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# Supply of backflow prevention devices

*Responsible Officer: Group Manager Planning and Delivery (Andrew Logan)*

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## Recommendation

That Council:

1. Accept the tender submitted by Australian Valve Group Pty Ltd for a contract lump sum price of \$261,293.41 incl. GST for the supply of backflow prevention devices.
2. Approve an additional \$25,000 (incl. GST) as a contingency amount.

## Background

Rous County Council, at its meeting of 21 October 2021, resolved to adopt a revised 'Backflow Prevention' policy [Resolution 52/21] which required the implementation of testable backflow prevention devices (TBPD) on all medium and high hazard retail water customers on the Rous water supply network.

Council approved a budget of \$1,250,000 funded from the Retail Fund, for the implementation of the backflow program. Part of this budget was for the supply and installation of 1,755 devices at an estimated cost of \$555 each (\$975,000). As noted in the October 2021 Council report, the installation of the backflow prevention devices was to be undertaken in parallel with the smart metering program, to reduce installation costs.

Council staff have since identified that the preferred procurement strategy for the backflow prevention devices was for a supply only contract to ensure the selected device met Council's specification and to avoid additional margins being placed on the cost of the devices if they were part of the smart metering contract. The devices will be free issued to the smart metering installation contractor.

The total number of devices to be purchased was further refined to 1,615 based on the criteria in the revised 'Backflow Prevention' policy with additional allowance for spare devices to be placed into inventory.

## Tender

Tenders to supply 1615 backflow prevention devices (Rous County Council Contract No D22-6979) were called using the open tendering method. The scope of works in the tender is to supply 1615 backflow prevention devices (1540 x 20mm devices, 68 x 25mm devices and 7 x 32mm devices) delivered to the Rous County Council Depot at Gallans Road, Ballina.

Tenders were called on 2 June 2022 using the Tenderlink website and closed on 24 June 2022. At the close of tender, five tenders had been received as summarised in the table below.

Tenderer	A.B.N.	Tender Amount	Assessed Tender Amount <sup>1</sup>	Total Score <sup>2</sup>	Recommended Tender Amount <sup>3,4</sup>
Australian Valve Group Pty Ltd	89 068 227 270	\$260,222.33	\$263,222.33	94.12	\$261,293.41
Cadia Group Pty Ltd	36 165 578 156	\$333,738.90	\$336,738.90	78.20	

Tenderer	A.B.N.	Tender Amount	Assessed Tender Amount <sup>1</sup>	Total Score <sup>2</sup>	Recommended Tender Amount <sup>3,4</sup>
Emerson Automation Solutions Final Control Australia Pty Ltd	83 000 922 690	\$477,148.62	\$480,148.62	54.77	
Reliance Worldwide Corporation (Aust.) Pty Ltd	71 004 784 301	\$469,992.38	\$469,992.38	26.27	
S&J Property Trust / AF / SBH Enterprises Pty Ltd Trading as Backflow Central	83 185 316 113	\$298,500.00	\$298,500.00	90.88	

Notes:

1. The 'Assessed Tender Amount' is the Tender Amount plus (or minus) the Assessed Values of qualifications and departures (anomalies) in the tender.
2. The 'Total Score' includes the scores for price and non-price criteria.
3. The 'Recommended Tender Amount' is the Tender Amount plus (or minus) adjustments offered by the Preferred Tenderer to withdraw qualifications and departures.
4. Includes an amount of \$1,071.08 for purchase of service kits using the schedule of rates in the tender.
5. Tendered amounts GST inclusive.

An evaluation of the tenders received was based on the following criteria:

- Price
- Compliance with technical specification
- Demonstrated quality of nominated backflow prevention device (including intervals between servicing and expected operating life)
- Ease of maintenance/serviceability
- Proposed delivery methodology and program
- Demonstrated Recent Experience in undertaking supply of similar large backflow prevention device orders in Australia
- Demonstrated long term service and support in Australia and demonstrated availability and lead time of nominated backflow prevention device

The evaluation method included weighted price and non-price criteria with a price:non-price ratio of 70:30. A variation to the standard 60:40 ratio under Council's Procurement Policy was approved by the Group Manager Planning and Delivery on the following basis:

- This tender is for bulk supply of a known item (testable backflow prevention device) of which there are only limited manufacturers of suitable devices sold in Australia.
- The items will not be considered if they do not meet the mandatory technical specification in the tender documents.
- If the devices meet the technical specification, the price is the single most important factor. Non-price criteria relating to quality and ability to supply are low risk as the available devices are already known and there are several established suppliers.
- The devices will be purchased as part of the smart metering and backflow project and it is important that the most advantageous price is obtained to minimise the cost impacts to the project budget.

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The Tender Evaluation Report is included as [Attachment 1](#).

The pre-tender estimate for the supply of 1,615 backflow prevention devices was \$488,000 (incl GST). This estimate was based on a 15% bulk purchase discount being applied to average retail prices for backflow prevention devices from prices available on the Backflow Central website as at May 2022.

The most advantageous tender, following assessment of price and non-price criteria, was provided by Australian Valve Group Pty Ltd for an amount \$260,222.33 (incl GST).

It is recommended a quantity of service kits is purchased from Australian Valve Group Pty Ltd using the tendered rates, and added to stock inventory. This is an additional \$1,071.08 (incl GST), bringing the tender amount to \$261,293.41 (incl GST). An additional contingency of \$25,000 (incl GST) or approximately 10% is recommended bringing the total project amount to \$286,293.41 (incl GST).

Australian Valve Group Pty Ltd advised that the backflow prevention devices will be supplied within 120 days of receipt of a purchase order which is well within the smart metering rollout program.

Australian Valve Group Pty Ltd offered a 12 month warranty starting from the date of installation and registration of the backflow prevention devices. This is effectively an extended warranty above the standard 12 month warranty starting from date of delivery.

## Finance

The implementation of the backflow prevention program has a total budget allocation of \$1,375,000 (incl GST) of which \$1,072,500 (incl GST) was identified for the supply and installation of backflow prevention devices. The tender amount of \$261,293.41 (incl GST) will leave \$811,206.59 (incl GST) available for the installation of the devices, which will be undertaken in parallel with the installation of smart meters under a separate contract to be issued in 2023. The current allocated budget is sufficient for the awarding of this contract.

## Legal

As the value of the contract was expected to exceed \$250,000 (incl GST), an open tender process was undertaken in conformance with the requirements of the *Local Government Act 1993*<sup>1</sup> and the *Local Government (General) Regulation 2021*<sup>2</sup>.

Should Council resolve to accept the tender submitted by Australian Valve Group Pty Ltd, the details of the contract will be recorded in Council's contracts register available on its website in accordance with legislative requirements.<sup>3</sup>

## Conclusion

Tenders have been called for the supply of 1,615 backflow prevention devices to be installed on all medium and high hazard water service connections on the Rous water supply network.

Five tenders were received.

The most advantageous tender, following assessment of price and non-price criteria was provided by Australian Valve Group Pty Ltd for an amount \$260,222.33 (incl GST).

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<sup>1</sup> See [section 55](#) *Local Government Act 1993* (NSW)

<sup>2</sup> See [Part 7](#) *Local Government (General) Regulation 2021* (NSW)

<sup>3</sup> See [Division 5, Part 3](#) *Government Information (Public Access) Act 2009* (NSW)

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It is recommended a quantity of service kits is purchased from Australian Valve Group Pty Ltd using the tendered rates to be added to stock inventory. This is an additional \$1,071.08 (incl GST).

The Recommended Tender Amount is **\$261,293.41 (incl GST)**.

Attachment

1. Tender Evaluation Report