

3.3 Contract No. 2019/158, Kew Traffic School Redevelopment

Abstract

This report seeks Council endorsement for the award of Contract No. 2019/158, Kew Traffic School Redevelopment Works. The works involve the demolition and replacement of the existing bike/tool shed and party room. The total cost of this contract is \$634,017.50 (ex GST) which is in accordance with Council's September Amended budget. These redevelopment works are expected to commence in late May 2020 and be completed in early October 2020.

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 3(1) of the *Local Government Act 2020*, as the information relates to private commercial information. 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 the Services Special Committee resolve:

1. To award Contract No. 2019/158, Kew Traffic School Redevelopment Works to Stokes Rousseau Pty Ltd, (ACN 119 165 623) for a total cost of \$697,419.25 (including GST). The cost to Council after the return of the GST Tax Input Credits is \$634,017.50.
2. To authorise the Director Environment and Infrastructure to execute the contract agreements with the above contractor.
3. To note that expenditure under this contract is in accordance with Council's September Amended 2019-20 budget.

Responsible director: **Daniel Freer**
Director Environment and Infrastructure

1. Purpose

The purpose of this report is for Council to give consideration to the awarding of Contract No. 2019/158, Kew Traffic School Redevelopment 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 Governance

The proposed works to the Kew Traffic School is aligned with Theme 1: Your Community Services and Facilities and the following strategies in the Boroondara Community Plan (2017 -27) and Council Plan (2017- 21):

- Strategic Objective 1: Community services and facilities are high quality, inclusive and meet a variety of needs 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.

This 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

The existing bike storage sheds at the Kew Traffic School are in poor condition and do not comply with current OHS requirements. Part of the site has also been identified to have potential heritage value.

To address this issue and in consideration of the site restrictions, the existing storage sheds and the party room will be demolished to make way for two replacement buildings. The proposed new buildings (Party Room and Bike/Tool Shed) will be located outside the potential heritage area

Invitation to tender

In accordance with Council's procurement procedures and Section 186 of the *Local Government Act 1989*, Council invited selected tenders from suitably qualified organisations to undertake the redevelopment works.

An Invitation to Tender was issued via e-Procure on 30 January 2020. The closing date for submissions was 4pm, 28 February 2020.

In response to the request for tender, Council received four submissions:

- 4 Dimensions Building Contractors Pty Ltd
- Stokes Rousseau Pty Ltd
- Ivy Constructions (Aust) Pty Ltd
- OTS Construction Pty Ltd

4. Outline of key issues/options

The State of Victoria is currently under stage 3 restrictions due to the Covid-19 pandemic. At this stage, it is not known if further restrictions will be mandated.

Legal advice sought from Maddocks in late March confirmed that there is no contractual recourse for contracts that have already been awarded and for tenders that are already closed and are still open. Therefore, should further restrictions to the construction industry occur, potential extension of time claims and costs will need to be assessed on their own merits.

5. Consultation/communication

The project has incorporated a site master planning exercise which has delivered community engagement and endorsement for the proposed works.

In addition to the master planning workshop, several design meetings were conducted with the user groups to further develop and refine the scope of works.

6. Financial and resource implications

Council's 2019-20 adopted budget contains a total allocation of \$550,000 for the proposed redevelopment works at the Kew Traffic School.

The Project Budget is as follows:

2019-20 September Amended Budget (Account No. 72784)	\$550,000.00
Less Expenditure & Commitments to Date	<u>\$ 32,387.00</u>
Total Available Project Budget	\$517,613.00

Proposed Project Expenditure:

Contract No. 2019/158	\$634,017.50
Plus Contract Contingency (10%)	\$ 63,400.00
Plus Outstanding Professional Fees	\$ 10,360.00
Plus Building Permit Levy	<u>\$ 6,500.00</u>
Total Project Expenditure	\$714,277.50

Budget Shortfall	\$196,664.50
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The tender price overrun is attributed to the increase in the scope of works which were identified during documentation stage. This included:

- Stakeholders' requests to upgrade the buildings from 'shed like' to 'residential' quality buildings in appearance and amenity. This involved some further upgrade to the form, finishes, and fixtures.

- Additional external landscape elements to match the refinements to the proposed new buildings and to improve the operational requirements of the facility. These adjustments stemmed from the community master planning exercise.

Although it may be possible to deliver the project within the available individual project budget, this would require reducing the scope of works, which would include simplifying finishes, deleting external works and artwork and extensive modifications to the entry of the buildings. It is not considered that the reduced scope would deliver a satisfactory outcome for the community and the project team considered that if savings could be achieved in other areas of the 2019-20 adopted budget, the works as documented should be undertaken.

The budget shortfall can be funded from the following budget savings:

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|---|---------------------|
| • Project No. 72796 Camberwell Sportsground - Major Pavilion- | \$ 60,766.00 |
| • Project No. 71755 - Resurfacing of Condition 4 Car Parks - | <u>\$135,898.50</u> |
| Total | \$196,664.50 |

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 Contracts and Tendering Probity Policy and 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 heritage and environmental features and aspects of the site.

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. 2019/158, Kew Traffic School Redevelopment Works to Stokes Rousseau Pty Ltd, (ACN 119 165 623) for a total cost of \$697,419.25 (including GST). The cost to Council after the return of the GST Tax Input Credits is \$634,017.50.

Manager: Charles Turner, Manager Projects and Strategy

Report officer: Cherry Marquez, Senior Project Manager