

3 Presentation of officer reports

3.1 Contract No. 2020/89, Kew Recreation Centre Redevelopment Works

Abstract

This report seeks Council endorsement for the award of Contract No. 2020/89 Kew Recreation Centre Redevelopment Works. The contract is for the redevelopment of the Kew Recreation Centre, located at 383 High Street, Kew.

The redevelopment works are expected to commence in October 2020 and be completed by December 2022.

The total cost of this Contract is \$59,590,000 (excluding GST), which is in accordance with Council's adopted budget for Financial Year 2020-21 and Long Term Financial Strategy.

Council invited select tenders from organisations shortlisted following an Expression of Interest process, which is in accordance with the requirements of section 186 of the *Local Government Act 1989*.

Confidential information is contained in **Attachment 1**, as circulated in the confidential section of the agenda attachments, in accordance with Section 66(2)(a) and the definition of 'confidential information' in Section 3(1) of the *Local Government Act 2020* as the information relates to private commercial information, being information provided by a business or commercial undertaking that if released, would unreasonably expose the business or commercial undertaking to disadvantage. This item has been included in the public agenda to facilitate transparency and accountability in Council's decision making.

If discussion of the confidential information in the attachments to this report is required in order for Council to make a decision, this item will be deferred to the confidential section of the agenda.

Officers' recommendation

That Council resolves to:

1. Award Contract No. 2020/89 Kew Recreation Centre Redevelopment Works to ADCO Constructions Pty Ltd (ACN 46 001 044 391) at the total lump sum price of \$65,549,000 (including GST). The cost to Council after return of GST Input Credits is \$59,590,000.
2. Authorise the Director Places and Spaces to execute the contract agreement with the above Contractor.
3. Note that expenditure under this contract is in accordance with Council's 2020-21 adopted budget and Long Term Financial Strategy.

Responsible director: Daniel Freer
Director Places & Spaces

1. Purpose

The purpose of this report is for Council to give consideration to the awarding of Contract No. 2020/89, Kew Recreation Centre Redevelopment Works.

2. Policy implications and relevance to community plan and council plan

The redevelopment of the Kew Recreation Centre will assist in meeting the evolving needs of the local community and is consistent with the following theme and strategies in the Boroondara Community Plan and Council Plan (2017 - 21):

Theme 1 - Your Community, Services and Facilities

Strategy 1.1: Plan, maintain and renew multi-purpose facilities to meet broad, intergenerational needs of the community now and into the future.

Strategy 1.3: Deliver, facilitate and advocate for services and programs that promote health, wellbeing, safety and a sense of community.

Strategy 1.4: Provide, facilitate and advocate for life-long learning opportunities for people of all ages

Strategy 1.6: Create and maintain public areas, facilities, amenities, footpaths and spaces that are inviting, clean and appropriately lit to increase social connection and improve perceptions of safety.

The relevant guiding principles and priorities for sports and recreation in the context of the budget and services that Council provides include:

Priority Area 1: Health, Wellbeing & Social Cohesion

Priority Area 2: Diversity & Inclusion

Priority Area 3: Participation

Priority Area 4: Partnerships

Priority Area 5: Sustainability

Priority Area 6: Infrastructure & Safety

This procurement process has been carried out in accordance with the requirements of Council's Procurement Policy.

3. Background

Council sought to appoint a head construction contractor to undertake the redevelopment of the Kew Recreation Centre. The works are anticipated to commence October 2020 and will see a new state-of-the-art facility suitable for residents and visitors of all stages of life, catering to a wide range of health and wellbeing needs.

The existing facility is in poor condition and no longer meets community expectations nor caters for future demographic growth. The new Kew Recreation Centre will create a facility for the community to improve or maintain health and wellbeing, play team sports, connect with others and meet specialised health needs.

Features of the new Kew Recreation Centre include:

- A dedicated learn to swim pool for swimming lessons;
- A secluded warm water pool for gentle exercise and rehabilitation;
- An aqua play area for young people to play and explore;
- A creche to support families' health and wellbeing needs;
- Bigger change rooms that cater for individuals, groups and families;
- Two indoor sports courts providing much-needed space for a range of local participants;
- Allied health suites to support your health and wellness goals;
- Divided health and fitness areas for both 'noisy' and 'quiet' group exercise classes;
- Landscaped forecourt and café to meet, gather and socialise;
- Increased parking on site, making the centre more accessible; and
- A childrens party room.

The new centre will be more accessible to people of all abilities and will include:

- Fully accessible spa via ramp access;
- A sensory room to suit families with a range of needs and abilities;
- A dedicated office and activity space for Boroondara Stroke Support Group;
- Larger change rooms that can cater for families and school groups;
- More car parking, including disabled parking and wider spaces for prams; and
- Stair and lift access from the undercover car park.

Invitation to tender

Council invited Expressions of Interest (EOI) from suitably qualified and experienced organisations to register their interest to undertake the redevelopment of the Kew Recreation Centre. The EOI was advertised in the local government tenders section of The Age on Saturday, 1 February 2020 and on Council's website. The closing date for submissions to this EOI process was 4pm, 25 February 2020.

The market response to the public EOI yielded eight organisations submitting a response. Four out of the eight respondents did not provide sufficient evidence in support of their proven past and relevant experience, and capacity to undertake a project of this size and scale. The remaining four respondents met the requirements of the EOI and were shortlisted to be invited to tender.

An invitation to tender was issued 27 July 2020 to the following four shortlisted respondents:

- ADCO Constructions Pty Ltd **ACN** 001 044 391
- Buxton Constructions (Vic) Pty Ltd **ACN** 141 994 425
- J. Hutchinson Pty Ltd **ACN** 009 778 330 trading as Hutchinson Builders
- Icon SI (Aust) Pty Ltd **ACN** 617 747 458

The closing date for submissions to this tender process was 4:00pm, 24 August 2020. All invited tenderers provided a submission.

4. Outline of key issues/options

It is envisaged that there are no issues. All the tenderers shortlisted through the EOI process satisfactorily evidenced that they were competent in the construction of large aquatic centres, and were either currently completing a large aquatic centre or had recently completed a facility in Victoria of similar size and value.

ADCO Constructions, the recommended tenderer for this project, have significant experience in the development of aquatic and leisure facilities across Australia. ADCO's experience in Victoria has included the Caulfield Grammar School Aquatic and Wellbeing Centre, Hawthorn Aquatic and Leisure Centre, Craigieburn Aquatic and Leisure Centre and the St Albans Leisure Centre.

5. Consultation/communication

A significant program of communication and engagement has been conducted to understand local community needs and aspirations for the site. The consultation included on site conversations, a survey of participants, staff at the facility and community engagement with local residents and residents in the surrounding area. Council worked closely with the community to develop a modern facility that will meet the needs of our growing community, with fitness and aquatic facilities for people of all ages.

During the first initial consultation period in September 2018, over 1,500 people from the community were engaged with. They were asked to provide feedback about what was important to them and what they would like to see in the new centre to help shape the proposed design concept.

The consultation was conducted through meetings with community groups, workshops, pop-up sessions and via a survey.

During the second stage of consultation in September and October 2019, the community was asked to provide feedback on the proposed design through a series of drop-in sessions, workshops with local community groups and via an online survey.

Key Council departments that have had input and work collaboratively on this project include Community Planning and Development, Family, Youth and Recreation, Projects and Strategy, Communication and Engagement, Traffic and Transport, Park and Infrastructure and Environment and Sustainable Living.

The Project Steering Committee comprising Councillors Jim Parke, Phillip Healey, and Felicity Sinfield have met regularly to guide and oversee the development of the project to date.

6. Financial and resource implications

The Project Budget is as Follows:

Prior Financial Years Budget	\$ 1,989,075
Proposed Forward Commitment to 2020-21	\$ 127,652
2020-21 Adopted Budget	\$17,000,000
2021-22 Foreshadowed Budget	\$48,481,537
Total Project Works Budget	\$67,598,264

Project Management Services:

Proposed Forward Commitment 2020-21	\$ 36,000
2020-21 Budget Allocation for Project Management Services	\$ 139,586
2021-22 Budget Allocation for Project Management Services	\$ 148,400
Total Allocation for Project Management Services	\$ 323,986

Less Expenditure & Commitments to Date	\$ 2,416,710
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Total Available Project Budget	\$65,505,540
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Proposed Project Expenditure:

Construction Contract	\$59,590,000
Project Management Services (Contract No. 2020/117)	\$ 406,577
Demolition Works (Contract No. 2020/260)	\$ 486,750
Other Project Costs	\$ 5,022,213

Total Anticipated Project Expenditure	\$65,505,540
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A pre-tender cost estimate (issued 29 June 2020) was prepared by an independent Quantity Surveyor for the Kew Recreation Centre Redevelopment Works. The final tendered pricing submitted by ADCO Constructions Pty Ltd was within 1% of the Quantity Surveyor's estimate for the construction contract.

The works under this Contract are anticipated to commence in October 2020 and be completed in the 2022-23 Financial Year.

Any savings achieved from value management negotiations throughout the life of the project are proposed to be returned to the contract contingency.

7. Governance issues

The implications of this report have been assessed in accordance with the requirements of the Victorian Charter of Human Rights and Responsibilities.

The officers responsible for this report have no direct or indirect interests requiring disclosure.

The Contract was tendered in accordance with Council's tendering procedures and Section 186 of the *Local Government Act 1989*, whereby Council invited tenderers shortlisted following an open market Expression of Interest process.

The contract is being recommended to be awarded to the tenderer who scored the highest combined qualitative and quantitative score and is considered best able to provide best value for Council.

The Instrument of Sub Delegation to the Director Environment and Infrastructure dated 23 September 2019 authorises the Director to vary any contract. A condition of this delegation, as applicable to this contract, is that if the contract has been entered into by Council and the value of the contract is greater than \$500,000, the aggregate value of the contract (taking into account the value of the expenditure for the further term of the value of the variation) may not increase by more than 10% or \$100,000 whichever is greater.

8. Social and environmental issues

There are no known social or environmental issues and it is anticipated that the project will have a positive outcome on the local community and user groups. The works have been designed to improve maintenance, accessibility and capacity of the facility.

9. Evaluation and review

The tender evaluation report is provided as **Confidential Attachment 1.**

As a result of the tender evaluation, the Tender Evaluation Panel recommends that Council award 2020/89, Kew Recreation Centre Redevelopment Works, to ADCO Constructions Pty Ltd (ACN 46 001 044 391) at the total lump sum price of \$65,549,000 (including GST). The cost to Council after return of GST Input Credits is \$59,590,000.

Manager & report officer: Michael Le Grange, Acting Manager Capital Projects