

## 2.1 Tender 201819-16 Upgrade Cattle Selling Pens - Naracoorte Regional Livestock Exchange

File Reference: 39/10/7

Responsible Officer: Steve Bourne - Director Operations

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**Strategic Outcome:** *Progressive leadership – a well led and managed district supported by an ethical approach to managing infrastructure through the delivery of projects and Repairs to the community*

- Sustainable community finances and assets

**Financial Implication:**

Budget 2018/19 \$300,000

2019/20 \$300,000 (in LTFP)

Total budget \$600,000

Recommended Contract \$724,678

Troughs \$22,000 (purchased by Council)

Culverts \$ 50,000 (to be purchased by Council)

Contingency \$50,000

Total project \$846,678

**Statutory Implication:**

Compliance with Committee Terms of Reference

**Policy Implication:**

Procurement Policy

**Community Implication:**

Sustainable community finances and assets

**Environmental Implication:**

**Consultative Implication:**

Effective community communication and engagement

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### **REPORT**

Council issued Tender 201819-16 Upgrade Cattle Selling Pens as Select Tender to 6 companies who had provided a Registration of Interest (ROI) in this project in November 2016. This ROI was undertaken when Council was seeking grant funding to support the project. The interested companies included local, regional and interstate companies, with experience in cattle yard construction. A Select Tender process was chosen as these companies already had a good knowledge of the Naracoorte Regional Livestock Exchange and this upgrade project. Two companies withdrew from the process indicating the scale of the project exceeded their capacity.

A site inspection was held 31 January 2019 with 3 companies attending. Mr Bill Vowles of Kattlegear, the yard designers, was also in attendance. The site visit enabled Council to discuss how the project would proceed, and identify any issues with the provided drawings and technical specification. From this site visit, minor changes were made to both drawings and specification and this was reissued and an extension to the submission period provided. A fourth company that did not attend the site visit contacted Council twice but did not proceed to a submission.

Two submission were received, one a standalone submission, and the second with two companies working together. The recommended tenderer is Tatiara Industrial Repairs (TIR).

### **Assessment Process**

Tenderers were asked to provide a methodology for their construction, to allow for weekly sales to continue without interruption. Both tenderers demonstrated an understanding of this with the Tatiara Industrial Repairs (TIR) providing a comprehensive response. TIR also undertook a second site visit to work through their methodology and demonstrated a clear understanding and process of how they will proceed with the project. The second tenderer submitted an example from a previous project they had constructed and indicated that their first step would be producing a site specific plan for the NRLE should they be successful.

Tenderers were required to provide plans for safety management and staff lists including certifications. Both provided these to a high standard.

Tatiara Industrial Repairs is based at Bordertown and would use their own staff, so would involve limited input from the NLC district. The second tenderer includes a local steel fabricator.

Thompson Longhorn has significant experience in saleyard construction, more than TIR. TIR demonstrated that it does have experience in cattle yard construction however with the Iranda Cattle Feedlot development plus other smaller projects in the Tatiara region. Tatiara Industrial Repairs provided several references from previous projects they had constructed, including the Iranda development at Tintinara. This is a similar project to the NRLE project. Reference checks indicated their work was delivered on time and to the required specification.

Overall, Tatiara Industrial Repairs and Thompson Longhorn rated closely with Management Systems, Expertise, Methodology and Resources.

A Technical Specification including a Bill of Quantities, plus detailed drawings of the overall yards and each panel and gate were provided with the Tender. Tenderers were requested to provide a response that included prices for individual components and an hourly rate for additional works. This enabled a direction comparison between tenders.

### **Summary of prices**

<b>Item</b>	<b>Tatiara Industrial Repairs</b>	<b>Thompson Longhorn</b>
Fabrication	\$279,419	\$599,319
Installation	\$343,850	\$225,511
Demolition	\$61,880	\$47,300

Vinyl Numbers	\$1,689	\$5,190
Trough guard installation	\$4,000	\$5,000
Buyers walkways	\$33,840	\$227,000
Site management	included	\$98,600
Travel and accommodation	Included	\$44,629
<b>Total</b>	<b>\$724,678</b>	<b>\$1,262,526</b>
Hourly rate for additional works	\$100/105	\$95

There is significant variation in the two tenders in both fabrication and installation, which maybe be due in part to how they have allocated their time eg, on site welding being included in installation rather than fabrication. TIR combined cost is \$623,269 compared to Tenderer B of \$824,830. The Thompson Longhorn included a cost of \$237,000 for the buyers' walkways. The specification is clear that Council would purchase the culverts required and installation price only was sought. TIR responded as requested with installation. Removing this from the quoted price still has Thompson Longhorn approximately \$300,000 more than TIR. A detailed comparative cost breakdown of project components from both tenderers will be displayed at the Board Meeting to provide for information and discussion.

#### **Analysis against budget**

Kattlegear provided a cost estimate with their design in November 2016. These costs were developed assuming a full new construction, not the partial rebuild that is currently proposed. Kattlegear's cost breakdown as submitted for grant applications is below.

Bull Pens	\$204,200	Not in this project
Bull Scale	\$37,000	Not in this project
Multideck ramps	\$150,000	Not in this project
Single Deck Ramps	\$60,000	Not in this project
Trailer/ute Ramps	\$24,000	Not in this project
Auctioneers Walkways	\$630,000	Not in this project
Buyers Walkways	\$656,500	Part – see discussion below
NLIS Readers and integration	\$40,000	Not in this project
Troughs and Water retic	\$136,000	\$68,000
Selling Pens	\$768,900	\$384,450
Laneways, Block gates, fencing	\$112,000	\$56,000
<b>TOTAL ESTIMATE</b>	<b>\$2,818,600</b>	<b>\$508,450</b>

The proposed budget of \$600,000 allowed for 50% of the cattle pens to be constructed as per this project, estimated at \$508,450 by Kattlegear. Since these were provided, there has been rises in the steel prices, with more rises anticipated. No allowance was made for the buyers walkways, with the intention to leave these in place. During the site visit, it was identified the yard design, as a new construction, allowed for the removal and replacement of all buyers walkways. Rather than this being done, an alternative method of placing 300mm culverts on the current walkway was determined as the best method to achieve the desired height of the walkway relative to the yards, to achieve the required height to meet required safety standards for separation of livestock and people.

Council has purchased the troughs and will undertake the installation of the reticulation system with local assistance. Culverts will also be purchased by Council as we are able to achieve a better rate given the volume of culverts we purchase each year. TIR will undertake the installation of these as part of this contract.

The proposed budget costs of \$846,678 is significantly higher than the budget allocated. The Board has several options;

- Proceed with the project as planned and adjust budget forecasts,
- Proceed with part of the project in accordance with budget,
- Retender the project

It is recommended the Board seeks Council endorsement to proceed with the project as outlined in this report. There is a limited pool of contractors capable of delivering these works and the TIR price is very competitive given that Thompson Longhorn has significant saleyards construction experience and submitted a much higher price. It is unlikely a better price could be achieved through retendering, especially as steel prices are predicted to continue to rise. Dividing the project further and constructing a smaller section would create major issues with the project methodology, as the entire width of the yards needs to be constructed to achieve safe operation following construction.

Council is in a sound financial position and the NRLE is able to operate with a loan facility from Council, which is routinely used, especially at the start of financial years when sales and revenue are slow. The financial report presented to the Board in February predicted an EOY result with \$89,881 in reserve. Depending on payments for this project, the reserve could be used this financial year or early into the next. The long term financial outlook provides for capital projects over 7 years of the 10 year plan. This is to allow flexibility in project delivery if circumstances change. The forward project is for the NRLE to be in a healthy position following the completion of planned capital works. The bottom line of the NRLE Long Term Financial Plan is provided below.

2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
232,186	235,206	198,226	-62,346	-86,968
2023-2024	2024-2025	2025-2026	2026-2027	2027-2028
-100,394	-102,447	360,053	808,288	1,391,921

**REFER TO ATTACHMENTS 2.1**

- [Technical Specification](#)
- [NRLE upgrade drawings](#)

**MOVED MR O'LOAN  
SECONDED CR GRUNDY**

**The NRLE Board recommends that Council;**

- **Approve total spending of \$846,678 for the Upgrade Cattle Selling Pens project; and**
- **Award Contract 201819-16 – Upgrade Cattle Selling Pens, Naracoorte Regional Livestock Exchange is awarded to Tatiara Industrial Repairs for \$724,678 (plus gst) with a contingency of up to \$50,000.**

**CARRIED**

**Cr Schultz called for a division. Cr McLachlan declared the vote set aside.**

**Members voting in the affirmative**

**Cr McLachlan, Cr Grundy, Mr O'Loan, Mr England**

**Members voting in the negative**

**Cr Schultz**

**CARRIED**