

19.4 PROPOSED CONTRACT FOR PROVISIONAL CONSTRUCTION ITEMS - INDIGISCAPES REDEVELOPMENT

Objective Reference:

Authorising Officer: Louise Rusan, General Manager Community & Customer Services

Responsible Officer: Louise Rusan, General Manager Community & Customer Services

Report Author: Graham Simpson, Group Manager Environment & Regulation

Attachments: Nil

The Council is satisfied that, pursuant to Section 275(1) of the *Local Government Regulation 2012*, the information to be received, discussed or considered in relation to this agenda item is:

(e) *contracts proposed to be made by it.*

PURPOSE

The purpose of this report is to seek a resolution from Council to delegate authority to the Chief Executive Officer to enter into a contract for provisional construction items for the Indigiscapes Expansion Project including the new Administration Building, prior to the adoption of the 2019/20 budget.

BACKGROUND

The IndigiScapes Expansion Project (in conjunction with the current IndigiScapes new nursery building) commenced following a Council resolution on 23 November 2016.

The resolution authorised the expansion to occur over multiple years between 2016/17 and 2020/21 and form part of the Capital Works Program.

To date the expansion project has resulted in the completion of the new Indigiscapes Nursery building, additional car parking, a new ablutions block and necessary infrastructure upgrades.

The main construction program to the existing centre (Building 1) has been subject to tender and procurement in 2018/19 with a contract now awarded to renovate and expand the current building which includes a new café, new environmental education area, a new Theatrette and new facilities.

Construction is scheduled to commence in May with completion by October.

ISSUES

As part of the tender process, Council invited tenderers to submit pricing for provisional items (Building 2) that may be awarded by Council at its discretion. These provisional items were listed in the tender given the design for these items had been completed.

The provisional items principally include the new Administration Building and External Auditorium seating.

Upon review of the tenders, it has been established that the provisional items for Building 2 can be constructed by the contractor for the main package Building 1, with the following benefits:

- Contract price within submitted budget for 2019/20 Capital Works Program
- Potential for savings at end of contract
- Removes risk of price increases and
- Construction to be completed concurrently with Building 1 saving between 3 to 6 months of construction timeframe and removing close-down areas

- Permits staff to relocate back to the Centre from temporary accommodation up to 3 to 6 months earlier
- Allows the new Indigiscapes Centre to be presented to the community and re-opened prior to the end of 2019
- Allows Council to get back sooner in delivering enhanced key environmental and community services, including new community meeting places and spaces, a new larger café and new environmental education and interpretation opportunities and facilities

In order for Building 1 and Building 2 to be constructed concurrently, it is necessary for Council to resolve that funding currently submitted for budget approval in 2019/20 to complete the provisional Building 2 items will be locked into the final budget for 2019/20 when approved.

The current 2019/20 Capital Works Program prioritisation planning indicates the Indigiscapes Building 2 items as highly prioritised and above the line.

In the event that Council does not approve the locking in of the proposed Indigiscapes Capital Works Program budget for 2019/20, the provisional Building 2 items may be held over for subsequent awarding upon full 2019/20 budget approval. The contractor has indicated that the cost for not awarding Building 2 until 1 July 2019 is \$5,500 per week, which covers overheads and establishment items for a longer construction period.

In the event that the contractor withdraws from its tender for Building 2, this will require a new tender and award process which holds some risk in regards final contract price and final approved budget, as well as additional time and internal costs of administering this process. Importantly the benefits listed above in regards a concurrent construction period would not be realised.

STRATEGIC IMPLICATIONS

Legislative Requirements

Procurement for this project will be undertaken in accordance with section 228 Tender process of the *Local Government Regulation 2012*, and Council's Corporate Procurement Policy POL-3043 which establish clear standards for financial management and the requested delegated authority outlined in this report do not put Council at risk of non-compliance

Risk Management

The principal risk of not awarding the contract for the provisional items package (Building 2) relates to financial cost of delay and receiving negative publicity in regards to the timeframe to complete the works from the community and affected staff.

Contractor risk

All construction risks have been identified through the Project Delivery Group (PDG) risk assessment process. Proposed construction methodology, site-based management plans, traffic management plans, environmental management plans and any other evaluation criterion identified by PDG officers have been requested as part of procurement.

Appropriate corporate scorecard financial & performance assessment reports are undertaken to ensure suppliers have financial capacity to undertake contracts.

Measures will also be taken to mitigate any risk (where possible). Risk mitigation includes two bank cheques/bank guarantees and an on-site superintendent validating payment claims.

Financial

On 23 January 2019, Council resolved to delegate to the Chief Executive Officer the ability to accept a conforming tender, negotiate, make, vary, discharge and sign all relevant documentation for IndigiScapes Expansion Project contracts over \$2,000,000.00 including GST within the approved budget.

This report is seeking a further Council resolution to approve funding currently submitted for budget approval in 2019/20 to enter into a contract for provisional Building 2 items ahead of final budget for 2019/20 approval.

Sufficient budget exists in 2018/19 and has been submitted for 2019/20 to finalise construction of the Indigiscapes expansion given the current tender and procurement process. It has been identified that there is an opportunity to come in under budget if concurrent contracts are awarded.

People

There is an opportunity to relocate staff currently placed in temporary accommodation sooner if a concurrent contract is awarded, whilst freeing up additional staff accommodation within the Main Administration Building.

Environmental

There are not considered to be any environmental impacts associated with the resolution.

Social

There are not considered to be any social impacts associated with the resolution.

Alignment with Council's Policy and Plans

The resolution is in accordance with relevant provisions of the *Local Government Regulation 2012* and Council's Corporate Procurement Policy POL-3043, including Council's GL-3043-001 Procurement and Contract Manual.

CONSULTATION

Consulted	Consultation Date	Comments/Actions
Group Manager Project Delivery	18 April 2019	Supportive of recommendations
Senior Tender and Contracts Officer	18 April 2019	Supportive of recommendations
Service Manager Environment and Education	18 April 2019	Supportive of recommendations
General Counsel	23 April 2019	Supportive of recommendations

OPTIONS

Option One

That Council resolves to:

1. approve the funding submitted for the Indigiscapes Expansion project within the 2019/20 Capital Works Program to allow Council to enter into a concurrent contract during 2018/19 for the provisional construction items which formed part of the tender and procurement process for the main construction program to the existing centre;
2. delegate authority to the Chief Executive Officer, under s.257(1)(b) of the *Local Government Act 2009*, to accept a conforming tender, negotiate, make, vary, discharge and sign all relevant

documentation for the IndigiScapes Expansion Project for contracts over \$2,000,000.00 including GST within the approved budget; and

3. retain this report as confidential until the contract is awarded and details published in accordance with legislative requirements, subject to maintaining the confidentiality of legally privileged and commercial in confidence information.

Option Two

That Council resolves to:

1. not approve funding in advance of the final budget approval for 2019/20 and not delegate authority to the Chief Executive Officer to enter into a contract for the provisional construction items; and
2. retain this report as confidential until the contract is awarded and details published in accordance with legislative requirements, subject to maintaining the confidentiality of legally privileged and commercial in confidence information.

OFFICER'S RECOMMENDATION

That Council resolves to:

1. **approve the funding submitted for the Indigiscapes Expansion project within the 2019/20 Capital Works Program to allow Council to enter into a concurrent contract during 2018/19 for the provisional construction items which formed part of the tender and procurement process for the main construction program to the existing centre;**
2. **delegate authority to the Chief Executive Officer, under s.257(1)(b) of the *Local Government Act 2009*, to accept a conforming tender, negotiate, make, vary, discharge and sign all relevant documentation for the IndigiScapes Expansion Project for contracts over \$2,000,000.00 including GST within the approved budget; and**
3. **retain this report as confidential until the contract is awarded and details published in accordance with legislative requirements, subject to maintaining the confidentiality of legally privileged and commercial in confidence information.**