

DISTRICT COUNCIL OF GRANT

ORDINARY MEETING OF COUNCIL HELD – 4 FEBRUARY 2019

REFER ITEM NUMBER 19014.2 FILE 7.81.4/64

19014 – CONFIDENTIAL ITEMS

2. Mount Gambier Regional Airport Redevelopment - [7.81.4/64] Item 15.2.1

1. Moved Cr Clayfield that:

1. Pursuant to section 90(2) of the Local Government Act 1999 the Council orders that all members of the public, except DJ Singe (Chief Executive Officer), LJ McEvoy (Director of Environmental Services), IJ Fritsch (Airport Manager) AA Schutz (Works Manager), SJ McIntosh (Asset Management Coordinator), MP Ryan (Economic Development Advisor), TF Glynn (Planning Officer), KM Gilmore (Governance Officer) and JA O'Hehir (Executive Assistant), be excluded from attendance at the meeting for Agenda Item 15.2.1 – Mount Gambier Airport Redevelopment – Runway Extension and Apron Construction Tender.
2. The Council is satisfied that, pursuant to section 90(3)(d) of the Act, the information to be received, discussed or considered in relation to this Agenda Item is commercial information of a confidential nature (not being a trade secret) the disclosure of which could reasonably be expected to prejudice the commercial position of the person who supplied the information.
3. In addition, the disclosure of this information would, on balance, be contrary to the public interest. The public interest in public access to the meeting has been balanced against the public interest in the continued non-disclosure of the information. The benefit to the public at large resulting from withholding the information outweighs the benefit to it of disclosure of the information. The Council is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed in the circumstances because such disclosure to the public may compromise tender negotiation processes and outcomes.

Seconded Cr Little

CARRIED

2. Moved Cr Bain that:

1. The report be received and noted.
2. Council endorse the approach to the tender process outlined in the report

Seconded Cr Clayfield

CARRIED

3. Moved Cr Little that:

1. Having considered Agenda Item 15.2.1 – Mount Gambier Airport Redevelopment – Runway Extension and Apron Construction Tender in confidence under section 90(2) and (3)(d) of the Local Government Act 1999, the Council, pursuant to section 91(7) of that Act orders that the documents and minutes relevant to Agenda Item 15.2.1 be retained in confidence until a tender is awarded and formally notified.

2. Council delegates to the Chief Executive Officer, pursuant to Section 91(9)(c) of the Local Government Act 1999, the power, at his discretion, to revoke the order made by Council under Section 91(7) and (9) of the Act at part (1) of this resolution at any time prior to the expiration of the period of the order specified therein

Seconded Cr Kuhl

CARRIED

15.2 Mount Gambier Airport Redevelopment

PURPOSE OF REPORT:

To exclude the public from attendance at so much of a meeting as it is necessary to receive, discuss or consider in confidence any information or matter listed, as per Section 90 of the Local Government Act 1999.

STAFF RECOMMENDATION:

- 1. Pursuant to section 90(2) of the Local Government Act 1999 the Council orders that all members of the public, except DJ Singe (Chief Executive Officer), LJ McEvoy (Director of Environmental Services), IJ Fritsch (Airport Manager) AA Schutz (Works Manager), SJ McIntosh (Asset Management Coordinator), JK Miller (Community Development Coordinator), KM Gilmore (Governance Officer) and JA O'Hehir (Executive Assistant), be excluded from attendance at the meeting for Agenda Item 15.2.1 – Mount Gambier Airport Redevelopment – Runway Extension and Apron Construction Tender.*
- 2. The Council is satisfied that, pursuant to section 90(3)(d) of the Act, the information to be received, discussed or considered in relation to this Agenda Item is commercial information of a confidential nature (not being a trade secret) the disclosure of which could reasonably be expected to prejudice the commercial position of the person who supplied the information.*
- 3. In addition, the disclosure of this information would, on balance, be contrary to the public interest. The public interest in public access to the meeting has been balanced against the public interest in the continued non-disclosure of the information. The benefit to the public at large resulting from withholding the information outweighs the benefit to it of disclosure of the information. The Council is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed in the circumstances because such disclosure to the public may compromise tender negotiation processes and outcomes.*

15.2.1 Mount Gambier Airport Redevelopment – Runway Extension and Apron Construction Tender		
MEETING DATE:	4 February 2019	
AUTHOR:	Steph McIntosh, Asset Management Coordinator	
RESPONSIBLE OFFICER:	Ian Fritsch, Airport Manager	
PREVIOUS MEETING:		
REFERENCES:		
FILE NO:	7.81.4/64	
ATTACHMENTS:		
IN CONFIDENCE:	Yes	
POLICY REFERENCE:	Procurement Policy (FINPOL 04)	
LEGISLATIVE REFERENCE:	Section 49 of the <i>Local Government Act 1999</i>	
STRATEGIC MANAGEMENT PLAN REFERENCE:	Goal:	Physical Infrastructure is Improved and Developed
	Outcome:	Improved Airport infrastructure and services
	Strategy:	Develop, review, and implement the Mount Gambier Airport Masterplan & Asset Management Plan
FINANCIAL CONSIDERATIONS:	Budget:	\$9,200,000 <small>(total redevelopment budget)</small>
	Actual (YTD):	\$43,286
	Budget Variation Required:	No
CONSULTATION UNDERTAKEN:	Relevant Council Staff and Aerodrome Design Services	

PURPOSE OF REPORT:

To inform Members on the progress of the tender process for two of the airside projects which form part of the Airport Redevelopment; the Runway Extension and Heavy Aircraft Apron Construction.

BACKGROUND:

In December 2018, Council called for tenders to undertake construction works for the extension of runway 18/36 and construction of a heavy aircraft apron at Mount Gambier Airport. Tenderers were invited to submit prices for an asphalt surface runway, together with options for a spray seal or asphalt surface on the apron.

Four tenders were subsequently received (three conforming and one non-conforming) as follows:

1. Airport Consultancy Group
2. BMD Constructions
3. Fulton Hogan
4. Heenan Earthmoving (non-conforming)

COMMENT:

Details of the tenders received, together with cost estimates from Ryder Levett Bucknall (RLB), are set out below:

	1	2	3	4	RLB Estimate
Option A: Runway Extension (Asphalt)	\$983,747.00	\$1,212,092.83	\$1,608,274.04	\$861,800.00	\$525,900.00
Option B: Heavy Aircraft Apron (Sprayed Seal Bitumen)	\$1,268,577.00	\$1,569,842.76	\$2,116,884.72	\$907,500.00	\$1,146,724.00
Total A + B	\$2,252,324.00	\$2,781,935.59	\$3,725,158.76	\$1,769,300.00	\$1,672,624.00
Option C: Runway Extension and New Heavy Aircraft Apron (Asphalt)	\$2,685,829.00	\$3,252,483.82	\$3,295,941.96	No Submitted	-

Upon initial evaluation of cost, tenderers 2 and 3 (BMD Constructions and Fulton Hogan) were considered to be excessive compared to the RLB estimate and no further evaluation of these tenders was undertaken.

Following initial evaluation of the remaining two tenders (1 and 4), Airport Consultancy Group and Heenan Earthmoving were invited to meet with staff from both Council and Aerodrome Design Services (ADS), who undertook the design and development of the specification for the project. These meetings were conducted at the Council offices on 24 January 2019. Comments are as follows:

Airport Consultancy Group (ACG)

ACG are primarily a project management company who sub-contract all works and supply of materials to local and non-local companies. Their tender was fully conforming and met all the requirements of the specification. They specified that a local contractor would be engaged to supply and operate construction plant as required, along with the use of local materials. Supply and placement of asphalt and spray sealing works would be undertaken by Boral (see note regarding asphalt below), with interstate companies engaged for the supply of a pug mill and pavement material spreader.

As the principal contractor, ACG would have one staff member on site for the duration of the project, who would vary dependent on the stage of works. This arrangement caused some concern for staff.

Heenan Earthmoving

Heenan Earthmoving's tender was significantly lower than all other tenders received. The tender was considered non-conforming for two reasons:

- a different class of base and sub-base material was specified; and
- the specification required the use of a pug mill/spreading machine, however Heenan Earthmoving proposed that a grader be used for construction of the base. Council and ADS staff discussed the change in material and construction methods at length with Heenan Earthmoving during the meeting. Heenan's have recently been

engaged to undertake repairs to the taxiway which involved use of the same material and construction method proposed in the tender submission and it was agreed in principal that if they were the preferred tenderer then the repair project could be used as a test case. However if the test results were not to the satisfaction of Council, then the method originally specified would be used.

Heenan's nominated Boral for the supply and placement of asphalt (see note below), with Glenelg Services to undertake sealing works. Local materials would be used and local contractors would be engaged for surveying and testing. It should also be noted that Heenan Earthmoving are a long standing local company.

Supply and Placement of Asphalt

The specification required that placement of asphalt be undertaken by a DPTI prequalified contractor. At this point in time, Gambier Earth Movers (GEM) are prequalified for supply of asphalt, but not placement. Both ACG and Heenan tenders included the use of Boral for supply and placement, however this means that the asphalt is transported from Adelaide to the site by individual truck load. This method is not considered acceptable and alternatives were discussed with both tenderers. Council has approached GEM to discuss ways in which we can work with them to meet the prequalification requirements. It is proposed that GEM would engage a third party to undertake on-site testing of the asphalt as well as supervision of the placement. This project would assist GEM in achieving prequalification with DPTI, which would be of benefit to the region.

Evaluation Conclusion

Upon evaluation, it is considered that there are no additional benefits of the Airport Consultancy Group tender that would justify an additional spend in the vicinity of \$483k. It should be noted that the additional costs involved in the non-conforming aspects of Heenan's tender would not exceed this value.

Moving forward, Council staff will continue to undertake discussions with Heenan Earthmoving and Gambier Earth Movers in relation to supply and placement of asphalt and Heenan's will undertake the taxiway repairs using the proposed material and construction methods.

Once the approach has been finalised and a revised tender has been received, a further report will be presented to Council seeking to award the tender.

STAFF RECOMMENDATION:

That:

- 1. The report be received and noted;***
- 2. Council endorse the approach to the tender process outlined in the report.***

STAFF RECOMMENDATION:

1. *Having considered Agenda Item 15.2.1 – Mount Gambier Airport Redevelopment – Runway Extension and Apron Construction Tender in confidence under section 90(2) and (3)(d) of the Local Government Act 1999, the Council, pursuant to section 91(7) of that Act orders that the documents and minutes relevant to Agenda Item 15.2.1 be retained in confidence until a tender is awarded and formally notified.*
2. *Council delegates to the Chief Executive Officer, pursuant to Section 91(9)(c) of the Local Government Act 1999, the power, at his discretion, to revoke the order made by Council under Section 91(7) and (9) of the Act at part (1) of this resolution at any time prior to the expiration of the period of the order specified therein.*