

7.2 Contract No 2022/53 Lewin Reserve - New Pavilion Building Works

Executive Summary

Purpose

The purpose of this report is for Council to award Contract No. 2022/53, Lewin Reserve - New Pavilion Building Works to the recommended tenderer Neo Construct Pty Ltd for the sum of \$3,620,313 excluding GST.

Background

The existing sports pavilion at Lewin Reserve is in poor condition and no longer meets the needs of its users, nor caters for an increase in female participation in community sport. A two-story pavilion design was proposed in late 2020 and community feedback at the time identified several design elements to be reviewed.

In response, a community reference group was formed to assist with shaping an updated concept design that would address the feedback received. As a result, the revised design has been carefully considered in consultation with the various tenant sporting clubs as well as the community reference group, while also maintaining the requirements set out in Boroondara Council's Pavilion Policy 2019.

In accordance with Council's Procurement Policy 2021-25, a Request for Tender (RFT) was issued to five shortlisted suppliers, and a recommendation to award Contract No. 2022/53, Lewin Reserve - New Pavilion Building Works is presented for Council's consideration. The works are expected to commence during September 2022 and be completed by June 2023.

The total cost of this contract is \$3,620,313 (excluding GST). The current project budget available for 2022-23 is \$2,357,669. A grant from the Victorian Government through the 2021-22 Local Sports Infrastructure Fund of \$800,000 provides a total project budget of \$3,157,669.

The total project cost, including consultancy, contingency and authority fees has a budget shortfall of \$877,478. It is proposed the shortfall be resolved through reallocation of funds from selected renewal program projects and the September amended budget process where additional funding will be requested to fund the remainder of the project.

Next Steps

Upon award of the contract, Council will oversee the delivery of the construction works for the new sports pavilion.

Confidentiality

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 2020*. The information relates to Council business information, being information that would prejudice the Council's position in commercial negotiations if prematurely released.

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 for Council to make a decision, this item will be deferred to the confidential section of the agenda.

Officers' recommendation

That Council resolve:

1. To award Contract No. 2022/53, Lewin Reserve - New Pavilion Building Works, to Neo Construct Pty Ltd, ABN 78 145 177 215, at a total cost of \$3,620,313 excluding GST for the estimated period 23 August 2022 to 30 June 2024.
2. To approve the allocation of a separate contract contingency, as detailed within the attached confidential Attachment 1, and delegate authority to the Contract Superintendent to expend this contingency to ensure the successful completion of the contract works
3. To authorise the Director Places and Spaces to execute the contract agreements with the above contractor.
4. Approve the reallocation of funding through the identified renewal budget programs in section 7 of this report and refer the further \$377,478 required to Council's September amended budget process.

Responsible director: Daniel Freer, Director Places and Spaces

1. Purpose

The purpose of this report is for Council to consider the award of Contract No. 2022/53, Lewin Reserve - New Pavilion Building Works.

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

The Boroondara Community Plan (2021-31) 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 Governance

The proposed contract for Lewin Reserve Pavilion aligns with:

- Theme 1: Community Services and Facilities
 - 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.
- 2016 Sport and Recreation Strategy
 - Action 3.12 - Maximise the use of sport and recreation pavilions by providing access to various groups within the community.
 - Item 7.1.1 Community Health and wellbeing- Participation in sport and recreation provides a range of physical, social, mental health and economic benefits for individuals and the community.
 - The facilitation of opportunities to participate in physical sport and recreational activities is fundamental in supporting the health and wellbeing of the Boroondara community.
- Development and Funding of Community Pavilions - Sport and Recreation 2019 - Principle 4- Council requires sporting groups and community groups, whether formal or informal, to share facilities to meet the wide range of community need.

This procurement process has been carried out in accordance with the requirements of Council's Procurement Policy 2021-25.

3. Background

Council requires a suitably qualified contractor to construct a new sports pavilion at Lewin Reserve, Glen Iris and to demolish the existing pavilion upon completion of the new build. These works are to be in accordance with the requirements of the specification as documented by the consultancy team lead by Kennedy Nolan Architects.

Invitation to tender

In accordance with Council's Procurement Policy 2021-25, Council sought five quotes from the Construction Supplier Register via Vendor Panel, Council's eTendering portal. At the date and time of closing the following suppliers submitted a proposal:

- Neo Construct Pty Ltd
- Simbuilt Pty Ltd
- Newpol Construction Pty Ltd
- 2 Construct Pty Ltd

A further vendor, Stokes Rousseau Pty Ltd, withdrew from the tender due to insufficient capacity to resource the tender submission.

4. Outline of key issues/options

Construction Management Plan

- The key issues will be the impact of the construction works to the amenity of the local residents. As part of the contractor's construction management plan, the following items will be addressed to the satisfaction of Council officers:
- On street contractor parking is prohibited except for when deliveries are required. All contractor parking will occur in a designated area
- All works are to occur within the hours as noted in City of Boroondara's Amenity Local Law
- Appropriate hoarding will be securely installed to minimise impact on community sport and other passive uses at the reserve.

Supply Chain Issues and Covid

- The ongoing global Covid pandemic continues to present as a risk factor for the delivery of capital works projects.
- The successful tenderer will be required to prepare and comply with a COVID Safe Plan for the project to ensure that reasonable measures are implemented to minimise the spread of coronavirus and minimise the risk of delay to the project program.
- It is also anticipated that some disruption to material supply and distribution networks may occur. To avoid delay to the works, the successful tenderer will be requested place orders and secure supply of key materials as a priority action upon award of the contract.

Budget Shortfall

During the design process, a cost estimate was provided from the project contract quantity surveyor at each stage of the project. A pre-tender cost estimate was provided on 12 May 2022 with an anticipated tender figure of \$2,635,869. Another estimate was then provided on 1 July 2022 during the tender period with an updated figure of \$3,030,191.

Despite this significant increase in a brief period, the pre-tender estimate underestimated the lowest tender sum by almost 17%. The project quantity surveyor advised of their concern that current market conditions where cost escalation rises can rise sharply over brief time periods such as this example. Recent tender processes have seen contractors and sub-contractors submit tender pricing with larger contingencies to reduce the risks associated with the cost escalation in materials supply and transport delays and staffing shortages. It is also likely that contractors are looking to reduce the losses on current contracts by offsetting this with greater contingencies in their tender pricing for new projects.

The volatility of the current market is further highlighted by the wide range of tender pricing received, which ranges from \$3.6M to \$5.3M. This \$1.7M difference on a project which had an anticipated tender figure of \$3M as costed by the quantity surveyor pre-tender, demonstrates this instability. Some tenderers also expressed the inability to hold pricing until tender award and reserved reserve the right to revisit escalation costs due to further price rises occurring from 1 August 2022.

5. Collaborative Procurement Opportunities

Due to the nature of the construction works to be engaged, there is no opportunity for collaborative procurement for this contract.

6. Consultation/communication

Following the feedback received from a community consultation session for the original design of the pavilion held in August 2020, the proposed design was revised. The updated design amended the overall building footprint and layout, façade presentation and roof design of the pavilion.

A community reference group, comprising four local residents, was established to provide direct input to the design revision process. The group was representative of the various resident stakeholders and provided regular feedback as the design and briefing requirements were refined.

In conjunction with this community feedback, the various sporting clubs that utilised the oval on the reserve also provided regular input to the design. The key stakeholder groups included: St Kevin's College, Kiwi Hawthorn Rugby Union Club and Glen Iris Cricket Club

In October 2021, broader community consultation was undertaken, with the schematic design of the revised proposal made publicly available for comment. The design was well received with queries relating to the overall size of the rooms, impacts on parking during construction and the potential impact on the sportsground raised. All community submissions have been responded to.

7. Financial and resource implications

Council's 2022-23 adopted budget contains a total allocation of \$2,400,000 for the project, along with State Government funding of \$800,000 which totals \$3,200,000.

The project budget is as follows:

2021-22 Forward commitments: Account No.72798	\$200,000
2022-23 Adopted Budget. Account 72798	\$2,200,000
Victoria Government Local Sports Infrastructure Fund	\$800,000
Total Project Budget	\$3,200,000

Less 2021-22 Actuals	\$242,331
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Total Available Budget for Construction	\$3,157,669
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Proposed Project Expenditure:

Construction Cost (Contract No 2022/53)	\$3,620,313
Other project costs	\$414,834
Total Construction Costs	\$4,035,147

Budget Shortfall:	\$877,478
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The total projects costs exceed the allocated budget. The budget shortfall of \$877,478 is to be funded from the below cost centres:

• 71636 Hazel Street Drain (Project Savings)	\$100,000
• 71755 Car Park renewal	\$50,000
• 71728 Footpath renewal	\$100,000
• 71636 Road re-sheeting	\$250,000

The nominated renewal programs final delivery will be extended over two years or through identified project savings.

The remaining budget shortfall of \$377,478 will be addressed via the September amended budget process where additional funding will be requested to fund this budget shortfall.

8. 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 general or material interests requiring disclosure.

This tender process has been carried out in accordance with the requirements of Council's Procurement Policy 2021-25.

9. Social and environmental issues

Council officers are confident that the delivery of the new sports pavilion will have a positive impact on the community as it responds to the need for a new and upgraded facility to the reserve. The design of the pavilion has the capability to cater for future demand, particularly for increased female participation in community sport. It also complies with accessibility requirements and improves the safety of the reserve with an improved lighting strategy for the public open space.

The design of the pavilion also seeks to achieve a sustainable building with a five-star Greenstar equivalency. Design elements such as rainwater tanks, solar panels, heat pumps, water saving fixtures and sustainable materials have been incorporated into the design.

10. Evaluation and review

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

As a result of the evaluation, the evaluation panel recommends that Council award Contract No. 2022/53, Lewin Reserve - New Pavilion Building Works to:

- Neo Construct Pty Ltd for the contract award amount of \$3,620,313 excluding GST.

Manager: Christine White, Manager Capital Projects

Report officer: Prudence Ho, Senior Project Manager