

Agenda

Special Council Meeting

Thursday, 8th June 2023

Commencing at 7.15pm

Online via the Zoom platform

kingston.vic.gov.au

Peter Bean
Chief Executive Officer
Kingston City Council

**City of Kingston
Special Council Meeting**

Agenda

8 June 2023

Notice is given that a Special Meeting of Kingston City Council will be held online via the Zoom platform at 7.15pm on Thursday, 8 June 2023.

1. Apologies

2. Foreshadowed Declaration by Councillors, Officers or Contractors of any Conflict of Interest

Note that any Conflicts of Interest need to be formally declared at the start of the meeting and immediately prior to the item being considered – type and nature of interest is required to be disclosed – if disclosed in writing to the CEO prior to the meeting only the type of interest needs to be disclosed prior to the item being considered.

3. Infrastructure and Open Space Reports

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- 3.1 Award of Contract CON 22/132 - Internal Fit Out - Chelsea Men's Shed - Internal Refurbishment of Childcare Structure and Change in Use
 - Appendix 1 CON-22/132 - Men`s Shed - Financial Breakdown
- 3.1 Award of Contract CON 22/132 - Internal Fit Out - Chelsea Men's Shed - Internal Refurbishment of Childcare Structure and Change in Use
 - Appendix 2 CON-22/132 - Complex Tender Evaluation Matrix
- 3.2 Award of Contract CON 22/133 - Dingley Village Neighbourhood Centre - Stage 2 Construction
 - Appendix 1 Breakdown of Total Project Expenditure
- 3.2 Award of Contract CON 22/133 - Dingley Village Neighbourhood Centre - Stage 2 Construction
 - Appendix 2 Tender Evaluation Matrix

3. Infrastructure and Open Space Reports

Agenda Item No: 3.1

AWARD OF CONTRACT CON 22/132 - INTERNAL FIT OUT - CHELSEA MEN'S SHED - INTERNAL REFURBISHMENT OF CHILDCARE STRUCTURE AND CHANGE IN USE

Contact Officer: **Melania Musat, Project Manager**

Purpose of Report

To seek Council approval to award Contract CON 22/132 – Chelsea Men`s Shed project to the preferred contractor, Simbuilt Pty Ltd.

Disclosure of Officer / Contractor Conflict of Interest

No Council officer/s and/or Contractor/s who have provided advice in relation to this report have declared a Conflict of Interest regarding the matter under consideration.

RECOMMENDATION

That Council:

1. Note the outcome of the tender assessment process for Contract CON 22/132 Internal Fit Out- Chelsea Men`s Shed- Internal Refurbishment of Childcare Structure and Change in Use project, as set out in confidential Appendices 1 and 2 attached to this report;
2. Award Contract CON 22/132 Internal Fit Out- Chelsea Men`s Shed- Internal Refurbishment of Childcare Structure and Change in Use project for the final adjusted fixed lump sum price of \$1,111,583 (excl. GST) to Simbuilt Pty Ltd; and
3. Approve the allocation of a separate contingency, as set out in the attached confidential Appendix 1, and delegate authority to the CEO, or delegate, to expend this allowance to ensure the successful completion of the project.

1. Executive Summary

Tenders have been sought for the redevelopment of the Internal Fit Out - Chelsea Men`s Shed - Internal Refurbishment of Childcare Structure and Change in Use project via a selective tender process from the subscribed State Government Construction Supplier Registered (CSR) panel. Following the tender evaluation and cost management process, the preferred tenderer is Simbuilt Pty Ltd for an adjusted lump sum price \$1,111,583 (excl. GST) to redevelop this facility, which is required to support and provide the Chelsea community with local Men`s Shed facilities.

The project pre-tender estimate (PTE) in November 2022 for the base construction is \$895,791 (excl. GST).

It should also be noted that during the tender process, further responses were received from electrical engineering, roof safe access and security consultant which increased the base construction cost to \$984,750 (excl. GST). In addition, provisional sum allowances (such as door hardware, master keying, authority fees and connections) were excluded from the pre-tender estimate. These are now included in the proposed contract award price.

With the construction cost from Simbuilt Pty Ltd, the total project cost (including consultants fees, other costs and contingency) will be \$1,435,325, which exceeds the endorsed project budget of \$1,140,446, resulting in a total project budget shortfall of \$294,880 (excl. GST)

This report recommends that Council awards the CON-22/132 Internal Fit Out- Chelsea Men`s Shed- Internal Refurbishment of Childcare Structure and Change in Use project to Simbuilt Pty Ltd for the final adjusted fixed lump sum price of \$1,111,583 (excl. GST) and endorses the adjustment of the project budget to support the inclusion of the additional separate contingency, as per confidential attachment.

2. Background

In accordance with the resolution of Council on 26 July 2021, officers completed detailed design and consultation for the redevelopment of the Internal Fit Out- Chelsea Men`s Shed- Internal Refurbishment of Childcare Structure and Change in Use, seeking tenders via a selective tender process for the refurbishment of the existing facility.

Tenders have been received and evaluated by the Tender Evaluation Panel. Contractors who submitted tenders have undergone a series of assessments in relation to insurances, experience, organisational capacity, financial status, OHS systems and compliance.

Approval is now sought from Council to award contract CON-22/132 to Simbuilt Pty Ltd who were assessed by the Tender Evaluation Panel to offer the best value to Council.

3. Discussion

3.1 Operation and Strategic Issues

3.1.1 Tender evaluation

Tenders closed at 2.00pm on 14 April 2023, at which point four (4) tender submissions were received from the following contractors, listed in alphabetical order:

<i>Tenders Submission Received at Close of Tender Period (in alphabetical order)</i>
Ducon Building Solutions Pty Ltd
IRM Group Pty Ltd
Neo Construct Pty Ltd
Simbuilt Pty Ltd
<i>Tender Offers Received at Close of Tender Period (excl. GST) (in lowest to highest order)</i>
\$1,099,928
\$1,101,701
\$1,150,410
\$1,213,801

Tender Offers Received after Post-Tender Clarifications (excl. GST) (in lowest to highest order)
\$1,111,583
\$1,158,091

The Tender Evaluation Panel (TEP) comprised the following officers:

- Manager, PMO (Kingston)
- Senior Project Manager, PMO (Kingston)
- Project Manager, PMO (Kingston)
- Team Leader, Community Capacity and Partnership (Kingston)

Each submission was assessed in accordance with the evaluation criteria set out in the RFT Specification documents:

- i. Critical Compliance Criteria (PASS/FAIL)
 - Compliance with OHS, Environmental and Insurance requirements
 - Financial Capacity
- ii. Weighted Criteria
 - 40% Price
 - 20% Methodology
 - 10% Program
 - 10% Experience
 - 10% Environmental Sustainability
 - 10% Community Benefit

Following this assessment, two tenderers were shortlisted. The TEP requested further information from both tenderers with clarifications sought in order to complete their assessment. In addition, the TEP also worked with the tenderers to consider a range of both cost savings and tender options, and to agree on a final adjusted lump sum tender price, based on the agreed final scope of works.

Cost savings include:

- Rationalising of windows and window mullions in terms of number and dimensions.
- Rationalisation of fixed joinery items.
- Material replacement from concrete to concrete blocks for the car park at the back
- Exclusion of landscape component (landscape by others, not part of delivery)

As a result of the below assessment process, details of which are included in the attached confidential appendices, the following final adjusted lump price is outlined below:

Final Adjusted Tender Lump Sum to be accepted and the correction of any stated errors/omissions by tenderers (excl. GST)
\$1,111,583

Based on the revised fixed lump sum offer detailed in this report and the attached confidential evaluation matrix, it is recommended that Council award Contract CON-22/132 Internal Fit Out- Chelsea Men`s Shed- Internal Refurbishment of Childcare Structure and Change in Use project to Simbuilt Pty Ltd on the basis that their submission provides Council with the best overall value.

A confidential tender evaluation matrix is attached to this report for Councillor information (Appendix 2).

Approval by Council is sought for the allocation of a separate project contract contingency allowance, as identified in the confidential attachment, and to delegate authority to the CEO or delegate to expend this contingency as required to ensure the successful implementation of the project.

3.1.2 Program of Works

Subject to Council award of contract, the redevelopment of the Chelsea Men`s Shed Project is planned to commence on site in July 2023 and is anticipated to be completed by March 2024.

Arrangements are in place to support the Men`s Shed Group operating from 5 Blantyre Avenue, Chelsea, VIC 3196 throughout the construction works.

4. Consultation

4.1 Internal Consultation:

Consultation has been undertaken with a wide range of internal and external stakeholders, who have all contributed towards the design of the proposed new facility.

4.2 Community Consultation:

Group	Method
General community	Community consultation was managed through the Your Kingston Your Say online portal in 2022, as well as a mail out to local residents in the surrounding area, in October 2021, November 2021, October 2022 and December 2022.
Tenant service provider	Council officers have worked closely with the tenant - Chelsea Men`s Shed- during the design phase of this project.

5. Compliance Checklist

5.1 Council Plan Alignment

Strategic Direction: Liveable - Our city will be a vibrant, enjoyable, and easy place to live.

Strategy: Invest in high-quality community assets

The proposed project addresses a gap in the Men`s Shed services in the Chelsea area.

5.2 Governance Principles Alignment

- Principle (a) - Council actions are to be made and actions taken in accordance with the relevant law. All project-related decisions are made considering relevant laws and standards.
- Principle (b) - Priority is to be given to achieving the best outcomes for the municipal community, including future generations. The proposed Preschool is looking at addressing current and future community issues, with expected growth in the area as well as increased demand for preschool services.
- Principle (e) - Innovation and continuous improvement is to be pursued. As part of the Planning Process, innovation and continuous improvement are at the forefront of project delivery considerations. All stakeholders involved in the project have the opportunity to propose innovation and practices that allow for continuous improvement (like implementing the Sustainability Management Practice above the minimum requirement and future-proof it.)
- Principle (f) - Collaboration with other Councils, Governments and statutory bodies is to be sought. Throughout the life of the project, all relevant stakeholders and authorities are engaged with in various capacities, as needed (Electrical, Melbourne Water, CHMP etc.)
- Principle (h) - Regional, state, and national plans and policies are to be taken into account in strategic planning and decision making. The project is proposed keeping in mind not only current needs of the community but also future strategic development and growth for the area.
- Principle (i) - The transparency of Council decisions, actions and information is to be ensured. Decisions taken in relation to the Project go through Public Consultation. Reports and meetings that discuss this matter are publicly available. Information and communication is maintained at all times with both internal stakeholders (between various departments) and externally (with the larger public or other relevant authorities, as needed.)

5.3 Environmental implications

The Chelsea Men`s Shed redevelopment the same footprint to the existing facility. However, the addition of the car park had some additional environmental impacts such as tree removals, and a Tree Management Plan was prepared to minimise the impact on the environment. Additionally, Arborists reports have been provided by external consultants to support the proposed development. The building design has been undertaken in line with Kingston`s Environmentally Sustainable Design Policy, minimising carbon emissions and energy consumption across the life cycle of the building.

5.4 Financial Considerations

The endorsed budget for the redevelopment of the North Cheltenham Preschool is outlined below.

Chelsea Men`s Shed	FY21/22	FY 22/23	FY23/24	TOTAL
Council Contribution	25,446	480,000.00	515,000	1,020,446
State Government Grants		80,000		80,000
Club/Operator Contributions	-	-	40,000	40,000
Total Budget	25,446	560,000	555,000	1,140,446

Budget

A breakdown of the final total project expenditure for the Chelsea Men`s Shed, based on the award of Contract CON-22/132 as recommended, is included as a confidential appendix to this report for Councillor information (Appendix 1).

There is a shortfall in total project funding of \$294,880 (excl. GST). This budget shortfall is inclusive of the separate contract contingency allowance and all professional fees and will be funded from savings in the capital works program.

Staff Resources

The project will be managed by a Project Manager from Council's Project Management Office.

5.5 Risk considerations

Failure to provide appropriate community infrastructure is likely to have reputational risks for Council and will impact on future residents needs in this part of the municipality.

The financial review of Simbuilt Pty Ltd by an independent finance risk assessor returned positive feedback.

Appendices

Appendix 1 - CON-22/132 - Men`s Shed - Financial Breakdown (Ref 23/145697)
- Confidential

Appendix 2 - CON-22/132 - Complex Tender Evaluation Matrix (Ref 23/141794)
- Confidential

Author/s: Melania Musat, Project Manager
 Reviewed and Approved By: Chao Ren, Manager Project Management Office
 Samantha Krull, General Manager Infrastructure and Open Space

Agenda Item No: 3.2

AWARD OF CONTRACT CON 22/133 - DINGLEY VILLAGE NEIGHBOURHOOD CENTRE - STAGE 2 CONSTRUCTION

Contact Officer: Kayesan Foong, Project Manager

Purpose of Report

To seek Council approval to award the contract for CON 22/133 Dingley Village Neighbourhood Centre – Stage 2 Construction to the preferred contractor, Alchemy Construct Pty Ltd.

Disclosure of Officer / Contractor Conflict of Interest

No Council officer/s and/or Contractor/s who have provided advice in relation to this report have declared a Conflict of Interest regarding the matter under consideration.

RECOMMENDATION

That Council:

1. Note the outcome of the tender assessment process for CON 22/133 Dingley Village Neighbourhood Centre – Stage 2 Construction project, as set out in confidential Appendices 1 and 2 attached to this report;
2. Award Contract CON 22/133 for the Dingley Village Neighbourhood Centre – Stage 2 Construction to Alchemy Construct Pty Ltd for \$9,470,770 (excl. GST) which includes the base building works, tender option 01 for construction of the Basketball Court for the lump sum of \$183,700 (excl. GST), tender option 03 for construction of the Fourth Early Years Room for the lump sum of \$514,970 (excl. GST), and tender option 04 for the Kitchen Fitout for the lump sum of \$13,280 (excl. GST); and
3. Approve the allocation of a separate contingency, as set out in the attached confidential Appendix 1, and delegate authority to the CEO, or delegate, to expend this allowance to ensure the successful completion of the project.

1. Executive Summary

Tenders were sought for the Dingley Village Neighbourhood Centre – Stage 2 Construction via a selective tender process. Suitably qualified suppliers were selected from the State Government Construction Supplier Register (CSR) panel and were further accessed through a market sounding process.

Following the tender evaluation process, the preferred tenderer is Alchemy Construct Pty Ltd for lump sum price of \$8,758,820 (excl. GST) for the base building works. To achieve completeness and to meet community expectation, it is recommended that the tender options for construction of the Basketball Court for the lump sum of \$183,700 (excl. GST), construction of the Fourth Early Years Room for the lump sum of \$514,970 (excl. GST), and the Kitchen Fitout for the lump sum of \$13,280 (excl. GST) be proceeded. The overall lump sum for the contract amounts to \$9,470,770 (excl. GST).

In March 2023, the pre-tender estimate (PTE) of total project cost (including all tender options, consultants fees, other costs, and contingency) was \$10,451,887 (excl. GST). With the construction cost from Alchemy Construct, the total project cost (including consultants fees, tender options 01, 03 and 04, other costs and contingency) will be \$11,498,130 (excl. GST) which exceeds the endorsed project budget of \$10,042,055 (excl. GST), resulting in a total project budget shortfall of \$1,456,075 (excl. GST).

It should also be noted that there are two phases of the building works, which is the meeting rooms extension at Harold Box Hall and the new neighbourhood centre. The meeting rooms extension will start upon awarding the contract, and the new neighbourhood centre will start in October 2023. The meeting rooms is anticipated to be operational in early 2024, and new neighbourhood centre in early 2025.

2. Background

A discussion report was presented to Councillors on 10 October 2022 at a Strategic Information Session.

Four options were included in the tender:

- TO-01 Basketball Court
- TO-02 Community Garden
- TO-03 Fourth Early Years Room
- TO-04 Kitchen Fitout

Based on feedback from Councillors, external project stakeholders, Dingley Village Neighbourhood Centre (DVNC) and Dingley Kindergarten Centres (DKC), and anticipated future service demand, the inclusion of tender options 01, 03 and 04 is recommended.

Officers have undertaken the procurement process, with tenders evaluated by the Tender Evaluation Panel. Contractors who submitted tenders have undergone a series of assessments in relation to insurances, experience, organisational capacity, financial status, OHS systems and compliance.

Approval is now sought from Council to award contract CON 22/133 to Alchemy Construct Pty Ltd who were assessed by the Tender Evaluation Panel to offer the best value to Council.

3. Discussion

3.1 Operation and Strategic:

Tender evaluation

Tenders closed at 2.00pm on Friday 21 April 2023, at which four (4) tender submissions were received from the contractors listed below and the prices submitted.

<i>Tender Submission Received at Close of Tender Period (in alphabetical order)</i>
2Construct Pty Ltd
Alchemy Construct Pty Ltd
FIMMA Constructions Pty Ltd
Simbuilt Pty Ltd

<i>Tender Offers for Received at Close of Tender Period (excl. GST) (exclusive of all tender options, in lowest to highest order)</i>
\$8,356,469
\$8,568,250
\$8,787,560
\$8,933,710
<i>Tender Offers Received at Post-Tender Clarification (excl. GST) (exclusive of all tender options)</i>
\$8,568,250
\$8,758,820

The Tender Evaluation Panel (TEP) comprised the following officers:

- Senior Project Manager, PMO (Evaluation Chair)
- Manager, PMO
- Team Leader Children's Services Partnership, Family, Youth and Children Services
- Project Manager, PMO

Each submission was assessed in accordance with the evaluation criteria set out in the RFT Specification documents:

- Critical Compliance Criteria (PASS/FAIL)*
 - Compliance with OHS, Environmental and Insurance requirements
 - Financial Capacity
- Weighted Criteria*
 - 40% Price/ Financial Benefit to Council
 - 15% Site Specific Construction Methodology & Programme
 - 15% Demonstrated experience related to children services building projects
 - 10% Capacity & Resourcing
 - 10% Community Benefit
 - 10% Environmental Sustainability

Following this assessment, two tenderers were shortlisted. The TEP required further information from both tenderers with clarifications sought to complete their assessment. In addition, the TEP also requested the tenderers to provide potential cost savings for considerations, and to agree on an adjusted lump sum tender price unaffected by Tender Options undertaken.

Cost savings include materials substitutions and use of equivalent approved products.

Tender Options include:

- TO-01 Basketball Court
- TO-02 Community Garden
- TO-03 Fourth Early Years Room
- TO-04 Kitchen Fitout

As a result of the above assessment process, details of which are included in the attached confidential appendices, the following final adjusted lump price is outlined below:

<i>Final Adjusted Tender Lump Sum - exclusive of all nominated tender options to be accepted and the correction of any stated errors/omissions by tenderers (excl. GST)</i>
\$8,758,820
<i>Final Adjusted Tender Lump Sum – inclusive of nominated tender options to be accepted (TO-01, TO-03&TO-04) and the correction of any stated errors/omissions by tenderers (excl. GST)</i>
\$9,470,770

Based on the fixed lump sum offer detailed in this report and the attached confidential evaluation matrix, it is recommended that Council award Contract CON 22/133 Dingley Village Neighbourhood Centre – Stage 2 Construction to Alchemy Construct Pty Ltd given that their submission provides Council with the best overall value and ranked the highest in the overall scores.

Further recommendation is to proceed with the tender options for construction of the Basketball Court for the lump sum of \$183,700 (excl. GST), construction of the Fourth Early Years Room for the lump sum of \$514,970 (excl. GST), and the Kitchen Fitout for the lump sum of \$13,280 (excl. GST). The overall lump sum for the contract amounts to \$9,470,770 (excl. GST).

A confidential tender evaluation matrix is attached to this report (Appendix 2). Approval by Council is sought for the allocation of a separate project contract contingency allowance, as identified in the confidential attachment, and to delegate authority to the CEO or delegate to expend this contingency as required to ensure the successful implementation of the project.

3.2 Program of Works

Subject to Council award of contract, the Dingley Village Neighbourhood Centre – Stage 2 Construction is anticipated to commence on site starting with the extension of the meeting rooms in July 2023 and completed by December 2023. The second phase of works, the neighbourhood centre and remainder works are anticipated to commence in October 2023 and complete in November 2024.

4. Consultation

4.1 Internal Consultation:

The project has gone through schematic design process, detailed design process and design presentation, prior to preparation of tender documentation. An internal working group lead by Inclusive Communities meet fortnightly in the process.

4.2 Community Consultation:

Group	Method
General community	Community consultation was managed through the Your Kingston Your Say online portal, which was closed on 31 May 2021.
Targeted groups	The design has been consulted with the user groups including the DVNC, Little Villagers Occasional care and Marcus Road Kindergarten, and has obtained signed-off prior to tender documentation.

5. Compliance Checklist

5.1 Council Plan Alignment

Strategic Direction: Liveable - Our city will be a vibrant, enjoyable, and easy place to live.

Strategy: Provide accessible, quality public open spaces for passive and active recreation

The new neighbourhood centre addresses the increasing demands of 3- and 4-year-old pre-schoolers and occasional care services in this part of municipality.

Redevelopment of the existing building is needed to address the deteriorating building conditions.

5.2 Governance Principles Alignment

Principle (a) - Council actions are to be made and actions taken in accordance with the relevant law

Principle (b) - priority is to be given to achieving the best outcomes for the municipal community, including future generations.

Principle (e) - innovation and continuous improvement is to be pursued.

Principle (f) - collaboration with other Councils and Governments and statutory bodies is to be sought.

Principle (h) - regional, state and national plans and policies are to be taken into account in strategic planning and decision making.

Principle (i) - the transparency of Council decisions, actions and information is to be ensured.

The project is an example of good strategic planning for Dingley Village precinct which also incorporates library and sporting facilities. The facility is a step ahead in catering for future requirements.

5.3 Environmental Considerations

Mature trees on site will be protected for the duration of the construction in accordance with the Tree Management Plan. The new neighbourhood centre has been designed in consultation with Council and external arborists to minimise impact to the trees on site.

5.4 Financial Considerations

The endorsed budget is outlined below:

DVNC Stage 2	FY 21/22	FY 22/23	FY 23/24	FY 24/25	Total
Council Rates Contribution	\$342,055	-	\$3,850,000	\$3,850,000	\$8,024,055
State Government Grant	-	-	\$1,000,000	\$1,000,000	\$2,000,000
Total	\$342,055	-	\$4,850,000	\$4,850,000	\$10,042,055

Budget

A breakdown of the total project expenditure based on the award of Contract CON 22/133 as recommended, is included as a confidential appendix to this report for Councillor information (Appendix 1).

There is a shortfall in total project funding of \$1,456,075 (excl. GST). This budget shortfall is inclusive of contract contingency allowance and all professional fees. This shortfall will be funded through savings in the capital works program.

Staff Resources

The project will be managed by Project Managers from Council's Project Management Office.

5.5 Risk considerations

Failure to provide appropriate community infrastructure is likely to have reputational risks for Council and will impact on future residents' needs in this part of the municipality. The financial review of Alchemy Construct Pty Ltd by an independent finance risk assessor returned positive feedback.

Appendices

Appendix 1 - Breakdown of Total Project Expenditure (Ref 23/144464) - Confidential

Appendix 2 - Tender Evaluation Matrix (Ref 23/144465) - Confidential

Author/s:

Kayesan Foong, Project Manager

Reviewed and Approved By:

Justin Collin, Senior Project Manager

Chao Ren, Manager Project Management Office

Samantha Krull, General Manager Infrastructure and Open Space

4 Confidential Items

Confidential Appendices

3.1 Award of Contract CON 22/132 - Internal Fit Out - Chelsea Men's Shed - Internal Refurbishment of Childcare Structure and Change in Use

Appendix 1, CON-22/132 - Men`s Shed - Financial Breakdown is designated confidential as it relates to (s3(1)(g(ii)))

3.1 Award of Contract CON 22/132 - Internal Fit Out - Chelsea Men's Shed - Internal Refurbishment of Childcare Structure and Change in Use

Appendix 2, CON-22/132 - Complex Tender Evaluation Matrix is designated confidential as it relates to (s3(1)(g(ii)))

3.2 Award of Contract CON 22/133 - Dingley Village Neighbourhood Centre - Stage 2 Construction

Appendix 1, Breakdown of Total Project Expenditure is designated confidential as it relates to (s3(1)(g))

3.2 Award of Contract CON 22/133 - Dingley Village Neighbourhood Centre - Stage 2 Construction

Appendix 2, Tender Evaluation Matrix is designated confidential as it relates to (s3(1)(g))