

**4.7 2021136 - MULGRAVE RESERVE PAVILION REDEVELOPMENT – CONTRACT VARIATIONS EXCEEDING OFFICERS DELEGATION (EXCEPTIONAL CIRCUMSTANCES) AND ADDITIONAL PROJECT FUNDING**  
(CF2021136: AA)

Responsible Director: Jarrod Doake, Director City Services

**RECOMMENDATION\***

*That Council:*

- 1. Approves additional funding for the Mulgrave Reserve Pavilion Redevelopment Project in the amount of \$233,001.29;*
- 2. Notes that the final project cost including construction cost, design and project management fees is \$4,802,571.29;*
- 3. Notes that on 18 April 2023, the CEO approved a variation to Contract 2021136 - Mulgrave Reserve Pavilion Redevelopment awarded to Simbuilt Pty Ltd in the amount of \$493,781.19, being 10% or \$100,000 greater than the amended and approved contract sum;*
- 4. Notes that the Procurement Policy Item 2.4.2.2 authorises the Chief Executive Officer to authorise variations greater than 10% or greater than \$100,000 of the original contract sum, where Exceptional Circumstances exist;*
- 5. Notes that “Exceptional Circumstances” are defined under Item 1.2 of the Procurement Policy as “Where the health and safety of people, the integrity of assets is compromised, or there is a risk of financial exposure due to a delay in works, unless immediate action is taken”; and*
- 6. Notes that the revised contract value will be \$4,423,071.29.*

*(\*Please note that all dollar figures are **GST exclusive** unless stated otherwise)*

**BACKGROUND**

On 28 September 2021 Council approved the tender for 2021136 - Mulgrave Reserve Pavilion Redevelopment with lump sum price of \$3,129,690.10 (GST Excl.) and a contingency sum of \$310,000 (GST Excl.) totaling an available contract sum of \$3,439,690. In August 2022, Council also approved a contract variation of \$489,600 (GST Excl.) providing for an amended available contract sum of \$3,929,290 (GST Excl.). Copies of the two Council Reports are attached as supporting background information.

The revised contract sum, including contingency has now been committed and additional funds are required for the project as well as approval to vary the construction contract sum. This is due to a range of factors including (rounded cost):

- The need to reconfigure two of the canopy roof panels to the front of the building (\$73k);
- Additional design work and structural requirements to properly mount the polycarbonate infill panels between the new canopies and the roof of the existing building (\$56k);
- Works to stormwater pits and pipes due to inadequate documentation and latent conditions (\$69k);
- Works to upgrade the existing standalone toilet block (\$43k);
- Inclusion within the scope of the works to undertake repairs to the cool room and bar area within the social space (\$60k);
- Substantial increase in plastering and painting scope to the walls and ceiling of the social space due to the need to conceal the installation of the additional structural and strengthening works to the existing building, undocumented details such as structural bracing, installation of bulkheads, partitions and flashings and rectification of minor latent conditions such as repairs and filling holes and cavities in the existing brickwork of the original building (\$138k);
- Extended hire of an expanded number of temporary facilities at Mulgrave as well as Wellington Reserves where the club played their season out beyond the original anticipated construction completion date of May 2022 (\$94k).

The items detailed above are costs to the construction contract which will be funded through the remaining approved project budget allocation however, additional project funding of \$233,001.29 (GST Excl.) is required as sought through this report. There have been savings in the budgeted Architectural Fees and Provisional Item allocations assigned to the project and this has meant that the increase in Project Budget is significantly less than the contract variation sought.

Items 1 & 2 (Canopy roof & polycarbonate panels) form part of the approved building permit and as such must be completed by 23 June 2023 in accordance with directions issued by the building surveyor under the permit. The CEO has approved the variation to contract to ensure that these works which will intercept rainfall and redirect this into the drainage system to protect the finished building are completed as soon as reasonably practical. This will also meet the timeline specified in the direction from the building surveyor. This timeline has been confirmed and can be met by the builder to complete the works.

**FINANCIAL**

The following table summarises all project costs.

<b>ITEM</b>	<b>Budget Allocation \$ GST Excl.</b>	<b>Actual Final Costs \$ GST Excl</b>
Original Construction Contract Lump Sum		\$3,129,690.10
Total Construction Contract Variations		\$1,293,381.19
Project Management Fees	\$139,500	\$139,500.00
Provisional Items (Surplus \$135,000)	\$135,000	\$0
Architectural Design Fees (Surplus \$125,780)	\$365,780	\$240,000.00
<b>TOTAL FINAL PROJECT COST</b>		<b>\$4,802,571.29</b>
<b>PROJECT BUDGET DETAILS</b>		
Original Project Budget		\$4,079,970.00
Additional Funding approved August 2022		\$489,600.00
<b>Subtotal</b>		<b>\$4,569,570.00</b>
<b>ADDITIONAL REQUIRED PROJECT FUNDING</b>		<b>\$233,001.29</b>

The following is a summary of the final construction contract costs detailing the required Council approval to vary the contract sum.

<b>CONSTRUCTION CONTRACT – CF2021136</b>	<b>\$ GST Excl</b>
Original Construction Contract Lump Sum	\$3,129,690.10
Total Construction Contract Variations	\$1,293,381.19
<b>FINAL REVISED CONSTRUCTION CONTRACT SUM</b>	<b>\$4,423,071.29</b>
Original Approved Contract Lump Sum	\$3,129,690.10
Original Contingency	\$310,000.00
Council Approved Contract Variation (August 2022)	\$489,600.00
<b>Current Council Approved Contract Sum</b>	<b>\$3,929,290.10</b>
<b>ADDITIONAL REQUIRED CONTRACT VARIATION (THIS REPORT)</b>	<b>\$493,781.19</b>

In this instance the CEO has approved the variation to the contract in accordance with Procurement Policy Item 2.4.2.2, "Exceptional Circumstances".

In addition, Council must also approve variations to projects exceeding 10% of the approved budget (Item 4.1 Delegations Manual). For the Mulgrave Reserve Pavilion Redevelopment Project this represents additional funding of \$233,001.79 as detailed above.

**CONCLUSION**

That Council approves the recommendations contained within this report.

**4.2 TENDER FOR MULGRAVE RESERVE PAVILION REDEVELOPMENT**  
(2021136: TB)

Responsible Director: Deb Cailes

**RECOMMENDATION\****That Council:*

1. *Awards the tender from Simbuilt Pty Ltd for Mulgrave Reserve Pavilion Redevelopment, Contract No. 2021136 for a fixed Lump Sum of \$3,442,659 with an extra \$341,000 for Contingencies and \$148,500 for Provisional Sum allowances;*
2. *Notes that the anticipated project expenditure including the fixed Lump Sum, Contingencies, Provisional Sum Allowances, Project Management fees (\$153,450) and Design Fees (\$402,358) is \$4,487,967;*
3. *Notes the existing budget provision of \$4,400,000 is less than the anticipated project expenditure (approx. \$88K) and any shortfall will be funded from the overall 2021/22 Capital Works program;*
4. *Authorises the Chief Executive Officer to execute the contract agreement; and*
5. *Notes that the contract commences on 7 October 2021 and the expected completion date is 5 May 2022.*

*(\*Please note that all dollar figures are GST Inclusive unless stated otherwise)*

## **INTRODUCTION**

Council has conducted a tender for Mulgrave Reserve Pavilion Redevelopment.

## **BACKGROUND**

The Mulgrave Reserve Pavilion Redevelopment project was identified as a high priority for renewal in the 2018 Mulgrave Reserve Master Plan, and more recent Integrated Site Plan. The project is also strategically supported by Building Condition Audit data and the Active Monash Capital Works Prioritisation Framework.

The existing building is no longer fit for purpose and meeting the needs of the user groups or the community. The project aims to address gaps in the provision of unisex player and umpire amenities and increase the number of change rooms to support on-field sporting activities.

The pavilion design has been developed in accordance with State Sporting Facility Guidelines and Council's own Active Monash Facility Hierarchy standards to ensure the provision of facilities cater for the level of sport and participation needs. The design has also been developed in collaboration with the three tenant user groups to ensure the new building will meet their current and future needs.

This project aims to deliver a new modern community facility along with several other key reserve improvements. These include:

- Upgraded sports pavilion consisting of four change rooms and amenities, kitchen, umpire amenities
- Upgraded public toilet amenities
- Additional reserve car parking
- New vehicle drop off zone
- DDA compliant parking area and building access ramps
- Spectator terracing
- Additional reserve pathway
- Landscaping and planting
- Consolidation of ageing cricket net infrastructure

Monash Council in partnership with the Victorian Government through a 2018 Election Commitment are funding the \$4,000,000 project. The Victorian Government has contributed \$2,000,000 towards the project and the City of Monash has committed the additional \$2,000,000.

**NOTIFICATION**

Six prequalified suppliers from the Department of Treasury and Finance Construction Supplier Register (CSR) were invited to participate in a selective Tender for this project on 10 July 2021 and the tender closed on 4 August 2021. 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 RECEIVED**

Number tender submissions were received by the appointed closing time.  
The tenders received are listed below:

TENDERERS SUBMITTED	
1	Simbuilt Pty Ltd
2	JR &BL Kendall Pty Ltd
3	Alchemy Construct Pty Ltd
4	2 Construct Pty Ltd
5	Lloyd Group Pty Ltd

**TENDER CONFORMANCE:**

All submissions were assessed for their compliance with the tender conditions including the contractual terms and conditions and the requirements of the response schedules.

All tender submissions were deemed conforming.

**TENDER EVALUATION**

All members of the evaluation panel signed Conflict of Interest and Confidentiality forms and no conflicts were raised. (if an evaluation panel member declared a conflict, explain how it has been managed if they were allowed to participate in the evaluation process).

The tenderers were assessed in accordance with the evaluation criteria published in the tender documentation:

<b>Pass/Fail Assessment Criteria</b>	<b>Score</b>
Quality Systems (if applicable)	Pass/Fail
OHS	Pass/Fail
Mandatory Insurances (if applicable)	Pass/Fail
Mandatory Pre-Tender Meeting	Pass/Fail

<b>KEY SELECTION CRITERIA</b>		<b>CRITERIA WEIGHTINGS</b>	<b>SUB WEIGHTINGS</b>	<b>SUB CRITERIA/RETURNABLE SCHEDULES LINK</b>
<b>50% NON-PRICE CRITERIA</b>	<b>Capacity and Capability</b>	<b>20%</b>	<b>5%</b>	Experience
			<b>5%</b>	Resources
			<b>5%</b>	Risk Management
			<b>3%</b>	Legal Compliance
			<b>2%</b>	Performance and Innovation
	<b>Project Timelines</b>	<b>10%</b>	<b>4%</b>	Start and Completion timeframe
			<b>6%</b>	Proposed Program
	<b>Sustainability (Mandatory)</b>	<b>20%</b>	<b>8%</b>	Environmental Sustainability
			<b>6%</b>	Local Sustainability
			<b>6%</b>	Social Sustainability
<b>PRICE (50%)</b>	<b>Price*</b>	<b>50%</b>	<b>50%</b>	Comparison of Whole of Life Cost or Total Project Cost or Estimated Annual Cost

## DISCUSSION

A financial check has been undertaken for the preferred contractor and is deemed satisfactory.

The final evaluation ranking (including the price and non-price evaluation criteria) had Simbuilt Pty Ltd ranked highest and as such, the evaluation panel recommends Simbuilt Pty Ltd as representing the best value outcome for Council.

Simbuilt Pty Ltd have recently completed the Brentwood Reserve Pavilion and the Operations Centre Chemical Shed successfully.

## FINANCIAL IMPLICATIONS

The project has a funding allocation within the Capital Works program across the 2019/20 - 2021/22 financial years as follows:

<b>PROJECT BUDGET ALLOCATION</b>	<b>GST exclusive</b>	<b>GST inclusive</b>
C01141 - Mulgrave Reserve Pavilion	\$4,000,000	\$4,400,000
<b>TOTAL PROJECT BUDGET</b>	<b>\$4,000,000</b>	<b>\$4,400,000</b>
<b>Estimated Project Expenditure Based Upon Simbuilt Pty Ltd's Submission</b>		
Lump Sum Price	\$3,129,690	\$3,442,659
Provisional Sum Allowance Items	\$135,000	\$148,500
Contingency	\$310,000	\$341,000
Design fees	\$365,780	\$402,358
Project Management fees	\$139,500	\$153,450
<b>ESTIMATED PROJECT EXPENDITURE</b>	<b>\$4,079,970</b>	<b>\$4,487,967</b>

The anticipated project expenditure is above the available budget. The higher construction tender prices received are due primarily to increases in material costs and are reflective of the movement in pricing in the construction industry.

The shortfall in budget will be funded through savings in the overall 2021/22 Capital Works program.

**SUSTAINABILITY OUTCOMES**

As part of Council's commitment to sustainability, Simbuilt have included the following within their tender submission:

**Environmental Sustainability:**

In accordance with Simbuilt's Environmental Management System there are regular site HSEQ inspections and an annual Environmental Audit on the company.

**Local Sustainability:**

Offering employment and training opportunities to local residents, apprentices, unemployed and disadvantaged local residents;

Tailoring contracts to specify the delivery of particular social outcomes;

Procuring goods and subcontracting services from local businesses and/or not for profit social benefit suppliers;

Building the economic viability of local businesses and local investment.

**Social Sustainability**

Simbuilt Pty Ltd proactively addresses diversity in the workplace thereby creating an inclusive environment that accepts each individual's differences, embraces their strengths and endeavours to provide opportunities for all staff to achieve their full potential.

They ensure that flexible work options are available to staff including a comprehensive parental leave policy for women and men.

**CONCLUSION**

That Council approves the recommendations contained within this report.

**4.8 2021136 - MULGRAVE RESERVE PAVILION REDEVELOPMENT – VARIATIONS EXCEEDING OFFICERS DELEGATION – NON-EXCEPTIONAL CIRCUMSTANCES**  
(CF2021136: AA)

Responsible Director: Jarrod Doake

**RECOMMENDATION\***

*That Council:*

- 1. Approves a variation to Contract 2021136 - Mulgrave Reserve Pavilion Redevelopment awarded to Simbuilt Pty Ltd in the amount of \$538,560 above the original contract sum;*
- 2. Notes that the revised contract value will be \$4,322,219.*

*(\*Please note that all dollar figures are GST Inclusive unless stated otherwise)*

**BACKGROUND**

On 28 September 2021 Council approved the tender for 2021136 - Mulgrave Reserve Pavilion Redevelopment with lump sum price of \$3,442,659 (incl GST) and a contingency sum of \$341,000 (incl GST) totalling an available contract sum of \$3,783,659. A copy of the original Council Report is attached for supporting background information.

The contract includes provision for:

- Upgraded sports pavilion consisting of four change rooms and amenities, kitchen, umpire amenities
- Upgraded public toilet amenities
- Additional reserve car parking
- New vehicle drop off zone
- DDA compliant parking area and building access ramps
- Spectator terracing
- Additional reserve pathway
- Landscaping and planting
- Consolidation of ageing cricket net infrastructure

The original lump sum of \$3,442,659 has been allocated and the nominated contingency amount of \$341,000 has been allocated to accumulated variations to the value of \$312,661.80.

A Council approved variation to the amount is \$538,560 is sought to allow for additional costs as follows:

*Additional structural strengthening works (\$204,050)*

Unknown & significant structural issues were identified after demolition works were undertaken to the existing pavilion (ceilings, walls). This necessitated a review of the structural adequacy, stability and compliance to standards of the existing pavilion structure.

Further investigation through non-destructive techniques was undertaken on the existing floor slab to determine adequacy to current standards & capacity to provide structural support to the required structural steel strengthening.

This work took some time to complete and required redesign of this structure incorporating new structural steel strengthening design to roof, steel columns, foundations and bracing.

*Material cost increases – (\$139,700)*

Increase in material costs across the project (steel, roofing & carpentry) due to delay in the project whilst undertaking the investigation and redesign of strengthening works required to the existing pavilion structure.

*Extension of time & Delay costs – (\$106,810)*

Increase in ongoing contractor costs associated with maintaining the construction site including contractor temporary facilities/offices, construction site security, insurances, supervision & management of construction site by contractor until completion.

*Additional Contingency Remainder of Project (\$88,000)*

A further allocation to allow for any minor variations/latent conditions that may be encountered for the remainder of the contract.

**FINANCIAL**

In line with Councils Financial Delegation Limits (Item 3.5 Delegation Manual), Council must approve variations to Council Approved Contracts that are greater than 10% of the awarded sum including Contingency, or greater than \$100,000 of the original contract sum.

**CONCLUSION**

That Council approves the recommendations contained within this report.