stated in the tender invitation. The tender panel comprised Jamie Howieson, Project Manager Environmental Works, Myl Senthilvasan, Asset Management Engineer (Drainage), and Joe Cavagnino, Purchasing Team Leader. The panel agreed on the weighting of each criterion, which was recorded on file prior to the tender closing date.

**Table 2 – Selection Criteria**

CRITERIA	% WEIGHTING
Price	40
Skills of personnel	15
Demonstrated performance on similar projects	30
Program (Construction Time)	10
Tender submission	5

To commence the assessment process, all the tender schedules were checked for each tender submission. It was noted that clarification was required on all tender submissions except Antoun Civil. Minor errors were noted in J N Civil, Onyx and Chrisos Construction's submissions. Further information on key personnel and performance on past projects was required on all tender submissions except Antoun Civil and the construction program was missing from North Shore Paving. Letters were issued to all tenderers on 2 February 2006 seeking clarification. This information was received on 8 February 2006 and permitted the assessment panel to carry out the first round of scoring against the assessment criteria.

Table 3 shows the results of the initial assessment.

**Table 3 - Initial Assessment**

Tenderer	Price Including GST	Price 40%	Skills of Personnel (Score 1 to 10) 15%	Demonstrated Performance / (Score 1 to 10) 30%	Program 10%	Tender Submission (Score 1 to 10) 5%	Total Score 100%
Hughes Contractors	\$533,360	40	(5) 7.5	(5) 15	6.5	(5) 2.5	<b>72</b>
Athassel Excavations	\$745,384	28.62	(6) 9	(8) 24	8.13	(8) 4.0	<b>74</b>
J N Civil	\$765,092	27.88	(6) 9	(7) 21	10.0	(6) 3.0	<b>71</b>
Onyx Group	\$786,901	27.11	(4) 6	(5) 15	5.0	(4) 2.0	<b>55</b>
Chrisos Construction	\$819,675	26.03	(7) 10.5	(8) 24	5.42	(8) 4.0	<b>70</b>
Antoun Civil	\$967,841	22.04	(8) 12.0	(9) 27	6.5	(9) 4.5	<b>72</b>
North Shore Paving	\$1,645,050	12.97	(8) 12.0	(6) 18	4.64	(6) 3.00	<b>51</b>

1. Price – the lowest price is deemed to achieve 100% for that weighting. Other tenderers' prices are then ranked by a percentage fraction of the lowest price.
2. Program – is deemed to achieve 100% for that weighting for the shortest construction program. Other tenderers' programs are then ranked by a percentage fraction of the lowest program.
3. Skills of Personnel, Demonstrated Performance and tender submission scores are based on an agreed scoring range for each category. Scores 1 to 4 represent a low range demonstrating minimal compliance, scores 5 to 7 represent medium range demonstrating limited compliance, scores 8 to 10 represent high range demonstrating excellent compliance.

The tender assessment panel agreed to interview Hughes Contractors, J N Civil and Athassel Excavations, as these were the highest three scores. The decision not to include Antoun Civil in the interview process was based on the lower priced tenders scoring higher than or equal to Antoun Civil in the initial assessment and, therefore, representing better value for money.

Jamie Howieson, Myl Senthilvasan, Joe Cavagnino and Melanie Tasker conducted the interview and notes were taken. The following provides a summary of what was discussed and confirmed at the meetings.

### ***Hughes Contractors***

The assessment panel agreed that Hughes Contractors, represented by Leo Hughes – Director and Keith Falkner – Project Manager, demonstrated a good understanding of the project. The construction plan was well considered with a good appreciation of the sensitive nature of working at the end of a cul-de-sac, adjoining a harbour beach and National Park, which is regularly used by local residents. There was evidence that they had visited the site a number of times, demonstrating to the panel diligence in preparing their tender submission and in doing so had already commenced engaging the local community by contacting a number of local residents and the kiosk operator.

Construction sequencing, material handling, traffic management and pedestrian access were all well covered. It was also established that the company had good expertise in operating earthwork machinery, owned all their plant and had good project management skills by offering past projects, where they were the principal contractor.

The tender price, being lower than others received, was discussed by the panel. Their response confirmed the lump sum price and it was stated that they had a good relationship with their suppliers as developed on past projects. The rates used in the lump sum schedules were confirmed as correct and very cost competitive.

### ***Athassel Excavations***

The assessment panel agreed that Athassel Excavations, represented by Padraig Morrissey – Director, demonstrated a good understanding of the project. The construction sequence was logical and well planned with potential difficulties with services highlighted along with mitigative measures to overcome these difficulties should they occur.

Athassel Excavations is accredited with Sydney Water to work on their infrastructure, so would be licensed to carry out the required work on both sewer and water main. The Company owns a good range of construction plant and equipment and provided the panel with many past successful projects, one winning an environmental award. Overall, the panel agreed that Athassel would be capable of carrying out the work and the scores for each of the categories reflect a good submission. The price component was the main contributing factor for scoring lower than Hughes Contractors.

### ***J N Civil***

The assessment panel agreed that J N Civil, represented by Scott Anderson – Project Engineer, and Nicholas Ng – Manager Works, were not well prepared for the interview and demonstrated a lack of detailed understanding of the project and their tender submission. Additional information on key personnel and past projects, as requested prior to the interview, lacked detailed information. When asked about this again at the interview, no information was readily available other than a verbal summary. A request for this detailed information was requested by end of business that day. It was established after receiving the information, that the key personnel worked for a company called Natcon, which had around twenty years' experience in civil works projects involving drainage and road works. The information provided demonstrated a good work history with projects of a similar nature, however, to apply this history under J N Civil is an unknown due to the company only operating the past eighteen months.

### ***Final Assessment***

After the interview, the panel re-scored those tenderers who were interviewed. The order of ranking changed bringing Hughes Contractors from second to first.

Table 4 represents the panel's final assessment taking into consideration the interview process.

**Table 4 – Final Assessment**

<b>Tenderer</b>	<b>Price Including GST</b>	<b>Price 40%</b>	<b>Skills of Personnel (Score 1 to 10) 15%</b>	<b>Demonstrated Performance / (Score 1 to 10) 30%</b>	<b>Program 10%</b>	<b>Tender Submission (Score 1 to 10) 5%</b>	<b>Total Score 100%</b>
Hughes Contractors	\$533,360	40	(6) 9.0	(7) 21	6.5	(5) 2.5	<b>79</b>
Athassel Excavations	\$745,384	28.62	(7) 10.5	(8) 24	8.13	(8) 4.0	<b>75</b>
J.N. Civil	\$765,092	27.88	(5) 7.5	(5) 15	10.0	(4) 2.0	<b>62</b>
Onyx Group	\$786,901	27.11	(4) 6	(5) 15	5.0	(4) 2.0	<b>55</b>
Chrisos Construction	\$819,675	26.03	(7) 10.5	(8) 24	5.42	(8) 4.0	<b>70</b>
Antoun Civil	\$967,841	22.04	(8) 12.0	(9) 27	6.5	(9) 4.5	<b>72</b>
North Shore Paving	\$1,645,050	12.97	(8) 12.0	(6) 18	4.64	(6) 3.00	<b>51</b>

Reference checks from two recently completed projects were performed to further assess Hughes Contractors on prior job performance. On both occasions, Hughes was employed as the principal contractor and displayed strong project management skills, successfully sourcing and utilising sub-contractors as required. Both projects ran smoothly and were achieved within the agreed budget or with variations due only to an increase in the original scope of works. Both projects were considered successful and the work performed satisfactorily. Leo Hughes and Keith Falkner received positive feedback relating to their level of responsibility taken for the projects and reasonable attitude to negotiation. Hughes Contractors' tenders were considered excellent value for money by both referees, who suggested they would use the company's services again for future work.

A credit scan risk report by Australian Business Research - ABR was carried out on Hughes Contractors. The result showed a risk score of 48.25% with zero minimal and 100 extreme risk. This represents mid range risk over a number of assessment criteria as detailed in the report. The final recommendation was acceptable and it is suggested to monitor and pay regular progress claims for progressive work completed to assist with their cash flow.

### **Tender Assessment Panel Recommendation**

The final assessment confirmed that the lowest tenderer, being Hughes Contractors, gained the highest score and, therefore, should be nominated as the preferred tenderer. Based on all the information presented to the panel and subsequent reference and credit checks, the panel considered that Hughes Contractors should be awarded the contract



**Identification of Income & Expenditure:**

Drainage Works for Cliff Street were listed in Council's Management Plan, Section 8.6 Environmental Works Program under "Local Flooding and Critical Pits and Overland Flow Program" and Drainage Infrastructure. The following allocations in each program area are summarised below.

959- Environmental Works Program	\$260,108.
949 – Drainage Capital Works Program	\$271,066
<b>Total Project Allocation</b>	<b>\$531,174</b>

It is proposed to engage Hughes Contractors to carry out the work for the lump sum price of \$533,360, including GST. Excluding GST amounts to \$484,872, which is \$46,302 within the allocated budget. The remaining amount will cover contract administration and contingencies for any unforeseen variations.

**Conclusion:**

Hughes Contractors tender submission adequately addressed all the requirements of the tender and is considered best value for money. There is an adequate budget to allow the project to proceed immediately without relying on external funding. External funding opportunities reported in the background will continued to be pursued with the various key stakeholders through the local members. A further report will be provided on the outcome of these requests.

It is recommended that Council proceed to enter into a contract with Hughes Contractors to carry out the stormwater drainage and road lowering works in Cliff Street, Watsons Bay.

Jamie Howieson  
Project Manager Environmental Works

Warwick Hatton  
Director Technical Services

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**Annexures:**

1. Location Plan
2. General Arrangement Plan