

7.5 Contract No. 2021/133 Macleay Park Pavilion - Alterations

Abstract

This report seeks Council endorsement for the award of Contract No. 2021/133, Macleay Park Pavilion - Alterations. This contract is for the proposed refurbishment of the existing facility consisting of an extension to provide more storage for all clubs at this site and internal reconfiguration and upgrade of the first aid room, change rooms, umpire's room, bin enclosure and upgrade of amenities.

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

The total cost of this contract is \$695,070.00 (ex GST), which exceeds the allocated project budget. The shortfall of \$222,043.78 will be funded from Council's Capital Project Unscheduled Minor Works budget line.

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 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 resolve to:

1. Award Contract No. 2021/133 Macleay Park Pavilion Alterations to 4 Dimensions Pty Ltd (ACN 151 826 890) for the revised lump sum price of \$764,577.00 (including GST). The cost to Council after the return of the GST Tax Input Credits is \$695,070.00.
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 \$222,043.78 shortfall for the Macleay Park Pavilion Alterations 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

1. Purpose

The purpose of this report is for Council to consider the awarding of Contract No. 2021/133 Macleay Park Pavilion - Alterations.

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

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

- Community Services and Facilities
- Parks and Green Spaces
- The Environment
- Neighbourhood Character and Heritage
- Moving Around
- Local Economy
- Leadership and Governances

The proposed works for the Macleay Park Pavilion aligns with **Theme 1: Your Community Services and Facilities** in the Boroondara Community Plan (2021-31) and Council Plan (2021-25). Within this theme, the particular strategic objectives that are addressed by this project includes:

Strategy 1.1 - Neighbourhoods and community spaces facilitate social connections and belonging by providing, maintaining and activating places for people to meet, organise activities and celebrate events.

Strategy 1.2 - Health and wellbeing is improved through delivering, facilitating and advocating for services and programs that are accessible and affordable.

Strategy 1.4 - Facilities and sports precincts encourage equal access through social planning, delivery, asset maintenance and renewal activities

Strategy 1.6 - Residents and visitors feel safe in public spaces through encouraging local activity and creating and maintaining civic areas.

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

3. Background

Council requires a suitably qualified commercial builder to undertake the proposed alteration works to the Macleay Park Pavilion, Balwyn North 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 Macleay Park Pavilion - Alterations.

An Invitation to Tender was issued on Council's eProcure electronic tendering system on 28 August 2021. The closing date for submissions was 4.00pm, Tuesday 11 October 2021.

In response to the advertisement, Council received two submissions:

- 4Dimensions Building Contractors Pty Ltd
- HLC Constructions Pty Ltd

Two invited tenderers declined to provide a tender submission:

- Stokes Rousseau Pty Ltd
- Ivy Constructions Pty Ltd

4. Outline of key issues/options

The Victorian construction industry is emerging from a disruptive period which included various levels of restriction and shutdown as mandated by the state government. The current outlook for the industry is more promising with stringent requirements in place for all staff and sub-contractors to be fully vaccinated before the commencement period for this contract.

Whilst there remains a potential Covid-related extension of time risk to this project, it is unlikely to have significant consequences given the staging arrangements to mitigate this potential risk.

The main impact of COVID on this project is an increase in the supply and construction costs resulting in higher than anticipated tender prices. This impact has resulted in a budget shortfall that can be accommodated within the existing capital works program.

5. Consultation/communication

Regular consultation meetings have been conducted with the user groups as part of the design process to ensure the requirements of the sports clubs 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 2020-21 and 2021-22 adopted budget contains a total allocation of \$604,239.50 for the refurbishment of Macleay Park Pavilion.

Attachment 1, 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:

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| 2020-21 Actuals: Account No. 72868 | \$ 50,209.00 |
| 2021-22 October Amended Budget: Account No. 72868 | \$ 539,791.00 |
| 2021-22 Funding Contribution from Club | <u>\$ 14,239.50</u> |
| Total Project Budget | \$ 604,239.50 |

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| less Consultant fees | \$ 51,215.28 |
| less Current expenditure for Account 72868 | \$ 10,512.00 |
| Total Available Budget | \$ 542,512.22 |
| Proposed Project Expenditure: | |
| Construction Cost (Contract No 2021/133) | \$ 695,070.00 |
| Other project costs | \$ 69,486.00 |
| Total Construction Cost | \$ 764,556.00 |
| Budget Shortfall | \$ 222,043.78 |

The total project cost is in excess of the allocated project budget, and the budget shortfall of \$222,043.78 will be funded from Project No. 71824 - Unscheduled Minor Building Works.

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 user groups. 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. 2021/133 Macleay Park Pavilion - Alterations - Refurbishment Works to 4 Dimensions Pty Ltd (ACN 151 826 890) for the revised lump sum price of \$764,577.00(including GST). The cost to Council after the return of the GST Tax Input Credits is \$695,070.00.

Manager: Christine White, Manager Capital Projects

Report officer: Maurice Natoli, Senior Project Officer