

## **Tender Recommendation – Worked Example (without Scoring and Weighting the Non-Price Criteria)**

### **Contract Details**

<b>Contract Details</b>	<b>File No.:</b> SGE 4321/121
Contract Name:	Hopetown Shire Sewerage Augmentation
Contract No.:	09000513
Contract Description:	Construction of a E4000 Treatment Plan
Functional Unit/Design Criteria:	Sewage Treatment Works - Equivalent Head of Population (50,000
Time for Completion:	54 Weeks
Project Managing Office:	North Coast Region
<b>Cost Estimate and Funding</b>	
- Pre-Tender Estimated Contract Price	\$2,358,240 at 12/2/2009 (including GST of \$214,436)
- Funds Available:	\$2,200,000 (excluding GST) Vote No. 03-4321 Hopetown Shire Sewerage
Client:	Hopetown Shire Council
Principal:	Hopetown Shire Council
<b>Procurement System:</b>	
- Tender Method:	Selective
- Delivery System:	Single Contract
- Commercial Conditions:	GC21
- Payment Method:	Lump Sum with Schedule of Rates for Variations
- Cost adjustment:	Not applicable
<b>Submission Contact Person:</b>	
- Name	Terry Jones
- Telephone No.	(02) 9372-8111/mobile 0413 456 789

### **Tenders received:**

Tenders were called on 25/2/2009 and closed at Lismore at 9.30 am on 25/3/2009 with five tenders being received as follows:

<b>Tenderer</b>	<b>A.B.N</b>	<b>Tender Amount</b>	<b>Assessed &amp; Loaded Tender Amount</b>	<b>Final Assessed &amp; Loaded Tender Amount</b>	<b>Adjusted Tender Amount</b>
Epsilon P/L	99 587 491 488	\$1,500,000	Withdrawn		
Alpha P/L	99 123 456 789	\$1,998,780	(Late by post: postmarked 10:30 am, 25/3/09)		
Beta P/L	99 987 654 321	\$2,000,000	\$2,024,500	\$2,040,500	\$2,027,500
Delta P/L	99 406 579 891	\$2,100,250	\$2,128,845	-	-
Gamma P/L	99 546 732 890	\$2,200,000	\$2,260,000	-	-

# Examination of Tenders

## 1 Pre-Evaluation actions

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The Tender Opening Committee at Lismore opened the tenders received and this is confirmed in the Tender Schedule (Attached as Appendix A). No tenders were lodged in other Tender Boxes. A further tender was received on 26/03/03 by post from Alpha P/L postmarked 10.30 am. Omega Erections P/L declined to tender because the company was too busy (See letter attached as Appendix B (or use a statement for the Tender Review Panel that this has been sighted by the reviewing officer and filed)).

A Tender Evaluation Plan (TEP) that allows for the price and non-price evaluation criteria identified in the tender documents, and the evaluation process to be followed, was prepared prior to the closing of tenders (Attached as Appendix C) and the TEP was followed in the evaluation.

## 2 Cull of late and non-conforming tenders

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The tender submitted by Alpha P/L was clearly late. The circumstances described above indicate the integrity and competitiveness of the process could be compromised if the tender was considered for acceptance and it was not considered further.

Because its Tender Amount was so low, Epsilon Engineering was asked to check and confirm the tender submitted. The tender was subsequently withdrawn in the letter attached as Appendix D.

The remaining three tenders were examined for conformance. All these tenders included the completed schedules required at tender (or state that all schedules material to evaluating the tenders in contention were obtained), and acknowledged the two addenda involved. All these tenders met the other requirements of the tender documents, except for the qualifications and departures outlined in Appendix F for those in contention. The other tenders had no qualifications or departures.

## 3 Evaluation of non-price criteria

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The non-price criteria were not weighted and scored as it was assessed that the total non-price criteria scores would not be sufficiently different to change the tender relativity given the price differences. The Tenderer with the lowest Assessed and Loaded Tender Amount would then remain the highest ranked, and give the best value for money.

(Note: this is an option for use when it is obvious, without detailed evaluation, that the relativity of non-price criteria performance is not going to change the tender assessed as giving the best value for money. This can occur when a tender is the lowest priced by a considerable margin. Where this is not obvious the non-price criteria must be weighted and scored as allowed in the TEP. The relative quality of the management teams proposed and recent performance on other work are then always criteria that should be considered)

## 4 Evaluation of price

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The prices in the Schedule of Prices [The rates, quantities and amounts in the Schedule of Rates (This is an alternative with Schedule of Rates tenders and where any rates for variations are involved)] for each remaining tender are summarised, and compared with the pre-tender estimate, in Appendix E. [The rates are acceptable and, as indicated in Appendix E, the relativity of tenders is not sensitive to changes in the quantities in the Schedule of Rates, within the expected range, or the extent of the work involved with variations. ]

(Note: This is an example for Schedule of Rates tenders and where any rates for variations are involved – if the relativity was sensitive to the expected changes, this could change the tender recommended)

### 4.1 Assessment of Qualifications and Departures and Adjustment of Tender Amount

All three tenders included some qualifications and departures. Values for these were assessed, and a **Qualifications and Departures Schedule** was filled in for the lowest two tenders (Attached as Appendix F). These Assessed Values were then used to produce an Assessed Tender Amount for each

Tenderer. The Assessed Tender Amount for Gamma P/L was assessed to be well above those for the other tenders, but was not assessed in detail as it was clearly out of contention.

#### 4.2 Determining Assessed and Loaded Tender Amounts

No loadings were applicable for any tenders (Consider whether loadings are needed for best practice contractor preference, imported content, relative Principal's/client's administration costs and annual charges allowing for operating/recurrent cost relativity, and use as applicable). The Assessed Tender Amounts as the Assessed and Loaded Tender Amounts, as listed above, were compared.

#### 4.3 Selection of Preferred Tenderer

Beta P/L provided the lowest Assessed and Loaded Tender Amount at \$2,024,500, and was requested to remove, and removed, its unacceptable qualifications and departures for an additional price of \$27,500 as shown in Appendix F. The price adjustments offered by Beta P/L (after negotiation) were assessed as not all appropriately reflecting the true value of the change involved. Where they gave the highest total amount these adjustments were used. Otherwise the Assessed Values, or other appropriate amounts in the cases where further information suggested the Assessed Values were not reflecting the true value, were used to determine its Final Assessed and Loaded Tender Amount of \$2,040,500, as is shown in Appendix F.

The Beta P/L Final Assessed and Loaded Tender Amount of \$2,040,500 was less than the Delta P/L Assessed and Loaded Tender Amount of \$2,128,845, and the Gamma P/L Assessed and Loaded Tender Amount, and Beta P/L was identified as the Preferred Tenderer.

## 5 Commentary On Preferred Tenderer

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Beta P/L is considered capable of completing the work satisfactorily, and recent Contractor Performance Reports and the advice outlined in Appendix G indicate an excellent level of performance with other contracts.

The Beta P/L Adjusted Tender Amount of \$2,027,500 is \$330,740 (14%) below the pre-tender estimate. The Amount is reasonable considering excessive allowances were included in some areas of the estimate relative to those now understood to be required, as is described in Appendix E. In accordance with the Contracts Manual, Delta P/L was asked to confirm, and subsequently confirmed in writing (See Appendix F1), that the nature and extent of the contract was fully understood, and that it remained satisfied the Adjusted Tender Amount covers what is required.

Beta P/L has been financially assessed as satisfactory by Kingsway Financial Assessments Pty Ltd (in Report No. 0003756, dated 25/04/03, indicating a "GOOD" rating – see executive summary attached as Appendix H) and this assessment with the other Report comment has been reviewed by the Region's Business Manager who confirms the Report indicates Beta P/L is capable financially of finalising the contract without being financially distressed, or compromising quality or good practice.

The Preferred Tenderer's current workload and resources have been checked, and it is considered capable of completing the contract satisfactorily.

The Preferred Tenderer has provided evidence of satisfactory occupational health and safety management on previous projects.

## 6 Miscellaneous

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Approval for calling tenders was obtained from the Regional Manager (or identify alternative officer with the appropriate authority) with the concurrence of the client.

Materials to be supplied by the Principal can be supplied in time to meet the contract program.

The site is available.

The client has confirmed funds covering the Preferred Tenderer's Adjusted Tender Amount, with the Completion Amount, and a contingency for contract variations are available.

The matters to be taken into account in the proposed contract award and a list of the proposed contract documents, including post-tender correspondence and completed Contract Information, are included in Appendix I (or use a statement for the Tender Review Panel that this has been sighted by the reviewing officer and filed).

## **7 Recommendation**

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It is recommended that:

- i. the tender submitted by Alpha P/L be passed over as late;
- ii. the withdrawal of the Epsilon P/L tender be accepted; and
- iii. the tender in the Adjusted Tender Amount of \$2,027,500 submitted by Beta P/L be accepted for Contract No. 09000513 for Hopetown Shire Sewerage Augmentation.

*J.M. Brown*

Project Manager  
Hopetown Sewerage Augmentation  
9 April 2009

### **1- Reviewing Officer**

*D. Smith*

Regional Procurement Adviser  
10 April 2009

### **2- For concurrence**

I concur with the Recommendation.

*A. Smirmoff*

Secretary, Tender review Panel  
12 April 2009

### **3 - For approval**

Approved.

*Teresa Green*

Agency Manager  
14 April 2009