

Section 221 of the *Local Government Regulation 2012* stipulates that a Significant Contracting Plan must be prepared prior to commencement of a contract that Council has identified as a Significant Contract. Council may, by resolution, amend a Significant Contracting Plan at any time before the end of the financial year to which the plan relates.

1. Key Information	
Significant Contract Title: Material Recovery Facility (MRF) - Nambour	
Group: Liveability and Natural Assets	Branch: Project Delivery – Urban Projects
Contract Administrator: Zsuzsie Rossell	Position: Project Officer
Procurement Specialist: Rachael Lock	
Contract/Project Description: <ul style="list-style-type: none"> • Design and Construct Road Network Utilities and Weighbridge for MRF • Design and Construction New MRF 	
Link to Procurement Plan:	

2. Council Resolutions	
Previous Council resolutions:	
This plan endorsed by Council:	

3. Background
<p>Council owns the existing MRF at the Nambour Waste and Resource Management Centre. The MRF processes materials collected from yellow top recycling bins. The facility is over 25 years old and the current volumes of materials being processed at the MRF now exceed the facility's maximum design capacity. It is producing poor quality commodities that do not meet the current quality standards (0.5% contamination) on commodity imports set by international markets, and as a result relies on secondary processing at a contractor's site in Brisbane. The MRF is old technology, labour intensive, and the existing site does not have any additional space available for future modifications, or to install new technology to process materials for alternative uses (eg glass crushing).</p> <p>The timing for the delivery of a new MRF has been brought forward due to:</p> <ol style="list-style-type: none"> 1. Impacts from significant changes to the recycling markets, and the need to improve the quality and type of commodities being produced. 2. The current contract for operating and maintaining the MRF expires in July 2021. The contract has provision for a 12 month extension to the current expiry date, but enacting this provision may not be advantageous to Council. Therefore, the optimal timing for commissioning a new MRF is July 2021. <p>Achieving this timeframe will require the project to commence in the 2019/20 financial year.</p> <p>A site has been selected for the new MRF at the Nambour Waste and Resource Management Centre.</p> <p>Budget for commencing this project has been secured in 2019/20 Capital Works Budget. This will be a multi-year project and provision is made in forward budget estimates.</p>

4. Objectives
What are the objectives of this contract?
To achieve value for money for Council in the development and delivery of a new MRF.

How will objectives be achieved?

The objectives will be achieved by undertaking either a single public tender or two public tenders as follows:

1. Design and Construct Material Recovery Facility Road Network, Utilities, and Weighbridge - including civil site infrastructure, utilities to provide points of supply, stormwater management as required, and building pad.
2. Design and Construct new Material Recovery Facility - including design and construction of building, and supply and installation of all equipment.

In order for Council to assess whether or not to again outsource the operation of the new MRF, it is proposed to seek submissions from Respondents for tender number two the following separable portions:

1. Design and Construct (including supply and install); and
2. Design, Construct, (including supply and install), Operate, and Maintain.

This will increase the likelihood of receiving responses from prominent contactors in this industry, and allow council to determine the most feasible approach to undertaking these mandatory services.

How will achievement of objectives be measured?

Analysis of multiple offers from competing companies.

What are the alternative ways of achieving the objectives? Include reasons for not adopting alternative ways.

Upgrading the existing MRF has been assessed, and is not feasible.

Due to the value, the Procurement Thresholds govern that open tender is the only option available.

5. Proposed category and contractual arrangements

Which category does this contract fall within?

Capital Works

Which contractual arrangements should be considered for this project, and why?

- Design and Construct (AS4902)
- Supply of Equipment with Installation (AS4910)
- Revenue/Lease/Management Agreement

Adequately govern the outcome required by Council to deliver the project.

6. Market and Risk Assessment

Provide an assessment of the market in which the contract is to happen, including an assessment of any procurement risks. Refer to the Risk Assessment Calculator in the Procurement Plan.

The market for design and installation of MRF's is well established in Australia.

The market for the design and construction of the supporting infrastructure is well supported with a competitive building construction market.

The process to obtain the necessary statutory approvals (e.g.) Development and Environmental Approvals) has already commenced but will need to run concurrently to the multiple tenders. This poses a risk that conditions of approvals may influence the designs undertaken.

Proposed mitigations for identified risks:

Lump sum Design and Construct contracts which will be delivered under structured Australian Standard Conditions of Contract.

A lump sum pricing schedule will be included with contract documents. It will be the Contractor's responsibility to confirm quantities submitted are sufficient and correct to enable the completion of the works in accordance with the Specification. When submitting their lump sum price, the Respondent is obliged to price the entire works required for successful completion of this Contract. The Pricing Schedule will be used as a guide for progress payments and to calculate any required variations throughout the administration of the Contract. Variations where the Contractor has not accurately calculated quantities will not be accepted by Council.

Evaluation and review of all submissions to ensure that competent contractors are engaged, and sufficient budget is allocated to the project prior to formation of contracts.

Ensure suitable clauses and milestones exist within the tender contracts to mesh with statutory approvals processes, including the need for design to consider any and all conditions likely to be imposed on such a development. Include within tender documents and notices to tenders the latest documents relating to statutory approvals (i.e. reports, concepts)

Undertake an assessment of operational risks relating to the contract/project. Attach details.

1. Key performance indicators (KPIs) will be developed and included with the tender document package. The Contract Administrator will be responsible for reviewing and enforcing the KPIs.
2. Pricing variations are considered an ongoing risk which are mitigated through the development of a lump sum pricing schedule. It will be the Contractor's responsibility to confirm quantities submitted are sufficient and correct to enable the completion of the works in accordance with the Specification. When submitting their lump sum price, the Respondent is obliged to price the entire works required for successful completion of this Contract. The Pricing Schedule will be used as a guide for progress payments and to calculate any required variations throughout the administration of the Contract. Variations where the Contractor has not accurately calculated quantities will not be accepted by Council.

The pricing schedule and Conditions of Contract will have specific hold points during the design phase to ensure that the contractor remains on foot and the design deliverables are going to meet legislative obligations and Council's operational requirements.
3. During construction Workplace health and safety is considered an ongoing risk which is mitigated by assessing the H&S credentials of Respondents prior to engagement, and through legislative requirements which the contractor is required to adhere to.

Approvals (prior to resolution)

Position	Name	Signature	Date
Manager, (of Branch seeking contract)	John Hogg		
Manager, Business and Innovation			