10.3 RFT IE360/2024 ASBESTOS REMOVAL AND ENCAPSULATION BPLC GRANDSTAND

Attachments: **1. Evaluation Worksheet RFT 1E360-2024 - Confidential**

RECOMMENDATION:

That Council:

1. **NOTES the outcome of the evaluation process for Tender IE360/2024 Asbestos removal and Encapsulation, and ACCEPTS the tender submission of Kilmore Group Pty Ltd to undertake and deliver Option 1 - (Encapsulate the existing contaminated window mastic material internal and external);**

2. **APPROVES by Absolute Majority, the sum of $931,648.09 to be funded through the Mid-Year Budget Review to enable remediation works to be commenced; and**

3. **NOTES this project will be delivered over the 2024/25 and 2025/26 financial years. This work makes the grandstand safe in terms of asbestos. Additional work is required for the grandstand to be made accessible to the general public which is not within this current scope of work.**

PURPOSE OF REPORT:

For Council to consider and determine the outcome of Tender IE360/2024 Asbestos Removal and Encapsulation Beatty Park Leisure Centre.

DELEGATION:

The decision to accept or reject tenders with a value exceeding $250,000 requires a decision of Council in accordance with Council's adopted register of delegations, authorisations, and appointments.

BACKGROUND:

The City of Vincent (City) has a legal obligation to manage its buildings or assets that contain asbestos under the Work Health and Safety Act 2020 (WHS Act), and the Work Health and Safety (General) Regulations 2022 (WHS Regulations). These regulations mandate the identification, assessment, and management of asbestos-containing materials to ensure the safety of workers, residents, and the public. To comply with these regulations, the City has developed and regularly updates an Asbestos Register and an Asbestos Management Procedure.

In July 2024, the City engaged Marsh consultants to conduct a comprehensive review of the Asbestos Register and the Asbestos Management Procedure (AMP). This review revealed that the condition of asbestos in certain areas of the Beatty Park Leisure Centre grandstand had become friable. This means that the asbestos-containing materials could be crumbled, pulverised, or reduced to powder by hand pressure. As a result, Marsh recommended that access to the grandstand be immediately restricted to prevent potential asbestos exposure to the public and workers until further testing and air monitoring could be conducted.

Tetra Tech Coffey was engaged to conduct further testing and air monitoring to assess the condition and extent of asbestos contamination, as well as to develop a comprehensive scope of works for remediation. Following this, the City sought tender submissions from qualified contractors specialising in asbestos remediation to carry out the removal and/or encapsulation of affected areas within the heritage-listed grandstand at Beatty Park Leisure Centre.

Several options were sought from the respondents:

1. Encapsulate the existing contaminated window mastic material internal and external.
2. Remove all non-compliant glass and contaminated window mastic material, dispose of them and install new glass that complies with current standards.
3. Remove existing glass, retain it, remove contaminated mastic, dispose of it and reinstall the glass with a film that provides compliance and new mastic material.
4. Remove existing glass, retain it, remove contaminated mastic, dispose of it and reinstall the glass.

Further treatment options including removal of asbestos and existing windows in dedicated sections was explored however this treatment will potentially compromise the integrity of the existing structure as removal of the windows will exacerbate the current water ingress issues.

A Capital Works Project is scheduled for this financial year to address water ingress on the eastern side grandstand, but it cannot proceed until the asbestos risk has been managed through the necessary remediation works.

DETAILS:

Tender Submissions
Submissions were received from four (4) Respondents.

Evaluation Panel
The Evaluation Panel comprised of four members, being:
- three with the appropriate operational expertise and involvement in supervising the contract (voting); and
- one with tender preparation skills and probity advice provided by a Procurement and Contracts Officer (non-voting).

Compliance Assessment
Compliance assessment was carried out and three (3) submissions were assessed as fully compliant and progressed to the qualitative assessment stage. One (1) submission was assessed as non-complaint and did not progress to the qualitative assessment stage.

Evaluation Method and Weighting
The qualitative weighting method of tender evaluation was selected to evaluate the offer. The qualitative criteria and weighting used in evaluating the submission received were as follows:

Qualitative Criteria		**Weighting**
1	Understanding of the Project	45%
2	Capacity, Skills and Experience	45%
3	Environmental and Social	10%

Qualitative Assessment
The qualitative assessment on all compliant submissions were as follows:

Respondent #	**Weighted Percentage Score**	**Qualitative Ranking**
Respondent 4	80%	1
Respondent 3	75%	2
Respondent 2	45%	-

Refer to **Confidential Attachment 1** for further details.

The Evaluation Panel shortlisted Respondent 4 and Respondent 3 to progress to the price assessment stage. Respondent 2 did not progress due to receiving low qualitative scores.

Price Assessment
The panel assessed the submitted pricing from the shortlisted Respondents, who were asked to provide pricing for four (4) options.

Respondent #	Option	Fixed Price (excl GST)
Respondent 3	1. Encapsulate the existing contaminated window mastic material internal and external	$846,800 (Normal Working Hours) $1,088,640 (Outside Normal Working Hours)
	2. Remove non-compliant glass and contaminated window mastic material, dispose of them and install new glass that complies with current standards.	$2,938,420 (Normal Working Hours) $4,068,318 (Outside Normal Working Hours)
	3. Remove existing glass, retain it, remove contaminated mastic, dispose of it and reinstall the glass with a film that provides compliance and new mastic material.	Did not provide
	4. Remove existing glass, retain it, remove contaminated mastic, dispose of it and reinstall the glass.	Did not provide
Respondent 4	1. Encapsulate the existing contaminated window mastic material internal and external	$931,648.09
	2. Remove non-compliant glass and contaminated window mastic material, dispose of them and install new glass that complies with current standards.	$4,501,013.66
	3. Remove existing glass, retain it, remove contaminated mastic, dispose of it and reinstall the glass with a film that provides compliance and new mastic material.	$5,233,344.78
	4. Remove existing glass, retain it, remove contaminated mastic, dispose of it and reinstall the glass.	$5,153,326.38

Refer to **Confidential Attachment 1** for further detail.

Option Rationale
Four pricing options were sought to better understand the cost implications of different remediation approaches.

Options 2, 3, and 4 involved fully removing the asbestos-contaminated mastic with various glass replacement options, costing between approximately $3 million and $5.25 million. Given the existing priorities in the 4-Year Capital Works Program and Long-Term Financial Plan, these options are deemed cost-prohibitive.

Option 1 involved encapsulating the existing contaminated window mastic material, both internally and externally, at a considerably lower cost, ranging between $800,000 to $940,000. This option is expected to provide a 10-year service life before the need to either renew the treatment or consider complete removal of the asbestos-contaminated mastic. The 10-year period will allow the City to better understand the future structural and functional needs of the grandstand and build sufficient reserves for future mitigation works.

Subject to the nature of these works, it is estimated it will cost $2.2 million to reapply the encapsulation treatment in ten years' time. It is anticipated a similar cost escalation would be reflected on the removal of the asbestos contaminated mastic per Options 2, 3 and 4.

Evaluation Summary
The panel concluded that the tender submission for Option 1 from Respondent 4, Kilmore Group Pty Ltd provides the best value for money to the City and is recommended for the provision of IE360/2024 Asbestos Removal and Encapsulation Beatty Park Leisure Centre for the following reasons:

- compliance with the submission requirements;
- ranked first in the qualitative assessment;
- ranked second in the pricing assessment;
- pricing demonstrates value for money.

It is recommended that Council accepts the tender submitted by Respondent 4, Kilmore Group Pty Ltd for Request for Tender IE360/2024 (Option 1 - $931,648.09) Asbestos Removal and Encapsulation Beatty Park Leisure Centre.

CONSULTATION/ADVERTISING:

This matter is subject to a statutory advertising requirement.

The Request for Tender IE360/2024 Asbestos Removal and Encapsulation Beatty Park Leisure Centre was advertised in the West Australian on Saturday 2 November 2024 and on both the City's website and Vendor Panel between 2 November 2024 and 22 November 2024.

LEGAL/POLICY:

The Request for Tender was prepared and advertised in accordance with:

- Section 3.57 of the *Local Government Act 1995*;
- Part 4 of the *Local Government (Functions and General) Regulations 1996*; and
- City of Vincent Purchasing Policy.

RISK MANAGEMENT IMPLICATIONS

Low: It is low risk for Council to accept the preferred Respondent as they have appropriate level of experience and financial capacity. This is in line with Council's adopted Risk appetite and tolerance statements.

Without these works, access to the grandstand will be prohibited, preventing essential maintenance and posing safety risks to personnel and the public.

The Corporate Risk Register identifies two (2) items as medium risk within Beatty Park Leisure Centre being:

> **ID 8 Aging / unsafe assets (Beatty Park grandstand)**
>
> Emerging safety risk associated with Beatty Park grandstand, as buildings have electrical and structural issues and will require significant capital work in future to ensure they remain safe.
>
> **ID 12 Disaster Recovery Plan & Business Continuity Management for Beatty Park Leisure Centre**
>
> Building or pool failure leading to an unexpected closure of part or whole of facility may lead to not meeting shareholder expectations and experiencing financial losses.

STRATEGIC IMPLICATIONS:

This is in keeping with the City's *Strategic Community Plan 2022-2032*:

Enhanced Environment

We have minimised our impact on the environment.

Connected and Healthy Community

We protect, improve and promote public health and wellbeing within Vincent.

Thriving Places

Efficiently managed and maintained City assets in the public realm.

Sensitive Design

Our built form character and heritage is protected and enhanced.

Innovative and Accountable

Our decision-making process is consistent and transparent, and decisions are aligned to our strategic direction.

SUSTAINABILITY IMPLICATIONS:

This does not contribute to any environmental sustainability outcomes. This activity may have some negative environmental impacts.

PUBLIC HEALTH IMPLICATIONS:

This is in keeping with the following priority health outcomes of the City's *Public Health Plan 2020-2025*:

Reduced exposure to environmental health risks

FINANCIAL/BUDGET IMPLICATIONS:

The cost of Option 1 being $931,648.09 is to be funded through the Mid-Year Budget Review. The acceptance of this tender will be a commitment to fund the currently unbudgeted project and therefore will require an Absolute Majority in accordance with section 6.8(1)(b) of the Local Government Act 1995 –

> ***6.8. Expenditure from municipal fund not included in annual budget***
> *(1) A local government is not to incur expenditure from its municipal fund for an additional purpose except where the expenditure —*
> *(a) is incurred in a financial year before the adoption of the annual budget by the local government; or*
> *(b) is authorised in advance by resolution*; or*
> *(c) is authorised in advance by the mayor or president in an emergency. * Absolute majority required.*
>
> *(1a) In subsection (1) — additional purpose means a purpose for which no expenditure estimate is included in the local government's annual budget.*

COMMENTS:

The tender submission from Kilmore Group Pty Ltd complies with all tender requirements. The submission was well presented and included all relevant and specific information required and requested within the tender specifications.

The Evaluation Panel deemed the response to be of an excellent standard, convincing and credible, demonstrating the capability, capacity and experience for key evaluation criteria and therefore recommend award of Option 1 of tender IE360/2024 Asbestos Removal and Encapsulation Beatty Park Leisure Centre to Kilmore Group Pty Ltd.