

## 7.12 Contract 2020/37, West Hawthorn Preschool: Additions and Refurbishment Works

### Abstract

This report seeks Council endorsement for the award of Contract No. 2020/37, West Hawthorn Preschool - Refurbishment and Extension Works. This contract is for the proposed refurbishment of the existing classroom and extension works which consist of a new classroom, foyer and staff spaces as well as an upgrade to the external outdoor spaces.

These redevelopment works are expected to commence in late September 2020 and to be completed in May 2021, pending changes to COVID19 restrictions.

The total cost of this Contract is \$1,352,822.50 (ex GST) which is a shortfall of \$327,076.43 from Council's Adopted Budget for Financial Year 2020-21 of \$693,119 and State Government grant of \$500,000.

The budget shortfall has been addressed by a reduction to the scope of works and will also be addressed in the September amended budget, subject to approval, or alternatively from savings identified in the 2020-2021 Capital works program. This will be known as project tenders continue to be finalised and pricing impacts are more clearly understood.

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 89(2) of the *Local Government Act 1989*, as the information relates to contractual matters and premature disclosure of the information could be prejudicial to the interests of Council or other persons. 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. 2020/37, West Hawthorn Preschool - Refurbishment and Extension Works, to:
  - Alchemy Construct Pty Ltd (ACN 604 483 105)

for a total cost of \$1,488,104.75 (including GST). The cost to Council after the return of the GST Tax Input Credits is \$1,352,822.50.

2. Authorise the Director of Environment and Infrastructure to execute the contract agreements with the above contractor.

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

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## 1. Purpose

The purpose of this report is for Council to give consideration to the awarding of Contract No. 2020/37, West Hawthorn Preschool - Refurbishment and Extension 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

This proposed works for West Hawthorn Preschool 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.

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**

Council requires a suitably qualified organisation to undertake the proposed building and external works at West Hawthorn Preschool 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 suitably qualified and experienced companies selected from the State Government Construction Supplier Register to tender on the proposed works at West Hawthorn Preschool. An Invitation to Tender was issued via e-Procure on the 30 June 2020. The closing date for submissions was 4pm, Friday 24 July 2020.

The following invited tenderers provided submissions:

- 4 Dimensions Pty Ltd
- Alchemy Construct Pty Ltd
- Harris HMC Pty Ltd
- Newpol Construction Pty Ltd
- Stokes Rousseau Pty Ltd

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

The State of Victoria was under Covid-19 stage 3 restrictions during the tender period and as such the tenderers requested for additional time to provide their tender submissions. The recent implementation of Stage 4 is having a direct impact to the construction industry and there could be associated contractual risks to the project should these restrictions extend from the initial 6 week period. At this stage, the 6 week lockdown period for Stage 4 is due to end just prior to the commencement of the project, however this is subject to change depending on any further government announcements.

### **5. Consultation/communication**

Regular consultation meetings were conducted with staff and the preschool 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 2020-21 adopted budget is as follows:

### The Project Budget is as follows:

2020-21 Adopted Budget: Account No. 72709	\$ 650,000.00
2020-21 Adopted Budget: Account No. 72499	\$ 43,119.00
2020-21 Adopted Budget: Account No. 72899	
Federal Government Grant	<u>\$ 500,000.00</u>
<b>Total Project Budget</b>	<b>\$1,193,119.00</b>

less expenditure to date	<u>\$ 32,090.68</u>
<b>Total Available Budget</b>	<b>\$1,161,028.32</b>

### Proposed Project Expenditure:

Construction Cost (Contract No 2020/37)	\$1,352,822.50
plus other project costs	<u>\$ 135,282.25</u>
<b>Total Construction Cost</b>	<b>\$1,488,104.75</b>

<b>Budget Shortfall</b>	<b>\$ 327,076.43</b>
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The budget shortfall will be addressed in the September amended budget, subject to approval, or alternatively from savings identified in the 2020-2021 Capital works program. This will be known as project tenders continue to be finalised and pricing impacts are more clearly understood.

The latest cost estimate provided by the quantity surveyor, which was completed in July 2020 identified the project cost at \$1,252,600. This excluded the final provisional sum of \$150,000 which has been allowed for latent conditions. Following two rounds of on-site testing, the site has been identified to contain Category A soil, being the highest category of contamination in soil. The extent of this contamination will not be known until excavation begins on site. It is proposed that these allowances are made at the start of the project with the potential to return funds to Council as a cost saving if the extent of contamination is less than anticipated.

With the tender submissions received coming in higher than anticipated, an effort has been made to reduce the scope of works. Extensive discussions have been held with the stakeholders on what items can be taken out of the project and the scope of works has been reduced by \$100,000.

Furthermore, the project cost is driven by two additional factors: part of the works are required to be completed over the Christmas holiday period due to the school term dates which attract a higher cost, and the provision of a contingency for the project.

All the above items, along with the impact of COVID19 on tender pricing, reflects the discrepancy between the cost estimate and the tender prices received.

## 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 preschool. 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. 2020/37, West Hawthorn Preschool Additions and Refurbishment Works to:

- Alchemy Construct Pty Ltd (ACN 604 483 105)

for a total cost of \$1,488,104.75 (including GST). The cost to Council after the return of the GST Tax Input Credits is \$1,352,822.50.

**Manager:** Michael Le Grange, Acting Manager, Projects & Strategy

**Report officer:** Prudence Ho, Project Architect, Projects and Strategy