

## 7.10 Contract No. 2021/148, Through Road Early Learning Centre Refurbishment Works

### Abstract

This report seeks Council endorsement for the award of Contract No. 2021/148, Through Road Early Learning Centre - Refurbishment Works. This contract is for the proposed refurbishment of the existing facility consisting of an extension to one of the kindergarten rooms and internal reconfiguration and upgrade of the kindergarten, toddler and baby rooms, kitchen, store and children's amenities.

These redevelopment works are expected to commence in January 2022 and be completed by mid-2022.

The total cost of this contract is \$1,003,540 (ex GST), which is in excess of the combined allocated project budget and stakeholder financial contribution. The shortfall of \$48,873.00 will be funded from the Unscheduled Minor Works budget.

A selective tender process was conducted from suppliers on the State Government Construction Supplier Register, 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 definitions of 'confidential information' in Section 3(1) of the *Local Government Act 1989*. The information relates to:

- a. private commercial information, being information provided by a business, commercial or financial undertaking that:
  - i. relates to trade secrets; or
  - ii. if released, would unreasonably expose the business, commercial or financial undertaking to disadvantage;
- b. confidential meeting information, being the records of meetings closed to the public under section 66(2)(a);
- c. information prescribed by the regulations to be confidential information for the purposes of this definition.

The 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 resolve to:

1. Award Contract No. 2021/148 Through Road Early Learning Centre - Refurbishment Works to Harris HMC Interiors (Vic) Pty Ltd (ACN 130 177 614) for the lump sum price of \$1,103,894 (including GST). The cost to Council after the return of the GST Tax Input Credits is \$1,003,540.
2. Approve the allocation of a separate contingency, as set out in the attached confidential Appendix 1, and delegate authority to the Contract Superintendent to expend this contingency to ensure successful completion of the project.
3. Approve the reallocation of funds from Project No. 71824 - Unscheduled Minor Building Works, to fund the \$48,873.00 shortfall for the Through Road Early Learning Centre refurbishment works.
4. Authorise the Director of Places and Spaces to execute the contract agreement with the above contractor.

**Responsible director: Daniel Freer, Director Places and Spaces**

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## 1. Purpose

The purpose of this report is for Council to give consideration to the awarding of Contract No. 2021/148 Through Road Early Learning Centre - Refurbishment Works.

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

The Boroondara Community Plan is structured around the following seven priority themes:

- Your Community Services and Facilities
- Your Parks and Green Spaces
- The Environment
- Neighbourhood Character and Heritage
- Getting Around Boroondara
- Your Local Shops and Businesses
- Civic Leadership and Governances

The proposed works for the Through Road Early Learning Centre aligns with **Theme 1: Your Community Services and Facilities** in the Boroondara Community Plan (2017-27) and Council Plan (2017- 21). Within this theme, the particular strategic objectives that are addressed by this project includes:

**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 1.5** - Provide, facilitate and advocate for opportunities to increase connections within the community with a focus on local neighbourhoods.

The procurement process has been carried out in accordance with the requirements of Council's Contracts and Tendering Probity Policy and Council's Procurement Policy.

## 3. Background

Council requires a suitably qualified commercial builder to undertake the proposed refurbishment works to the Through Road Early Learning Centre, Camberwell in accordance with the requirements of the specification.

### Invitation to tender

In accordance with Council's procurement procedures and Section 186 of the Local Government Act 1989, Council invited select tenders from suitably qualified organisations on the State Government Construction Supplier Register to undertake the Through Road Early Learning Centre Refurbishment Works. An Invitation to Tender was issued on Council's eProcure electronic tendering system on 30 August 2021. The closing date for submissions was 4:00PM, Tuesday 21 September 2021.

In response to the advertisement, Council received two submissions:

- 4Dimensions Building Contractors Pty Ltd
- Harris HMC Interiors (Vic) Pty Ltd.

#### 4. Outline of key issues/options

Victoria was under Covid-19 restrictions during the tender period, limiting the number of workers allowed on site to 25% of workers. It is anticipated that Covid restrictions will be lifted to 100% of workers (in accordance with the Victorian Government Construction Industry Roadmap) by the building commencement date in January.

Whilst there remains a potential extension of time risk to this project, it is unlikely to have significant consequences given the temporary accommodation arrangements have been arranged to mitigate this potential risk.

#### 5. Consultation/communication

Regular consultation meetings were conducted with the staff and Through Road Early Learning Centre Committee as part of the design process to ensure the requirements of the preschool were captured in the proposed works. The meetings involved discussions on the scope of work, budget, cost planning and construction timelines and milestones.

#### 6. Financial and resource implications

Council's 2021-22 adopted budget contains a total allocation of \$957,726 (including Victorian Government funding of \$300,000 and a \$7,726 carry forward) for the refurbishment of the Through Road Early Learning Centre. In addition, the Through Road Early Learning Centre have committed to contribute \$150,000 towards the project to ensure that the entire scope can be constructed under the contract. **Attachment 2**, as circulated in the confidential section of the report attachments provides details confirming this contribution. This will be formalised through an executed legal agreement prior to this contract being executed.

##### The Project Budget is as follows:

2021-22 Adopted Budget: Account No. 72864	\$ 650,000.00
Inc. State Government Grant	\$ 300,000.00
2020-21 Adopted Budget Carry Forward Account No. 72864	\$ 7,726.00
Total Budgeted Project Expenditure	\$ 957,726.00
Contribution from Through Road Early Learning	\$ 150,000.00
<b>Total Project Budget</b>	<b>\$ 1,107,726.00</b>

less Consultant fees	\$ 63,749.00
less Current expenditure for Account 72864	\$ 2,310.00
less Building Permit Fees and Levies	\$ 10,000.00
<b>Total Available Budget</b>	<b>\$ 1,031,667.00</b>

##### Proposed Project Expenditure:

Construction Cost (Contract No 2021/148)	\$1,003,540.00
Other project costs	\$ 80,000.00
<b>Total Construction Cost</b>	<b>\$1,080,540.00</b>

<b>Budget Shortfall</b>	<b>\$ 48,873.00</b>
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The total project cost is in excess of the allocated project budget, and the budget shortfall of \$48,873.00 will be funded from Project No. 71824 - Unscheduled Minor Building Works.

The budget shortfall of \$48,873 is calculated on the basis that an agreement is in place for the Through Road Early Learning Centre to contribute \$150,000 towards the project. The budget shortfall without this contribution would be \$198,853.

The pre-tender estimate by an independent Quantity Surveyor for the works was in line with the tender price of the preferred tenderer.

## **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.

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

## **8. Social and environmental issues**

The proposed design addresses the aesthetic, functional and operational needs of the early learning centre. It is also in keeping with the environmental features and aspects of the site and its surrounds.

## **9. Evaluation and review**

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

As a result of the tender evaluation, the evaluation panel recommends that Council award Contract No. 2021/148 Through Road Early Learning Centre - Refurbishment Works to Harris HMC Interiors (Vic) Pty Ltd (ACN 130 177 614) for the lump sum price of \$1,103,894 (including GST). The cost to Council after the return of the GST Tax Input Credits is \$1,003,540.

**Manager:** Christine White, Manager Capital Projects

**Report officer:** Kristina Taranto, Project Architect