

## **CT7078 CONSTRUCTION OF STORMWATER HARVESTING SYSTEM MONBULK RESERVE**

---

Report Author: Executive Officer - Environmental Stewardship  
Responsible Officer: Director Environment and Infrastructure  
Ward(s) affected: Chandler;

---

*The author(s) of this report and the Responsible Officer consider that the report complies with the overarching governance principles and supporting principles set out in the Local Government Act 2020.*

### **CONFIDENTIALITY**

Confidential information is contained in Attachment 1 to the report. This information relates to contractual matters and contains commercially sensitive information including, but not limited to, the name of tendering parties, the evaluation panel members, the tendered prices, and the evaluation of the tenders received against the published evaluation criteria.

Any disclosure of the information included within the confidential attachment to this report could be prejudicial to the interests of the Council or other parties. If discussion of this information is required, the Council is recommended to resolve that the item be deferred to the confidential section of the agenda when the meeting is closed to members of the public in accordance with Section 3(1)(g)(i)(g)(ii) of the Local Government Act 2020.

This report seeks Council approval to award a contract that complies with the Section 108 of the Local Government Act 2020.

### **SUMMARY**

This report seeks Council approval for the construction contract for the Stormwater Harvesting System Monbulk Reserve.

The project was advertised as an open public tender on 3 September 2022. Tenders closed 5 October 2022 and six (6) submissions were received.

The evaluation panel conducted a robust and rigorous assessment and evaluation process and recommends the tender from Optimal Stormwater Pty Ltd be accepted for the Final Tender Price as detailed in the Confidential Attachment to this report.

The recommended tender award amount is reflective of current construction market rates and represents the best value outcome for Council. All tender prices received were over pre-tender cost estimates. Tender negotiations explored cost savings opportunities along with further options for leveraged funding. The project is co-sponsored by Melbourne Water and the Department of Environment, Land,

Water and Planning (DELWP).

This item has been included in the public agenda to facilitate openness and transparency in Council's decision making. A confidential attachment has been included with the report which contains commercially sensitive information that is not to be disclosed whilst the meeting is open to the public.

The recommendation in this report has been formally endorsed by the evaluation panel.

## **RECOMMENDATION**

*That*

- 1. Council awards the tender from Optimal Stormwater Pty Ltd for CT7078 Construction of Stormwater Harvesting System Monbulk Reserve for the Final Tender Price of \$993,459 Excl. GST and inclusive of all negotiated cost savings detailed in the Confidential Attachment to this report and subject to the budget recommendation there in.**
- 2. The Director Environment and Infrastructure be delegated the authority to sign the contract documents.**
- 3. The confidential attachment to this report remains confidential indefinitely as it relates to matters specified under Section 3(1) (g)(i), (g)(ii) of the Local Government Act 2020.**

## **RELATED COUNCIL DECISIONS**

A Construction Market Impact Report was presented to council forum on 17 May 2022 for noting. The details of this report are relevant to this item highlighting the escalation of construction costs across the sector.

## **DISCUSSION**

### ***Purpose and Background***

The purpose of this report is to seek Council approval to enter a contract for the Construction of a stormwater harvesting system at Monbulk Recreation Reserve under contract CT7078, to recommend acceptance of a preferred tenderer and of the overall project budget.

The construction of a stormwater harvesting system at Monbulk Recreation Reserve will supply around four (4) million litres per year of treated stormwater to irrigate the sports oval. Stormwater harvesting at Monbulk Recreation Reserve represents an opportunity to apply integrated water management within a priority catchment for stormwater management. The site is adjacent to McAllister Road, which contains a stormwater drain servicing a 16-hectare urban catchment. Stormwater will supply an

alternate source of water fit for irrigation, while reducing pollutants reaching nearby Emerald Creek. This will improve the water quality for the local platypus population.

The system will consist of a 310,000-litre underground storage tank and UV disinfection unit to supply treated stormwater to the oval. This will reduce reliance on potable mains water supply and improve water quality in Emerald Creek. This creek is a high priority waterway for stormwater management and supports a breeding platypus population.

The project forms a collaborative partnership between Yarra Ranges Council, Melbourne Water and the Department of Environment, Land, Water and Planning (DELWP) to address potable water substitution through stormwater harvesting in priority catchments.

The tender price, while below the threshold for Council to delegate authority to approve the contract, if contingency is required the threshold will be exceeded. This report is considered best practice to ensure transparency.

### ***Options considered***

This tender has been carried out in accordance with the requirements of Council's Procurement Policy.

Tenders were assessed for conformity with the tender documents and one (1) tender was eliminated from further evaluation due to a major non-conformance as they did not provide a response schedule. The price provided by this non-conforming tender was also considerably higher than the other tenders.

The evaluation panel scored tenders against pre-established evaluation criteria; price 45%, capability 30%, sustainability 15% and timeframe 10%.

### ***Recommended option and justification***

Following an extensive evaluation process as detailed in Confidential Attachment 1, the evaluation panel are unanimous in their decision to recommend Optimal Stormwater Pty Ltd for the final tender price and construction contingency amount as detailed in the Confidential Attachment to this report. Optimal Stormwater Pty Ltd offers the best value outcome.

The evaluation panel request that Council adopts the recommendations within this report.

## **FINANCIAL ANALYSIS**

Current adverse market conditions are significantly impacting the construction industry, particularly in the supply of key building materials. These impacts have been reported to Council in a Construction Market Impact Report presented to Council forum on the 17 May 2022.

The construction industry is experiencing unprecedented cost increases due to direct and in-direct impacts of the Covid-19 pandemic, inflation, and ongoing geopolitical

issues. All tender prices received were over pre-tender cost estimates and the available overall project budget. The market prices received are reflective of the adverse market conditions currently impacting construction industry pricing.

The recommended tender award amount is reflective of current construction market rates and is considered to represent a best value outcome for Council. The tender price exceeds the current allocated overall project budget.

Council has been successful in securing external grant funds from DELWP through the IWM grant program, and Melbourne Water's Liveable Communities Liveable Waterways program to support delivery of this project.

Significant measures were made to reduce the cost to deliver the project through design revision and securing additional matched grant funds from Melbourne Water. Additional council capital funds of \$167,530, secured from 23/24 program will allow for delivery of this project. Confidential Attachment 1 provides further details of the budget breakdown and anticipated expenditure for the project.

Works are anticipated to commence in February 2023 with practical completion by June 2023.

## **APPLICABLE PLANS AND POLICIES**

This project contributes to the following strategic objective(s) in the Council Plan:

- Quality Infrastructure and Liveable Places; and
- Protected & Enhanced Natural Environment

The project also supports objectives within the following strategies and plans:

- Environment Strategy, Yarra Ranges Council (2015)
- Integrated Water Management Plan, Yarra Ranges Council (2017)
- Healthy Waterways Strategy, Melbourne Water (2018)
- Yarra Catchment Integrated Water Management Plan, DELWP (draft)

## **RELEVANT LAW**

This report seeks Council approval to award a contract that complies with the Section 108 of the Local Government Act 2020.

## **SUSTAINABILITY IMPLICATIONS**

### ***Economic Implications***

The project is expected to deliver economic benefits, as measured by savings in potable water bills and the dollar value of the pollution reduction service the system will provide. These benefits have a calculated value of \$71,445 per year, consisting of potable water savings of \$11,640 and pollution reduction services equivalent to \$59,805 (as measured by the standard industry price to remove nitrogen from stormwater of \$6,645/kg TN). The savings in potable water bills is expected to outweigh the maintenance cost of the system (approx. \$7000 per year).

The immediate economic benefits of the construction phase have been considered as part of the project specification and evaluation process. The recommended tenderer has committed to source 15% of goods, services and materials proposed for this contract from within Yarra Ranges municipality.

### ***Social Implications***

The Monbulk Recreation Reserve is a flag-ship site for sustainability and community resilience. It is a community refuge site in case of emergency and will soon host solar arrays with battery storage on the community buildings, as well as charging points for electric vehicles. The stormwater harvesting system will complement other initiatives on this site and benefit the community by providing sustainable and climate-resilient local infrastructure. Stormwater harvesting will support maintenance of the sports field for the benefit of the sporting clubs and neighbouring primary school who are regular users. Access to outdoor recreational facilities provides important social benefits, especially for residents in smaller communities, like Monbulk.

### ***Environmental Implications***

The project is expected to have an overall positive environmental impact.

Stormwater harvesting is an appropriate alternative water source for irrigation, which supports the sustainable, efficient, and effective management of our limited potable water resources.

Stormwater is also a key threat to the health of urban waterways. The project is located within a priority area for stormwater management. The Monbulk Stormwater Harvesting project will help to protect Emerald Creek by reducing the volume of polluted stormwater runoff it receives. Emerald Creek has high environmental values, including a breeding platypus population.

### ***Climate Change***

Climate change is expected to reduce future rainfall and inflows to rivers, placing further strain on water supplies. Investing in alternative sources of water supply, such as stormwater will help to improve the resilience of our water supply by reducing reliance on centralised supply from rivers.

Monbulk will be the third irrigated sports field supported by treated stormwater in the Yarra Ranges (the other two are in Kilsyth and Mt Evelyn) and the first within the Dandenong Ranges.

## **COMMUNITY ENGAGEMENT**

Updates on the Monbulk Stormwater Harvesting Project are regularly provided at the bi-monthly meetings of representatives from Yarra Ranges Council and the Monbulk & District Community Opportunities Working Group (MADCOW).

## **COLLABORATION, INNOVATION AND CONTINUOUS IMPROVEMENT**

The project is part of a broader collaborative partnership between Yarra Ranges Council, Melbourne Water and DELWP to address potable water substitution through stormwater harvesting.

The project has also been identified as a priority project within the Yarra Catchment Integrated Water Management (IWM) Forum. The IWM Forums have been established across the state of Victoria to identify, prioritise and oversee the implementation of collaborative water opportunities. The Forums enable a cross-agency approach for the viability and vitality of Victoria's water resources. Projects selected as a priority deliver multiple benefits to improve the resilience and liveability of our cities and towns as they grow and adapt to a changing climate.

## **RISK ASSESSMENT**

This has been considered as part of project design, overall project management, contract terms and conditions and the evaluation process.

There are significant cost and time risks directly associated with this opportunity, particularly given the external funding milestones linked with the funding agreements.

Further delays to construction commencement will likely intensify the overall project cost. Tenderers are reluctant to hold pricing due to significant market movements.

## **CONFLICTS OF INTEREST**

No officers and/or delegates acting on behalf of the Council through the Instrument of Delegation and involved in the preparation and/or authorisation of this report have any general or material conflict of interest as defined within the *Local Government Act 2020*.

## **ATTACHMENTS TO THE REPORT**

1. Confidential Attachment 1 – CT7078 Construction of Stormwater Harvesting System Monbulk Reserve Evaluation Report