

**ITEM 5 TENDER T1000167 - VARIABLE AIR VOLUME (VAV) RENEWAL - ADMINISTRATION BUILDING, WOLLONGONG.**

This report recommends that Council decline to accept any of the tenders submitted for T1000167-Variable Air Volume (VAV) Renewal - Administration Building in accordance with Section 178(1)(b) of the Local Government (General) Regulation 2021.

The Variable air volume (VAV) system is part of the heating, ventilation and air conditioning (HVAC) system that optimises the distribution of air volume and temperature throughout the Administration building including the Wollongong Library, Council chambers, Customer Service area and offices. The functionality of the system impacts the energy-efficiency, air quality and comfort within a building. The current VAV system has exceeded the useful life and is no longer meeting the required service standards.

The Tender Evaluation Panel has concluded that the request for tenders has not produced a satisfactory offer, and it is anticipated that negotiations with the tenderers in relation to a revised scope of works will result in a satisfactory outcome being achieved.

### RECOMMENDATION

- 1 In accordance with Section 178(1)(b) of the Local Government (General) Regulation 2021, Council decline to accept any of the tenders received for T1000167 – Variable Air Volume (VAV) Upgrades - Administration Building.
- 2 In accordance with clause 178(3)(e) of the Local Government (General) Regulation 2021, the reason for Council hereby resolving to enter into negotiations with one or all of the tenderers and not inviting fresh tenders is that it is anticipated that a satisfactory outcome can be achieved with one of those tenderers.
- 3 In accordance with Section 178(4) of the Local Government (General) Regulation 2021, the reason for Council declining to invite fresh tenders is that it is anticipated that a satisfactory outcome can be achieved with one of those parties who have demonstrated a capacity and ability to undertake the works.
- 4 Council delegate to the General Manager the authority to undertake and finalise the negotiations, with the tenderers with a view to entering into a contract in relation to the subject matter of the tender. Council grant authority for the use of the Common seal of Council on the contract and any other documentation, should it be required, to give effect to this resolution.
- 5 Council grant authority for the use of the Common seal of Council on the contract and any other documentation, should it be required, to give effect to this resolution.

### REPORT AUTHORISATIONS

Report of: Jeremy Morgan, Manager Project Delivery (Acting)  
Authorised by: Joanne Page, Director Infrastructure + Works

### ATTACHMENTS

There are no attachments for this report.

### BACKGROUND

The majority of the Variable Air Volume (VAV) units are at the end of their useful life (the majority more than 15 years beyond their design life) and are no longer meeting the required service standards.

Tenders were invited in accordance with the provisions of the Local Government Act for the removal and disposal of old Variable Air Volume (VAV) units, and replacement with 82 new VAV units at Council's administration building at 41 Burelli St, Wollongong. The scope of the works also includes the commissioning and rebalancing of the Heating, Ventilation and Air Conditioning (HVAC) system, as well as replacement of affected Building Management System (BMS) controllers.

The expected outcomes of the project include reduced maintenance and increased operating life of the HVAC system, improved air flow in the building and improved energy efficiency. Air flow impacts thermal comfort and air quality throughout the building.

Tenders were invited by the open tender method with a close of tenders of 10:00 am on 3 December 2024.

Three (3) tenders were received by the close of tenders from the following parties:

1. Axis Air Pty Ltd
2. Climax Air Conditioning Pty Ltd
3. HiFlow Industries Projects Pty Ltd

All tenders have been scrutinised and evaluated by a Tender Evaluation Panel constituted in accordance with Council's Procurement Policies and Procedures and comprising representatives of the Project Delivery and Infrastructure Strategy and Planning and Governance Divisions.

The Tender Evaluation Panel evaluated all tenders in accordance with the following Evaluation criteria and weightings as set out in the formal tender documents:

Envelope B (Non-Price Criteria) – Satisfactory/Unsatisfactory

- Appreciation of scope of works and proposed construction methodology
- Demonstrated prior Experience and Satisfactory Performance in undertaking projects of similar size, scope and risk profile
- Staff qualifications and experience
- Project Schedule
- Environmental + Workplace health and safety management system

Envelope A (Price)

- Cost to Council – 90%
- Demonstrated strengthening of local economic capacity – 10%

All submissions exceeded the pre-tender estimate. Through the assessment of the offers, it is expected that the desired outcomes of the proposal may be achieved through an alternate approach to the VAV system. Alternate design and installation methodology is anticipated to generate greater community benefit through reduced capital and operating costs whilst still considered consistent with the subject matter of the tender.

## PROPOSAL

The Tender Evaluation Panel has concluded that none of the tenders is acceptable and has recommended that all tenders be declined.

In accordance with Section 178(3) of the Local Government (General) Regulation 2021, a council that decides not to accept any of the tender submissions for a proposed contract or receives no tender submissions for the proposed contract must do one of the following —

- (a) postpone or cancel the proposal for the contract,
- (b) invite, in accordance with section 167, 168 or 169, fresh tender submissions based on the same or different details,
- (c) invite, in accordance with section 168, fresh applications from persons interested in making a tender submission for the proposed contract,
- (d) invite, in accordance with section 169, fresh applications from persons interested in making a tender submission for contracts of the same kind as the proposed contract,
- (e) by resolution of the council, enter into negotiations with any person (whether or not the person was a tenderer) with a view to entering into a contract in relation to the subject matter of the tender,

(f) carry out the requirements of the proposed contract itself.

The Tender Evaluation Panel recommends option (e) of entering into negotiations with one or all of the tenderers, or any other party with a view to entering into a contract for the subject matter of the tender.

The reason for declining to invite fresh tender submissions referred to in subsections (b) to (d) is that a repeated process is unlikely to achieve a significantly better result than the completed competitive process. The tenderers have expressed a genuine interest in meeting the objectives of the contract, and it is considered that entering negotiations with these parties to identify options that achieve the outcomes of the contract in terms of meeting the performance objectives relating to air quality, condition and volume and operating compatibility and efficiency, and lifecycle costs.

The Panel anticipates that a satisfactory outcome can be achieved through a negotiation process conducted in accordance with Council’s Procurement Policies and Procedures.

## CONSULTATION AND COMMUNICATION

- 1 Members of the Tender Evaluation Panel
- 2 Nominated Referees

## PLANNING AND POLICY IMPACT

This report contributes to the delivery of Our Wollongong 2032 Goal 4: ‘We are a connected and engaged community’. It specifically delivers on the following:

Community Strategic Plan 2032	Delivery Program 2022-2026
Strategy	Service
4.8 Council’s resources are managed effectively to ensure long term financial sustainability	Infrastructure Strategy and Support

## RISK ASSESSMENT

The risk in accepting the recommendation of this report is considered low on the basis that the tender process has fully complied with Council’s Procurement Policies and Procedures and the Local Government Act 1993.

The risk of the project works or services is considered low based upon Council’s risk assessment matrix and appropriate risk management strategies will be implemented.

## SUSTAINABILITY IMPLICATIONS

The following sustainability implications have been considered:

- Sustainable procurement by providing open tender to give local companies the opportunity to tender for the work.
- Weighting in tender assessment provided for using local services, labour and materials.
- The project will result in improved energy efficiency for the administration building.

## FINANCIAL IMPLICATIONS

It is proposed that the total project be funded from the following source/s as identified in the Operational Plan –

- 2024/25 Capital Budget
- 2024/26 Capital Budget
- 2026/27 Capital Budget

## CONCLUSION

It is anticipated that an outcome providing best value to the community can be achieved via a direct negotiation with the tenderers who have demonstrated a capacity and ability to undertake the works. It is recommended that Council endorse the recommendations of this report.