



APPENDICES



APPENDIX 1

Report to Council Meeting held on 6 December 2011

WEST PYMBLE POOL REDEVELOPMENT TENDER NO. 42/2011 FOR CONSTRUCTION WORKS

EXECUTIVE SUMMARY

PURPOSE OF REPORT:	To advise Council of the Tenders received for the construction of West Pymble Pool and to seek approval to appoint the recommended tenderer contained in this report.
BACKGROUND:	Council has previously carried out an Expression of Interest (EOI) for the construction of West Pymble Pool and resolved to call a select tender for construction. Following this resolution, once development approval was granted select tenders were called in September 2011 and closed on 25 October 2011.
COMMENTS:	Between the EOI and the tender process development approval was granted by the Joint Regional Planning Panel. Copies of the development approval and construction certificate were issued to tenderers as part of the tender package.
RECOMMENDATION:	That Council accept the tender from the preferred tenderer as per the Tender Evaluation Committee's recommendation and that the Mayor and General Manager be delegated authority to sign the contract and apply the seal of Council.

PURPOSE OF REPORT

To advise Council of the Tenders received for the construction of West Pymble Pool and to seek approval to appoint the recommended tenderer contained in this report.

BACKGROUND

At its meeting of 10 August 2010 Council, in part, resolved to:

".....approve the calling of public tenders for the construction of West Pymble Pool".

The first stage of this process was to conduct an open Expression of Interest (EOI) process. Undertaken late 2010, the assessment panel's report recommended select tenders being called from the following companies:

ADCO Constructions Pty Ltd	Ichor Constructions Pty Ltd
Kane Constructions (NSW) Pty Ltd	D G Sundin & Co Pty Ltd
Hooker Cockram Projects NSW/ Cockram Construction NSW Pty Ltd	Walton Construction Pty Ltd
AJ Lucas Group Limited	

At its meeting of 1 February 2011 Council resolved to:

".....approve the calling of select tenders from those companies nominated in the report for the construction of West Pymble Pool".

Following this resolution, select tenders were called once development approval was granted.

During the tender process ADCO Constructions Pty Ltd advised that they were not submitting a tender and withdrew from the process.

Hooker Cockram Projects NSW/ Cockram Construction NSW Pty Ltd	Ichor Constructions Pty Ltd
Kane Constructions (NSW) Pty Ltd	D G Sundin & Co Pty Ltd
AJ Lucas Group Limited	Walton Construction Pty Ltd

The tender document listed the following assessment criteria:

- Tendered price
- Tender program
- Current corporate financial capability
- Nominated key personnel/ proposed level of resourcing
- Proposed methodology

COMMENTS

Between the EOI and the tender process the Development Application (DA) was determined by the Joint Regional Planning Panel (JRPP). Both the development consent and the construction certificate were included in the tender package. The inclusion of these documents gives the tenderers a more complete picture and helps remove uncertainties in their tender pricing.

The subject tender is for the construction of all works associated with the redevelopment of the pool as per the development application and construction certificate, including the parking spaces to be added immediately to the front of the pool, but not including the construction of the other car park areas throughout Bicentennial Park. However, to provide a total project cost, all other costs for the project have been included in the report.

Part of the tender includes the replacement of the shade structures over the grandstand and works to the learn to swim pool. If the tender was not to proceed these works would normally be carried out as maintenance.

The financial considerations section of this report outlines the proposed funding for the project. This includes the updating to Council's long term financial plan for the pool and proceeds from the B2 subdivision in South Turrumurra and the sale of other parcel/s of land should this be required.

Assessment of tenders

Tenders were assessed by the Tender Evaluation Committee. A copy of the Committee's report is attached as Confidential Attachment A2.

Extended swim season

The tender document asked tenderers if they considered it feasible to keep the 50 metre pool open until 1 April 2012 which is the usual date for the annual pool closure. Four of the six tenderers provided a fee for the provision of an extended swim season. However, the preferred tenderer advised that they considered this to be unworkable.

It may be argued that commencement of construction could be delayed so as to not effect this summer season. However, the flow on effect of this is to then delay the opening of the pool for the 2012/13 season by at least the period that commencement is delayed, including any shut down of the site over the Christmas period. For this reason the tender document nominated a site possession date of 2 February 2012. Key stakeholders have been kept informed on matters of timing.

The provision of additional car parking

Original cost estimates for the project did not include the provision of any additional parking in Bicentennial Park. It was envisaged that as demand warranted this additional parking it would be provided through upgrades to Bicentennial Park.

In accordance with this methodology the original development application (DA) did not include the provision of additional parking except for the remodelling of spaces at the front of the pool. However, to ensure that the parking could be provided at a later date if required, approval was received under the provisions of the *State Environmental Planning Policy (Infrastructure) 2007*.

This is discussed further in financial considerations.

GOVERNANCE MATTERS

This tender process complies with procurement best practice, Council policy and legislative requirements.

RISK MANAGEMENT

For Council the major risks to this project may be categorised into four areas, being:

1. Ability of the contractor to complete the project.
2. Construction costs, variations and associated costs
3. Construction time
4. Project funding and revenue

Ability of the contractor to complete the project

Council initially held an Expression of Interest (EOI) process to identify suitable contractors. All of these tenderers were considered capable of completing the contract at the time of the EOI. Due to the time lapse between the EOI process and the tender the financial capacity of each tenderer was reviewed. For further information see **Confidential Attachment A4**.

The second component of this risk is that of the tenderer underpricing the project and having insufficient funds to complete. This has been managed through working with the project's Quantity Surveyor who has reviewed each submission and where in his opinion, inadequate amounts have been allowed for individual components questions have been asked of the tenderers. The initial review examined the allowances each tenderer had made for various components of the project. As a check measure, part of the second round of assessments sought "trade" break downs from all of the short listed tenderers. From this, based on advice from the project's Quantity Surveyor, the TEC was satisfied that all tenders allowed sufficient funding for their tenders.

The second risk is the total cost of the project. This tender has been based on the AS4000 - 1997 contract including amendments 1, 2 & 3 (2005). Council's lawyers have worked with Council in preparing the proposed form of contract and shall advise Council in the preparation and execution of the final contract.

The proportionment of risk is a determinant of the tender price. The proposed form of contract apportions the majority of cost risk on the tenderer, but time risks associated for example with inclement weather, are generally borne by Council. Tender mitigation measures have been incorporated into the tender process to minimise and or manage each of these risks.

The tender document has provided tenderers a very clear understanding of the project. A latent condition is where the conditions vary from what a reasonable contractor should anticipate based on the information provided. Latent conditions are a major cause of cost increases. To manage this, numerous reports including geotechnical, contamination and hazardous materials were prepared and included in the tender package with the aim of identifying as clearly as possible, any potential latent conditions or risk items, and to fully inform tenderers and hence remove (or reduce) as many risks as possible. In the event of a latent condition, both additional costs and delays to the program are borne by Council.

Item GB.1

S08862
5 October 2011

Variation claims arise from either an amendment to what is to be constructed or where there is an unknown. The former often arises during construction when better or more workable solutions are discovered. These claims can have both an upward or downward effect on the tender price. The latter comes about where there is an unknown quantity or an unknown event. These are managed in two ways. Firstly, the tender package included all known information, removing as many uncertainties as possible. Secondly, the tender document sought "unit rates" for various components. Any variation is then based on these already known "unit rates".

The above is funded through a contingency amount and appropriate allowances. The recommended contingency amount of \$750,000 has been provided by Council's Quantity Surveyor. This amount has been included in the project budget.

The third risk, construction time, is managed through the construction period nominated in the tender submission. However, it must always be remembered that an inclement weather delay cannot be controlled. The only mitigation methods available are for the contractor to make sufficient allowances for such events. The earlier in the program that inclement weather is experienced, the higher the risk of delay.

In summary, the risk of inclement weather will result in a cost to the tenderer and a time delay to Council and the risk of latent conditions will generally result in a cost increase to Council and a time delay.

The fourth risk, project funding and revenue, is discussed in "Financial Considerations" below.

FINANCIAL CONSIDERATIONS

Discussion of the financial considerations of the project are included in Confidential Attachment A1 and A3.

SOCIAL CONSIDERATIONS

Beyond just recreation, aquatic facilities are used by all ages and levels of ability and provide a wide variety of activities spanning all ages from Learn to Swim classes, which are important for children, to health and fitness opportunities, to warm water exercise which assists in maintaining mobility for the elderly as well as being social and community hubs.

Guided by the *Community Strategic Plan 2030*, this project is identified in Council's Delivery Program and Operational Plan 2011-2015 as well as a number of other strategic planning documents prepared by Council over a number of years.

ENVIRONMENTAL CONSIDERATIONS

Respondents' environmental policies were one of the selection criteria used to shortlist the nominated selected tenderers. Sustainability initiatives are part of the design of the pool and were considered in the development application process. This includes the provision of a cogeneration heat exchange plant and other initiatives including the choice of building materials.

COMMUNITY CONSULTATION

The actions outlined in this report build upon the extensive consultation already carried out for this project. Specific public consultation in relation to the tender process itself was not required. The recently approved DA gave the community another chance to comment on the project.

INTERNAL CONSULTATION

This report was prepared by the Strategy and Environment Department in extensive consultation with staff from Council's Operations and Corporate Directorates.

SUMMARY

This report outlines the process undertaken to select an appropriate head contractor via a select tender for the construction of West Pymble Pool. It further goes on to recommend the appointment of a head contractor.

RECOMMENDATION:

- A. That Council accept the tender from Ichor Constructions Pty Ltd for the construction of West Pymble Pool, West Pymble.
- B. That the tender documents be referred to Council's solicitor for preparing contract documents to protect Council's interest.
- C. That the Mayor and General Manager be delegated authority to execute all tender documentation on Council's behalf in relation to the contract.
- D. That the seal of Council be affixed to the contract documents.
- E. That Council's Long Term Financial Plan be amended to reflect the updated financial cash flows to both the B2 and pool projects.
- F. That Council commences the processes outlined in the report for the sale of the three properties identified as funding sources for the construction of West Pymble Pool to repay the Infrastructure and Facilities Reserve the net value of \$1,738,606.
- G. Any surplus funds from any land sales for this project be transferred to the Infrastructure and Facilities Reserve.
- H. That a further report be brought back to Council in February 2012 addressing the priority order for land sales from the list in this report to repay the Infrastructure and Facilities Reserve.

Ian Dreghorn
Manager Strategic Projects

Andrew Watson
Director Strategy & Environment

Attachments:	A1	Land sale to repay Infrastructure and Facilities Reserve details	<i>Confidential</i>
	A2	Tender evaluation committee report as at 23 November 2011 - West Pymble Pool	<i>Confidential</i>
	A3	West Pymble Pool Redevelopment Tender – Revenue Projections	<i>Confidential</i>
	A4	West Pymble Pool Redevelopment – Contractor Risk Assessment	<i>Confidential</i>

