



Late agenda item

Ordinary Meeting of Council

Wednesday 20 December 2023 6pm



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14. Late items

C2312-22 TENDER - FCC648/23 FOR CONSTRUCTION OF SOUTH BEACH CHANGE FACILITY AT 7 OCEAN DRIVE, SOUTH BEACH

Meeting date: 20 December 2023
Responsible officer: Manager Building, Facilities and Sustainable Services
Decision making authority: Council
Attachments: Nil
Confidential Attachments: 1. Evaluation Pricing Matrix

SUMMARY

The purpose of this report is to consider tender number FCC648/23 for Construction of South Beach Change Facility at 7 Ocean Drive, South Beach.

Following evaluation, this report recommends that Council reject the two tenders submitted due to the tender values being significantly above the cost estimates and the adopted budget. The report proposes that officers look at value engineering opportunities and return to the market to attain a value for money proposal.

BACKGROUND

The City has engaged with the community throughout the design process with the establishment of the South Beach Reference Group. As a result of the feedback, the new South Beach changeroom facility and landscape create a precinct that prioritises inclusivity, accessibility, and sustainability. The landscaping component of the project is not part of this Tender Request.

The proposed new public Change Facility has been designed to provide flexible, accessible spaces that cater for multiple users and includes a Changing Place facility, with a second changeroom that allows for future conversion to a Changing Place facility should demand be identified; group change rooms; family/universal access change rooms, toilets, and urinals.

FINANCIAL IMPLICATIONS

The table below summarises the available budget, current expenditures for the South Beach Change Facility and integrated landscape works, and associated expenses:



Item	Building Works (ex GST)
Project Budget	\$3,322,000
Committed (forward works, demolition, professional fees)	\$500,000
Civil and Landscape Integration Works	\$604,000
Available Funding	\$2,218,000
<i>Contingency (10%)</i>	<i>\$221,800</i>
<i>Estimated Professional Fees</i>	<i>\$70,000</i>
Budget available for Building Construction	\$1,926,200

The pre-tender estimate for the construction work was provided by a consultant at \$2.18m, whilst this was marginally higher than the available budget officers elected to progress to tender and anticipated there may be some value savings available to bridge a minor budget shortfall.

Unfortunately, there have only been two tender returns and both were significantly above the current budget funding provision.

LEGAL IMPLICATIONS

Tenders were invited in accordance with section 3.57 of the *Local Government Act 1995* and the tendering procedures and evaluation complied with part 4 of the Local Government (Functions and General) Regulations 1996.

CONSULTATION

The change facility and landscape design has been developed using feedback received during the community engagement process for the South Beach Place Plan, inclusive of the South Beach Reference Group represented by the following stakeholder groups:

- South Fremantle Precinct Group
- Fremantle Sailing Club
- South Beach Community Group
- Community members
- South Beach Café (Beachside)
- Access and Inclusion Working Group
- Walyalup Reconciliation Action Plan representatives
- Elected Members
- City Officers

The Schematic Design Report for the change facility was presented to Council on 26 October 2022.



Council requested the CEO to establish a Design Reference Group consisting of Elected Members, staff and targeted stakeholders including the South Beach swimmer group to progress with the detailed design and tender of the South Beach Facilities Project, with the CEO having delegated authority to approve the final design.

The resulting design was approved and authorised for design development and tender in January 2023.

OFFICER COMMENT

Detail

FCC648/23 for the Construction of the Changing Facility at 7 Ocean Drive, South Beach was advertised on tender link Portal on 27 October 2023 and closed on 22 of November 2023.

Essential details of the contract are outlined below:

Contract type	ABIC MW-2008 Australian Building Industry Contract – Major Works 2008
Contract duration	78 weeks total, including Defect Liability Period (52 weeks)
Commencement date	February 2024
Completion date	August 2024

Tender evaluation

Tender submissions were received from the following contractors and were evaluated by the tender evaluation panel:

- ICS Australia Pty Ltd (ABN 31 081 694 528, ACN 081 694 528) Myaree, 6960
- Schlager Group Pty Ltd (ABN 43 604 419 534, ACN 604 419 534), West Perth WA 6005

The tender evaluation panel establishes whether the tender submissions conform to the conditions for tendering and seeks to select a suitably qualified and experienced contractor.

The tender evaluation panel comprised:

- Manager Building, Facilities and Sustainable Services (*voting*)
- Strategic Planning and City Design, Strategic Projects (*voting*)
- Building Project Manager (*voting*)
- Senior Building Officer - City of Fremantle (*non-voting*)
- Manager Parks and Landscape (*non-voting*)
- Acting Procure to Pay Team Leader (*non-voting*)



Tenderers were required to disclose information that might be relevant to an actual or potential conflict of interest and disclose if they had any relationship with City of Fremantle employees involved in the tender process. Members of the tender evaluation panel are required to disclose any actual or perceived interest with any of the tenderers. No disclosures were made.

To obtain the broadest possible comparison base, each of the tenders was evaluated against the following tender selection criteria and was in turn graded in the tender evaluation matrix.

Item No	Description	Weighting
1	Relevant Experience	10%
2	Key Personnel, Skills and Resources	15%
3	Demonstrated Understanding	30%
4	Sustainability	10%
5	Price	35%

The two tender submissions received were conforming. The two submissions received tendered pricing in excess of the City's adopted budget allocation for the construction of South Beach Change Facility.

The results of the evaluation for delivery of tender number FCC648/23 Construction of the Changing Facility at 7 Ocean Drive, South Beach are shown in the table below.

	Relevant Experience	Key Personnel, Skills and Resources	Demonstrated Understanding	Sustainability and Local Economic Benefit	Price	Total Score
Tenderer	10	15	30	10	35	100
ICS Australia Pty Ltd	6.3	8.89	15.56	5.93	30.90	67.57
Schlager Group Pty Ltd	5.56	9.94	20	6.3	35	76.30

The tender submitted by Schlager Group Pty Ltd scored the highest rating with 76.30 points, followed by ICS Australia Pty Ltd with 67.57 points.

Environmental considerations

Both submissions included adequate Environmental Management Plans and sufficiently identified suitable methods for site environmental management.



Risk consideration

The limited funding to deliver the project presents significant financial risk to the City.

Comment

The City engaged a suitably qualified third-party consultant to conduct a pre-tender estimate prior to advertising the tender, the estimate identified a minor negative variance between the available construction budget allocation and the pre-tender estimate. It was determined however, that the budget could be managed with the implementation of minor value engineering to the construction scope of works and the landscaping scope of works to achieve the financial objectives of the project.

Unfortunately, the tender process has resulted in a much more significant variance from the available construction budget allocation and the lowest price submission.

Whilst the City may have considered value engineering opportunities to bridge an affordability gap, in this instance the gap is simply too large and could not be accommodated in accordance with the requirements of Regulation 20 of the Local Government (Functions and General) Regulations 1996.

It has therefore been concluded by officers that the most appropriate option to proceed would be to reject all tenders and review the building design to address affordability and endeavour to maintain alignment with timelines of the current delivery forecast (where practical).

VOTING AND OTHER SPECIAL REQUIREMENTS

Simple majority required

OFFICER'S RECOMMENDATION

Council:

- 1. Reject all tenders for tender number FCC648/23 for construction of South Beach Change Facility at 7 Ocean Drive, South Beach, in accordance with Regulation 18(5) of the Local Government (Functions and General) Regulations 1996.**
- 2. Review the building design proposal for the construction of South Beach Change Facility at 7 Ocean Drive, South Beach, to address affordability, and where practical, allow timelines similar to the current delivery forecast; and re-engage the market.**