



KNOX CITY COUNCIL

AGENDA

STRATEGIC PLANNING COMMITTEE

Meeting of the
Strategic Planning Committee of Council
To be held at the Civic Centre,
511 Burwood Highway, Wantirna South
on Monday 8 May 2017 at 7.00pm

Under Section 89 of the Local Government Act 1989, Council may resolve that the Meeting be closed to members of the public if the Meeting is discussing any of the following issues Personnel Matters, Personal Hardship of any resident or ratepayer, Industrial Matters, Contractual Matters, Proposed Developments, Legal Advice, Matters affecting security of Council property, any other matter which the Council or Special Committee considers would prejudice the Council or any person

APOLOGIES

DECLARATIONS OF CONFLICT OF INTEREST

- | | | |
|---------|---|-----------|
| Item 1. | Contract No. 2230 – Wantirna South Early Years Hub Construction | 1. |
| Item 2. | Motions for which notice has previously been given | 9. |
| Item 3. | Supplementary Items | 9. |
| | 3.1 Use of Council Logos | 9. |
| Item 4. | Urgent Business | 9. |
| | 4.1 Urgent Business | 9. |
| | 4.2 Call Up Items | 9. |

Tony Doyle
Chief Executive Officer

SCOTT WARD**1. CONTRACT NO. 2230 – WANTIRNA SOUTH EARLY YEARS HUB CONSTRUCTION**

SUMMARY: *Senior Project Delivery Officer – Major Initiatives Unit (John Williams)*

This report considers and recommends the appointment of a tenderer for the construction of the new early years hub in Argyle Way, Wantirna South.

RECOMMENDATION

That Council

1. accepts the adjusted tender submitted by Circon Constructions Pty Ltd for the lump sum price of \$11,696,722 excluding GST (\$12,866,394.20 including GST) for Contract No 2230 – Wantirna South Early Years Hub;
2. approves the provision of \$11,696,722 excluding GST (\$12,866,394.20 including GST) from the forthcoming 2017/18 Capital Works Program;
3. authorises the Chief Executive Officer to formalise the contract documentation;
4. advises all tenderers accordingly;
5. notes the delay in the original schedule to commence construction works for the Wantirna South Early Years Hub and the subsequent impact this may have on the proposed timeline to open and commence operations for the Wantirna South Hub;
6. based on the delay, notes that the proposed commencement for operations of the Wantirna South Early Years Hub will be in early 2019; and
7. authorises officers to advise staff, families and relevant community members of this revised timeline for the Wantirna South Early Years Hub.

1. INTRODUCTION

This contract is for the construction of a new early years hub at Argyle Way, Wantirna South.

The early years hub (including underground carpark) at Wantirna South is on the site of the existing Knox Gardens Preschool. A scoping feasibility report for this project was prepared in 2015 and was approved by Council in April 2016. Design documentation was prepared by the principal architectural consultant (k20 Architecture).

1. **Contract No. 2230 – Wantirna South Early Years Hub Construction (cont'd)**

In line with Council's Procurement Policy, after considering the complexity, value and risk associated with this contract, it was determined to call for selected tenders in accordance with the approved Procurement Plan.

This report considers and recommends the appointment of a tenderer to undertake the works.

2 DISCUSSION

2.1 Proposed Works/service/goods

The early years hub at Wantirna South is on the site of the existing Knox Gardens Preschool. A scoping feasibility report for this project was prepared in 2015 and was approved by Council in April 2016. Council's recommendation included:

- *Proceed with the detailed design of an early years hub at the Knox Gardens Preschool site in Wantirna South for the purposes of construction.*
- *Commence construction of the hub in Wantirna South in 2016/17.*

The construction phase of this project involves the demolition of the existing preschool and construction of a new early years hub which includes a large multi-age outdoor playground, underground carpark and external landscaping, as well as all relevant permits.

Key statistics of the construction project include:

- Site area 4,920 sqm
- Basement carpark 2,560 sqm (providing 73 car spaces including DDA and bicycle parking)
- Built form 1,678 sqm
- Outdoor play spaces 1,450 sqm

Works are planned to commence in May 2017 and be complete by October 2018, with the facility operating from January 2019.

2.2 Expressions of Interest

No formal Expression of Interest was advertised for this contract. On 19 October 2016, Council contacted six (6) potential contractors listed on the State Government Construction Supplier Register to gauge their interest in submitting a tender for this contract. All six (6) confirmed their interest, and provided Council with preliminary details of their ability to undertake this project.

1. **Contract No. 2230 – Wantirna South Early Years Hub Construction (cont'd)**

2.3 Tenders Received

Council sought tender submissions from six (6) pre-qualified contractors on the State Government Construction Supplier Register (CSR) on 11 November 2016, with a closing date of 12 December 2016. Relevant tender documents were distributed to all six (6) tenderers via priority courier service.

The following tenders were received:

Tender 1	Melbcon Pty Ltd
Tender 2	McCorkell Constructions Pty Ltd
Tender 3	Johns Ling Commercial Builders
Tender 4	Circon Constructions Pty Ltd
Tender 5	Devco Project & Construction Management Pty Ltd

2.3.1 Pre Evaluation Checks

Tender submissions from all five (5) tenderers was distributed to all evaluation panel members for scrutiny prior to the formal evaluation process. Harris HMC Constructions failed to lodge a tender by the nominated tender closing time and was accordingly disqualified from further participation in the evaluation process.

Preliminary evaluations were undertaken on 14 December 2016 and 19 December 2016, as well as interviews with the initial two preferred tenderers on 16 December 2016. Based on the prices received exceeding the allocated budget, the evaluation was put on hold pending Council being briefed.

Councillors were briefed on the status of the project at a Confidential Issues Briefing on 6 February 2017. An outcome of that briefing was that resubmissions would be sought from all tenderers based on revised drawings (architect changes to create cost savings), inclusion of landscape drawings (previously a provisional sum) and revised construction program (building no longer required to open early 2018). All six tenderers were also requested to nominate additional cost saving measures for consideration.

The following four (4) revised tenders were received by the closing date of 23 March 2017:

Tender 1	Melbcon Pty Ltd
Tender 2	McCorkell Constructions Pty Ltd
Tender 3	Circon Constructions Pty Ltd
Tender 4	Devco Project & Construction Management Pty Ltd

Johns Lyng Commercial Builders advised Council in advance that it would not be submitting a tender and, as previously noted, Harris HMC failed to lodge a tender by the closing date. Neither tenderers were considered further in the evaluation.

1. **Contract No. 2230 – Wantirna South Early Years Hub Construction (cont'd)**

2.3.2 Evaluation Panel

The Tender Evaluation Panel consisted of the following members:

Senior Project Delivery Officer – Major Initiatives Unit
 Director – Engineering & Infrastructure
 Program/Project Manager – Major Initiatives Unit
 Coordinator Early Years Strategy, Planning & Evaluation
 Director (k20 Architecture)

The panel was advised by Council's Strategic Procurement Lead (Probity Advisor).

All members of the Panel signed the Tender Evaluation Panel Declaration Form indicating that they had no conflict of interest or association with any of the submitting tenderers.

2.3.3 Evaluation Criteria

The evaluation criteria, as listed in the Conditions of Tender, have been assigned the following weightings as documented in the Procurement Plan:

• Price	50%
• Project Capability & Experience:	
- Management capabilities, experience, project resources	10%
- Past performance and experience	20%
- Conformity and ability to perform as specified	20%
TOTAL	100%

The tender also nominated the following mandatory criteria:

- Construction Supplier Register (CSR) registration and compliance
- Compliance with mandatory OHS and IR prequalification criteria
- Registered Building Practitioners (RBP) registration
- Financial capacity
- Insurance details

2.4 Tender Evaluation Results

After considering the revised tender submissions, evaluating the proposed cost savings, undertaking referee checks and seeking additional information for clarification, the Evaluation Panel arrived at the following summary results:

Ranking Order Tenderer

1	Circon Constructions Pty Ltd
2	McCorkell Constructions Pty Ltd
3	Devco Project & Construction Management Pty Ltd
4	Melbcon Pty Ltd

1. Contract No. 2230 – Wantirna South Early Years Hub Construction (cont'd)

These results incorporate interviews undertaken with the preferred tenderers and referee checks.

The final evaluation matrix is included with the Confidential Procurement Report, appended to this report as Confidential Appendix A.

2.4.1 Preferred Tender

Circon Constructions Pty Ltd (Circon) is the recommended tenderer with the highest evaluation score. The following is noted in regard to Circon.

- The rates submitted for this tender are considered to be competitive and reflect the current market for this type of project;
- Circon is an experienced contractor and has previously carried out contract works for Council; and
- Circon have met the requirements of the tender, including the referee checks.

It is anticipated that Circon Constructions Pty Ltd will give satisfactory performance and successfully deliver the project.

2.4.2 Second Preferred Tender

McCorkell Constructions Pty Ltd (McCorkell) is the second preferred contractor with the second highest evaluation score. The following is noted in regard to McCorkell:

- The rates submitted for this tender are considered to be competitive and reflect the current market for this type of project;
- McCorkell is an experienced contractor and has previously carried out contract works for Council; and
- McCorkell have met the requirements of the tender including the referee checks;

It is anticipated that McCorkell would also provide satisfactory performance and successfully deliver the project.

3. CONSULTATION

No further consultation was necessary in the evaluation of this contract.

4. ENVIRONMENTAL/AMENITY ISSUES

No environmental or amenity issues needed to be further considered in the evaluation of this contract.

1. **Contract No. 2230 – Wantirna South Early Years Hub Construction (cont'd)**

5. FINANCIAL & ECONOMIC IMPLICATIONS

5.1 Projected Costs

The projected project cost and funding is summarised below:

Description	Cost (excluding GST)
Adjusted Contract Lump Sum Price	\$11,696,722.00
Contingencies (5.7%)	\$666,278.00
Project Management (1.6%)	\$194,000.00
Building Permit	\$61,000
School Crossing Relocation	\$40,000
Total Project Cost - Construction:	\$12,658,000.00

5.2 Funds Available

Council has recognised that this project would be delivered across the 2016/17 and 2017/18 financial years. An amount of \$6,578,223 has been budgeted in the 2016/17 financial year with the balance to be provided in the 2017/18 financial year. With the delay in the tender process, it is recognised that most of the funds in the current financial year would be carried forward to 2017/18. The proposed Budget 2017-18 – endorsed by Council on 24 April 2017 – recognises this position, with a budget of \$13,470,000 being allowed for the project. With Council accepting a tender for the Wantirna South Early Years Hub, it will be pre-committing Council to this expenditure in the 2017/18 Financial Year.

The funding sources available are as follows:

Description	Cost (excluding GST)
Total Funds Available (draft 2017/18 Budget):	\$13,470,000.00

The total funding available adequately meets the contract sum of the preferred tenderer, plus associated costs. The balance of funds are required for site fitout and furnishings and service establishment.

6. SOCIAL IMPLICATIONS

This project will have social implications during the construction in terms of temporary inconvenience and access restrictions.

However, disruptions will be kept to a minimum and prior notification will be given of any restrictions.

The Wantirna South Early Years Hub will create a contemporary facility for a range of integrated and co-located early childhood services.

1. Contract No. 2230 – Wantirna South Early Years Hub Construction (cont'd)

7. RELEVANCE TO CITY PLAN 2013-17 (INCORPORATING THE COUNCIL PLAN)

The City Plan 2013-17 contains a number of vision statements to which this project will contribute:

- A place that nurtures its children and young people and values and supports its older adults. The community embraces learning for all ages.
- A community that values diversity, creativity and artistic expression.

The following Key Themes from the Council Plan apply to this project:

- Healthy Connected Communities
- A Prosperous Advancing Economy
- Culturally Rich and Active Communities

The Council Plan strategy of incorporating multi-use design principles into new and upgraded facilities to allow for greater diversity and maximisation of use is very relevant to this project.

8. CONCLUSION

The tender representing best value for money was presented by Circon Constructions Pty Ltd for the lump sum price of \$11,696,722.00 (\$12,866,394.20 including GST).

The company is adequately resourced and available to successfully undertake this contract within the constraints of time, quality and cost as detailed in the contract documentation.

9. CONFIDENTIALITY

The Procurement Report, including the tendered prices, evaluation matrix and completed Panel Evaluation Form is provided separately to this report in Confidential Appendix A.

Report Prepared By: *Senior Project Delivery Officer – Major Initiatives Unit (John Williams)*

Report Endorsed By: *Executive Engineer – Major Initiatives Unit (Monica Micheli)*

Report Authorised By: *Director – Engineering & Infrastructure (Ian Bell)*

1. Contract No. 2230 – Wantirna South Early Years Hub Construction

CONFIDENTIAL APPENDIX A DISTRIBUTED SEPARATELY

2. MOTIONS FOR WHICH NOTICE HAS PREVIOUSLY BEEN GIVEN**3. SUPPLEMENTARY ITEMS****3.1 USE OF COUNCIL LOGOS****4. URGENT BUSINESS****4.1 URGENT BUSINESS****4.2 CALL UP ITEMS**