

## CONFIDENTIAL REPORT

**Originating Officer:** John Valentine, Manager Strategic Projects  
**Director:** Heather Montgomerie  
**Subject:** Hallett Cove Library and Community Centre  
Award of Construction Tender  
**Reference No:** GC270813F02

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If the Council so determines, this matter may be considered in confidence under Section 90(3)(b) and 90(3)(k) of the *Local Government Act 1999* on the grounds that the report contains information relating to the tender for the carrying out of works.



**Mark Searle**  
Chief Executive Officer

### RECOMMENDATION:

1. That pursuant to Section 90(2) and 90(3)(b) and 90(3)(k) of the *Local Government Act 1999*, the Council orders that all persons present, with the exception of the following persons: Mark Searle, Kathy Jarrett, Vincent Mifsud, Heather Montgomerie, Mark Gibson, Jamie Thwaites, Craig Clarke, John Valentine, Malcolm Eagles, Birgit Stroehrer, Colin Heath, and Nick Agryos, be excluded from the meeting as the Council receives and considers information relating to Award of Construction Tender, upon the basis that the Council is satisfied that the requirement for the meeting to be conducted in a place open to the public has been outweighed by the need to keep consideration of the matter confidential given the information relates to the tender for the carrying out of works and disclosure of the information could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting, or proposing to conduct, business, or to prejudice the commercial position of the council.

**REPORT OBJECTIVES:**

The purpose of this report is to enable Council to consider the recommended contractor for the construction of the Hallett Cove Library and Community Centre (HCLCEC).

**EXECUTIVE SUMMARY:**

A tender process has been conducted in accordance with Council's procurement policy and good governance practices to identify a recommended tenderer for the construction of the HCLCEC.

An Expression of Interest (EOI) and subsequent Select Tender have been conducted and assessed by Council staff and specialists engaged in the project management, cost control and architectural design of the project.

A tenderer has been identified and the overall construction and related costs are lower than Council's allocated budget.

**RECOMMENDATIONS (6)****DUE DATES****That Council:**

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|---|-----------------------|
| <b>1 Authorises the award of the contract for the construction of the Hallett Cove Library and Community Centre to Mossop Group Pty Ltd.</b>  | <b>27 August 2013</b> |
| <b>2 Authorises the Chief Executive Officer to execute the contract with Mossop Group Pty Ltd. and to make minor amendments where necessary to the contract to give effect to Council's awarding of the contract.</b>   | <b>27 August 2013</b> |
| <b>3 That any changes required to the contract that are not of a minor nature be brought to Council for consideration.</b>  | <b>27 August 2013</b> |
| <b>4 Note the potential inclusion of an additional operable wall and trafficable forecourt within hall / activity room area, within Council's approved budget for the project.</b>  | <b>27 August 2013</b> |
| <b>5 That the project cost and budget allocation be reviewed and brought to Council once the site works and relevant ground works, foundations and concrete flooring have been completed.</b>   | <b>January 2014</b>   |
| <b>6 in accordance with Section 91(7) and (9) of the Local Government Act 1999 the Council orders that the Report 'Hallett Cove Library and Community Centre Award of Construction Tender' having been considered in confidence under Section 90(2) and (3)(b) and (3)(k) of the Act be kept confidential and not available for public inspection for a period of 12 months from the date of this meeting. This confidentiality order will be reviewed at the General Council Meeting in December 2013.</b> | <b>December 2014</b>  |

## BACKGROUND

On 13 November 2012, Council approved a two-staged procurement process for the construction and development of the HCLCEC site, being an open Expression of Interest (“EOI”) process, followed by a Select Tender.

The EOI process concluded in February 2013, and six (6) contractors were subsequently invited to tender for the construction of the HCLCEC and associated works.

## DISCUSSION

The Tender Evaluation Team (“TET”) consisted of:

- Malcolm Eagles, City of Marion (CoM)
- Birgit Stroehrer (CoM)
- Liz Byrne (CoM – non-scoring member)
- Con Theodoroulakes (CoM – non-scoring member)
- Nick Argyros (Thinc Projects – Project Managers)
- David Vidler (Hassell Architects)
- John Drillis (RLB – Quantity Surveyors)





Michael Beasy CoM – Tender Facilitator

The above personnel all signed Conflict of Interest/Confidentiality Agreement forms as part of their involvement.

## CRITERIA AND WEIGHTING

Prior to opening tender responses, the TET met and established the tender assessment criteria and weightings, which are reflected in the assessment results at Attachment A.

In summary the assessment criteria and weightings were agreed as follows:

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>➤ <b>Capability</b> <ol style="list-style-type: none"> <li>1. Program and Availability</li> <li>2. Financial Resources</li> <li>3. Proposed Sub-contractors</li> </ol> </li> </ul>         |   |
| <ul style="list-style-type: none"> <li>➤ <b>Capacity</b> <ol style="list-style-type: none"> <li>1. Previous experience</li> <li>2. Project and contingency team</li> <li>3. Conformance with Tender Brief</li> </ol> </li> </ul>  |   |
| <ul style="list-style-type: none"> <li>➤ <b>Methodology</b> <ol style="list-style-type: none"> <li>1. Proposal, approach to works</li> <li>2. Additional social, environmental, or community value adding.</li> </ol> </li> </ul> |   |
| <ul style="list-style-type: none"> <li>➤ <b>Cost</b></li> </ul>   |  |

## SUBMISSION OF TENDERS

Strict formal tender processes were put in place, with all contact with Council through the Principal's Representative in the first instance Michael Beasy.

Details of the tender include:

- Tender was released on 14 May 2013 through select tender. Six (6) tenderers were selected from the expression of interest process. .
- Five (5) Tender Addendums were issued to the market through direct email to the select tender field.
- A Site Briefing was conducted on 21 May 2013 and all six organisations attended.
- Tenders closed on Friday 28 June 2013 at 2pm under formal tender box conditions, and six (6) tenders were received.

**(The construction tender cost comprises the construction of the HCLCEC building, car park construction on the adjacent churches' land, and reconstruction of Ragamuffin Drive).**

### Assessment of Tenders

The Tender Evaluation Team (TET) met on three occasions to assess the responses.

Each member of the TET received a copy of the tender submissions. Members individually scored each tender prior to the assessment meeting, and a discussion was held on the basis upon which scores were allocated and a consensus for each sub-criterion for each submission agreed. The consensus score was multiplied by the weighting to obtain the weighted score.

Pricing was scored using the median price method – the median price allocated 5/10 and each tenderer's score calculated by formula. This method of cost scoring is used by DPTI and is recommended by the Association of Consulting Engineers Australia.

Interviews were conducted with Mossop Group Pty Ltd. and Tenderer 2 to clarify elements of their tenders prior to the finalisation of the assessment.

The final summary table below summarises the assessment ranking for the 6 tenderers.

Tenderer	Capability	Capacity	Methodology	Cost	Total	Assessed Tended Price (\$)
<b>Weight</b>					<b>100%</b>	<b>\$</b>
Mossop Group Pty Ltd	13.9	13.0	16.2	18.5	<b>61.6</b>	
2	13.9	12.5	17.1	16.2	<b>59.7</b>	
3	13.4	11.5	14.2	17.0	<b>56.1</b>	
4	12.2	11.8	13.1	17.1	<b>54.1</b>	
5	13.4	11.3	11.1	18.0	<b>53.8</b>	
6	10.4	11.0	8.9	16.2	<b>46.5</b>	

## Credit Assessment

The TET engaged Corporate Scorecard to undertake an independent credit assessment on Mossop Group Pty Ltd.

The credit assessment report confirmed the finding of the review carried out by Council's Finance Manager. The findings indicated Mossop is financially well positioned to carry out and complete the project, and the financial risk associated with Mossop was deemed low.

Key points to note from the assessment include:

➤ *Capability*

The TET considered the tenderers proposed program and availability, financial resources, and proposed subcontractors. Both Mossop and Tenderer 2 were rated the highest in this area with a score of 13.9, due primarily to their demonstrated level of planning and detail outlined within their construction program.

➤ *Capacity*

In the capacity section of the assessment the TET assessed previous experience, and the project and contingency teams put forward by the tenderers. Mossop was scored the highest in this category with a score of 13. The evaluation team believed that Mossop had the highest level of experience in library construction from the tender field. Tenderer 2 was scored next with 12.5.

➤ *Methodology*

In the methodology section of the assessment the evaluation team assessed the overall proposal for delivering the project, and additional social, environmental or community wellbeing. Tenderer 2 scored the highest in this area due to having a slightly stronger, more documented proposal with a score of 17.1, closely followed by Mossop. Both Tenderer 2 and Mossop had superior methodology proposals than the remaining tender field.

➤ *Cost*

The original tender submission prices ranged from \$ [REDACTED] to \$ [REDACTED]. Mossop submitted the lowest tender price whilst Tenderer 2 submitted the highest tender price. The remaining tender field submitted prices within this price bracket.

Council's Quantity Surveyor for the project, RLB, carried out an assessment of the tender submission prices and considered that Mossop's pricing (while below the construction budget) was reasonable, with the project able to be delivered to the detailed specification required.

During the assessment process two items were identified in the Mossop submission which required revised pricing to be submitted. These two items totalled \$ [REDACTED], bringing Mossop total tendered price to \$ [REDACTED].

## REFEREES

Referee checks were conducted on all six (6) tenderers as part of the tender evaluation process.

The TET reviewed the referee statements and from this assessment the TET did not make any changes to their assessment.

The referee statements substantiated the TET's decision in scoring Mossop the highest in the evaluation process.

## BUDGET AND FUNDING

The project budget is \$14.645m (see below for breakdown), of which a budget range of \$ [REDACTED] to \$ [REDACTED] has been allocated for the proposed construction and development of the HCLCEC site.

The proposed pricing of the preferred tenderer(s) of \$ [REDACTED] (ex GST) is within the construction budget range.

Subject to Council approval, the contracts with the preferred tenderers will be signed by the CEO. The contracts will be subject to all necessary statutory approvals.

### Legal / Legislative and Risk Management:

A Section 48 report has been considered by the Audit Committee and Council and the risk management plan has been completed and is regularly monitored and updated as the project progresses.

### Financial Implications:

The **budget** for the HCLCEC project comprises the following elements:

<b>Element</b>	<b>Budget</b>
Marion contribution (1) (2)	\$10,000,000
Federal Government contribution	\$ 3,400,000
Interest on Federal Government contribution	\$ 100,000
Arts SA contribution	\$ 100,000
Ragamuffin Drive funding	\$ 783,000
Stormwater upgrade funding	\$ 262,000
<b>TOTAL BUDGET</b>	<b>\$14,645,000</b>

- (1) The interest earned on the Federal Government contribution can be used to reduce Council's contribution to the project.
- (2) The Arts SA contribution can be used to reduce Council's contribution to the project.

The overall construction **cost** for the HCLCEC comprises the following costs:

<b>Element</b>	<b>Cost</b>
Construction tender (1) (2)	\$ [REDACTED]
Professional fees	\$1,564,000
Construction Contingency	\$ [REDACTED]
Works by Marion Furnishings and shelving Art work Fibre optic Radio Frequency ID Plants Relocation Costs TOTAL works by Marion	\$ 1,372,000
External site works - Telstra - SA Power Networks - SA Water Total site works	\$ 453,000
<b>CONSTRUCTION COST</b>	\$ [REDACTED]

(1)The construction tender cost comprises the construction of the HCLCEC building, car park construction on the adjacent churches' land, reconstruction of Ragamuffin Drive and the stormwater upgrade in Ragamuffin Drive.

(2)The final construction cost may vary due to any variations to the construction contract e.g. inclusion of an operable wall, amending the forecourt to accommodate vehicles (see comments below), unexpected ground conditions and the expenditure of the construction contingency.

In accordance with Audit Committee considerations it is recommended that the project cost, and budget allocation, be reviewed and brought to Council once the site works and relevant earthworks, foundations and concrete floor have been completed.

The construction cost of \$ [REDACTED] is \$ [REDACTED] under the project budget. This position could change during construction and should be reviewed as the project proceeds. The first key point for review will be once the earthworks, foundations and concrete floor have been completed.

With the potential saving between construction cost and budget it would be prudent to review items that were removed from the project as a cost management measure. Operable walls in the halls area were removed to reduce the cost estimate. The inclusion of the operable wall (at a cost of approximately \$30,000) would significantly improve operational flexibility around hall hiring and use. The forecourt area of the HCLCEC has not been designed to accommodate vehicles (for events and other activities) and could be constructed to accommodate vehicles at an approximate cost of \$55,000.

### **Project Timelines**

Subject to Council's consideration and approval of the recommended tenderer the timelines for the project would be as follows (subject to finalising the car parking agreements with the churches ):

Construction start	October 2013
Construction finish	November 2014
Commence operations	December 2014

**CONCLUSION:**

The Expression of Interest and tender process has been conducted in strict accordance with Council's procurement policies. The recommended contractor for the construction of the HCLCEC is Mossop Group Pty Ltd.

The cost of tender and overall project cost is within the project budget approved by Council. Approval to award the contracts to the contractors will allow the construction of the HCLCEC to commence subject to finalising the car parking agreements with the Baptist and Lutheran churches.