



Belfast City Council

Report to:	Strategic Policy & Resources Committee
Subject:	Duncrue Industrial Estate In-Ground Gas Extraction System
Date:	19th June, 2009
Reporting Officer:	Gerry Millar, Director of Improvement
Contact Officer:	Michael Stanley, Capital Programme Manager

Relevant Background Information

An in-ground gas extraction system on the Dargan Crescent area of the Duncrue Industrial Estate has been operating for many years for the protection of buildings from the hazards associated with the potential ingress of landfill gas.

The Council is required, under legislation, to undertake steps to mitigate any risks arising from methane which might emanate from the ground in this area and, as the existing gas extraction system has reached the end of its useful life, it is essential that it is replaced for reasons of health and safety.

The Committee has previously approved acceptance of a tender under the general scheme of delegation; however the tender being recommended for acceptance is significantly in excess of the approved budget and consequently this report is being presented to the Committee for specific approval.

Key Issues

Tenders were initially invited in December 2008 from a select list; however only one contractor returned a tender which was in excess of £900,000.

This was considered to be excessive and tenders were re-invited using an open tendering procedure. Five contractors requested tender documents and three tenders were subsequently received.

These tenders have been evaluated in line with Council procurement procedures. The most advantageous tender which is also the lowest submitted bid is that of Earney Contracts in the sum of £455,990.61 which is recommended for acceptance.

Resource Implications

The current capital programme includes an amount of £320,000 for this proposal based on an initial assessment provided by the Council's Consulting Engineer who advises in relation to the management of landfill gas. A subsequent updated estimate of £425,350.00 was provided in December 2008.

The updated pre-tender estimate did not include for additional items which were added prior to the tender to allow for off-site disposal of potentially unsuitable material to landfill at a cost of approximately £30,000.00. The estimate may also have underestimated the premium attached by tendering firms to the difficulties of working in an operational industrial estate and the uncertainty in pricing of the pipework and fittings which is a significant component of the project and is susceptible to the fluctuating and price of petroleum. There also appears to be a shortage of contracting organisations willing to undertake this complex and specialist work which has resulted in less competition for the contract.

As the project has already been tendered twice it is unlikely that further re-tendering will result in any appreciable cost reduction.

The financial position for this proposal is therefore:

Recommended Tender	£455,990.61
Fees, statutory charges, etc	<u>£ 57,009.39</u> (rounded)
Total	£513,000.00
Capital Programme Allowance	£320,000.00
Nett increase in cost	<u>£193,000.00</u>

Recommendations

It is recommended that the Committee approve acceptance of the tender of Earney Contracts in the sum of £455,990.61 and the application to the appropriate government department for loan sanction, if required.

Decision Tracking

It is anticipated that the contract will proceed as soon as possible, with work on site probably commencing at the end of July following the construction industry holiday period.