

## **CT6953 CONSTRUCTION OF A COMMUNITY & SPORTS PAVILION AT POWELLTOWN RESERVE, POWELLTOWN**

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Report Author: Executive Officer Major Projects  
Responsible Officer: Director Environment and Infrastructure  
Ward(s) affected: O'Shannassy;

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*The author(s) of this report and the Responsible Officer consider that the report complies with the overarching governance principles and supporting principles set out in the Local Government Act 2020.*

### **CONFIDENTIALITY**

Confidential information is contained in Attachment 1 to the report. This information relates to contractual matters and contains commercially sensitive information including, but not limited to, the name of tendering parties, the evaluation panel members, the tendered prices, and the evaluation of the tenders received against the published evaluation criteria.

Any disclosure of the information included within the confidential attachment to this report could be prejudicial to the interests of the Council or other parties. If discussion of this information is required, the Council is recommended to resolve that the item be deferred to the confidential section of the agenda when the meeting is closed to members of the public in accordance with Section 3(1)(g)(i)(g)(ii) of the *Local Government Act 2020*.

This report seeks Council approval to award a contract that complies with the Section 108 of the *Local Government Act 2020*.

### **SUMMARY**

This report summarises the evaluation process and seeks Council approval for the Construction contract for the Powelltown Reserve Community & Sporting Pavilion in Powelltown.

The existing facilities are in poor condition and do not conform to current codes or standards. The size and functionality of the existing pavilion is restricting growth in community use and sporting participation. The demolition of the existing building and the construction of a new pavilion will see a purpose made, fully accessible facility that will optimise use, increase patronage, and provide a meeting and social space for the community as a whole.

The new facility is envisioned to become the heart of the Powelltown and surrounding community and will also enhance community resilience as it will support a local recovery in times of need.

The new community sports pavilion will also support the core sporting needs of football, cricket, netball, mountain biking and other community groups at the reserve for the next 50+ years. This project will provide a permanent home for

sport and recreation groups in Powelltown and provide a community room, office area and public amenities for much broader community use outside of sporting activities.

The new community and sporting pavilion will be a contemporary facility which fits in with the surrounding environment and is physically and functionally aligned to the playing fields and all surrounding activities.

Five (5) pre-qualified suppliers from the Department of Treasury and Finance Construction Supplier Register (CSR) were invited to participate in a selective tender for this project on 15 June 2022. Council use of the CSR list is approved by the Minister of Local Government under section 186(5) (c) of the Local Government Act 1989 and is therefore compliant with Councils' legislative requirements.

Tenders closed 20 July 2022 and four (4) submissions were received.

The evaluation panel conducted a robust and rigorous assessment and evaluation process and recommends the tender from Melbcon Pty Ltd be accepted for the Final Tender Price as detailed in the Confidential Attachment to this report.

This item has been included in the public agenda to facilitate openness and transparency in Council's decision making. A confidential attachment has been included with the report which contains commercially sensitive information that is not to be disclosed whilst the meeting is open to the public.

The recommendation in this report has been formally endorsed by the evaluation panel.

## **RECOMMENDATION**

### ***That***

- 1. Council awards the tender from Melbcon Pty Ltd for CT6953 Construction of a new Community & Sporting Pavilion at Powelltown Reserve, Powelltown for the Final Tender Price of \$4,145,141.23 Excl. GST and inclusive of all negotiated cost savings detailed in the Confidential Attachment to this report and subject to the budget recommendation there in.***
- 2. The Director Environment and Infrastructure be delegated the authority to sign the contract documents.***
- 3. The confidential attachment to this report remains confidential indefinitely as it relates to matters specified under Section 3(1) (g)(i), (g)(ii) of the Local Government Act 2020.***

## **RELATED COUNCIL DECISIONS**

A Construction Market Impact Report was presented to council forum on 17 May 2022 for noting. The details of this report are relevant to this item highlighting the escalation of construction costs across the sector.

## **DISCUSSION**

### ***Purpose***

To seek Council approval to enter a contract for the Construction of a new Community & Sporting Pavilion at Powelltown Recreation Reserve, Powelltown under contract CT6953. To recommend acceptance of a preferred tenderer and of the overall project budget.

### ***Background***

The Powelltown Reserve Community & Sporting Pavilion project is a community driven project with wide and in-depth support from the local community and the wider sporting community that connects and links the community beyond the borders of Powelltown.

The construction of a new building will see a new facility that will optimise the use of the existing recreation spaces, the sporting oval, netball courts, mountain bike trails walking tracks and other surrounding uses. The new facility will provide a central meeting and social space for many active and passive local community uses.

The new building will be a modern facility which fits in with the surrounding setting of the reserve and is physically and functionally aligned to the playing areas.

The proposed building layout has been formally endorsed by external project funding partners, including Sport and Recreation Victoria, AFL Victoria, Netball Victoria and the Powelltown Club representatives. The project has been granted a planning permit and has been designed to promote female participation and meet the current requirements of female friendly facility, the National Construction Code, accessibility standards and all relevant Australian Standards.

Following completion of the design documentation phase, a pre-tender estimate was sought from an independent quantity surveyor. This pre-tender estimate was aligned with the project budget and tender documents were subsequently prepared.

An invited tender process was conducted to ensure procurement compliance. A detailed summary of the evaluation process is included as a Confidential Attachment to this report.

### ***Key issues***

This tender has been carried out in accordance with the requirements of Council's Procurement Policy.

Tenders were assessed for conformity with the tender documents and one (1) tender was eliminated from further evaluation as a result of a major non-conformance as they could not meet the minimum price validity period.

The evaluation panel scored tenders against pre-established evaluation criteria. A summary of the evaluation criteria is as follows:

Selection Criteria	Weighting
Price	70%
Capability/Capacity	10%
Quality/Sustainability	5%
Timeframes	15%
TOTAL	100%

A heavier price weighting was to be placed on the price criteria with the evaluation panel prior to tendering. The reasons for this were primarily due to the recent construction market price increases being experienced and because an invitational tender process was adopted. All tenderers invited were pre-qualified commercially licensed contractors with a registered interest for the type and scale of project being tendered.

### ***Recommended option and justification***

Following an extensive evaluation process as detailed in Confidential Attachment 1, the evaluation panel are unanimous in their decision to recommend Melbcon Pty Ltd for the Final Tender Price and Construction Contingency amount as detailed in the Confidential Attachment to this report. Melbcon Pty Ltd offers the best value outcome.

The evaluation panel request that Council adopts the recommendations within this report.

## **FINANCIAL ANALYSIS**

Current adverse market conditions are significantly impacting the construction industry, particularly in the supply of timber, steel, glass, concrete and other key building materials. These impacts have been reported to Council in a recent Construction Market Impact Report presented to Council forum on the 17 May 2022.

The construction industry is experiencing unprecedented cost increases due to direct and in-direct impacts of the Covid-19 pandemic, inflationary pressures and ongoing geopolitical issues. All tender prices received were significantly over pre-tender cost estimates and the available overall project budget. The market prices received are reflective of the current adverse market conditions currently impacting construction industry pricing.

Further to the cost escalation pressures, the site requires extensive services upgrades including power, potable water, septic and trade waste, and fire booster/pumps and tanks which will also help protect the asset when utilised if used to support community recovery in the future. Sustainable compliance upgrades and the remote location also have an influence on the overall project costs.

The recommended tender award amount is reflective of current construction market rates and is considered to represent a best value outcome for Council. The recommended tender price together with items outside of the construction contract exceed the current allocated overall project budget which is currently made up entirely from external funding grants and club contributions.

Recently Council were successful in securing a \$1.5M Federal Government Local Roads Community Infrastructure grant to support delivery of this project in addition to other grant funding already secured for the project. However, due to the tender result and above-mentioned impacts, a contribution of \$455,141.23 of Council funding is required increase the project budget in order to accept the preferred tender.

Whilst significant measures have been made to reduce the cost to deliver the project through removal of a number of items, additional funds will be required to allow for the complete delivery of this project. Confidential Attachment 1 provides further details of the budget breakdown and anticipated expenditure for the project.

It is recommended that Council allocate the savings within the Asset Renewal Reserve to fund the project shortfall, being the amount of \$455,141.23 excl. GST.

Works are anticipated to commence in October, 2022 with an anticipated period for practical completion of 215 Master Builders Association of Victoria (MBAV) calendar days.

## **APPLICABLE PLANS AND POLICIES**

This report supports Council's Strategic framework in being a high performing organisation that listens and delivers quality, value for money services to our community.

This report contributes to the following strategic objective(s) in the Council Plan: connected and healthy communities.

- Quality Infrastructure and Liveable Places; and
- Connected and Healthy Communities.

## **RELEVANT LAW**

This report seeks Council approval to award a contract that complies with the Section 108 of the *Local Government Act 2020*.

## **SUSTAINABILITY IMPLICATIONS**

### ***Economic Impacts***

Have been considered as part of the project specification and evaluation process. The recommended tenderer has committed to source 80% of goods, services and materials proposed for this contract from within Yarra Ranges Shire.

### ***Social Impacts***

Have been considered as part of the project specification and evaluation process. Melbcon employs 6 staff that reside within Yarra Ranges Shire and is a local contractor that uses local material suppliers and sub-contractors.

The new facility will provide a central meeting and social space for many active and passive local community uses. A key component of the project design is the provision of female friendly facilities requirements to support the promotion and inclusion of female participation in sport.

### ***Environmental Impacts***

Have been considered as part of the project specification and evaluation process. The recommended tenderer has a third party certified Environmental Management System and Quality Management System in place.

### ***Climate Change***

Growing Suburbs Fund Climate Resilient Buildings grant has helped facilitate and fund specific considerations within the project specification and design process. Design elements target the reduction of greenhouse gas emissions by use of passive ventilation systems, use of solar panels, natural lighting, energy efficient glazing, insulation, solar shading and energy efficient LED lighting. The solar system has been sized to offset the anticipated energy consumption of the building when in typical use.

## **COMMUNITY ENGAGEMENT**

The design of the facility has been through an extensive consultation process with multiple approval gateways prior to tender. Stakeholder consultation has included both external and internal stakeholders throughout the process.

The building layout has involved extensive consultation and has been formally endorsed by project funding partners SRV, AFL Victoria, Netball Victoria and the Powelltown Club representatives.

The project has been through a public advertised planning permit process. The permit process included a referral process to all required internal and external stakeholders. A planning permit has been granted.

The specification and tender documentation have been prepared in collaboration with an external consultant team, project stakeholders, planning referral advice, Major projects team, and has been developed in consultation with Council's Procurement team.

## **COLLABORATION, INNOVATION AND CONTINUOUS IMPROVEMENT**

No collaboration with other Councils, Governments or statutory bodies was sought on this item.

The environmentally friendly specification items noted in the climate change section of this report will improve the resilience and climate change response of councils asset portfolio.

## **RISK ASSESSMENT**

This has been considered as part of project design, overall project management, contract terms and conditions and the evaluation process.

There are significant cost and time risks directly associated with this opportunity, particularly given the external funding milestones linked with the funding agreements.

Further delays to construction commencement will likely intensify the overall project cost. Tenderers are reluctant to hold pricing due to significant market movements. Quantity surveyor advice in relation to market conditions is that the pricing may stagnate but is unlikely to drop below current levels for the foreseeable future.

A project risk register has been developed, maintained, and monitored for this project. Extensive negotiations have taken place with the preferred tenderer to reduce the financial and time impacts associated with this project.

## **CONFLICTS OF INTEREST**

No officers and/or delegates acting on behalf of the Council through the Instrument of Delegation and involved in the preparation and/or authorisation of this report have any general or material conflict of interest as defined within the *Local Government Act 2020*.

## **ATTACHMENTS TO THE REPORT**

1. Confidential Attachment 1 – CT6953 Powelltown Reserve CSP Evaluation Report