



CITY OF
MONASH

**NOTICE PAPER
FOR A SPECIAL MEETING OF
MONASH CITY COUNCIL**

14 MAY 2019

AT 7.00 p.m.

**Council Chambers
293 Springvale Road,
Glen Waverley**

SPECIAL MEETING OF COUNCIL

14 MAY 2019

7.00 PM

Apologies

Disclosures of Interest

BUSINESS OF THE MEETING

Oakleigh Recreation Centre Indoor Stadium and Waverley Gymnastics Facility Redevelopment Project

1. OAKLEIGH RECREATION CENTRE INDOOR STADIUM AND WAVERLEY GYMNASTICS FACILITY REDEVELOPMENT PROJECT

Responsible Director: Ossie Martinz

EXECUTIVE SUMMARY

PURPOSE

The purpose of this report is to provide Council with a recommendation to award a tender for the construction of the Oakleigh Recreation Centre Indoor Stadium and Waverley Gymnastics Facility Redevelopment Project (the Project) to the APM Group (Aust) Pty Ltd (APM Group)

KEY CONSIDERATIONS/ISSUES

A Project Working Group including representatives from Council and Waverley Gymnastics Club (WGC) completed the detailed design phase of the project in January 2019 Council subsequently proceeded to a selected competitive tender process for the Project which incorporates the development of a five (5) court indoor stadium, WGC gymnastics facility, minor improvements to Council's gymnasium facilities and additional car parking to deliver an integrated sporting precinct in Monash.

Council has received a range of competitive tenders for the project and have worked with shortlisted tenderers to deliver some value management savings.

FINANCIAL IMPLICATIONS

Council has approved a total allocation of \$23.3M for the Project from a combination of Council, State, Federal and club funding. Following the evaluation of tenders received, the APM Group (APM) was assessed as the most competitive tender.

The APM Group provided an indication of cost apportionment over the project and while that has indicated an overrun on the Waverley Gymnastic Centre, savings have been achieved across the whole project. To fund the shortfall, this report proposes including the potential surplus funds from the Caloola Pavilion Project grant funding, the inclusion of \$300,000 funding from Office of Living Victoria grant if successful and \$248,860 from WGC as either an additional contribution or via savings from their side of the project.

CONCLUSION/RECOMMENDATION

That Council supports the recommendations contained within this report which seeks to award a tender for the project to APM Group and the additional funding arrangements required to successfully deliver the Project.

1. OAKLEIGH RECREATION CENTRE INDOOR STADIUM AND WAVERLEY GYMNASTICS FACILITY REDEVELOPMENT PROJECT

Responsible Director: Ossie Martinz

RECOMMENDATION

That Council:

1. Awards the tender from APM Group (Aust) Pty Ltd for the Oakleigh Recreation Centre Construction, Contract No. 2019079 for a negotiated fixed Lump Sum of \$18,413,340 with an extra \$1,410,000 for contingency and \$1,338,520* for Provisional items;*

**Note: these figures may vary based on Waverley Gymnastics' (WGC) agreed contributions.*

2. Notes that the total expenditure including the fixed Lump Sum, Contingencies, Provisional Items and other project costs is \$23,300,000 which is premised on WGC value management savings or additional payments of \$248,860;

3. Notes that WGC have provided a commitment to the \$248,860 shortfall based on value management savings and increased rental payments;

4. Agrees in principle to transfer any potential savings from the Caloola Reserve Pavilion Redevelopment recognising the additional State Government contribution of \$800,000 towards this project which will fund additional improvements including air-conditioning to both centres;

5. Notes that officers have applied for a \$300,000 grant application from Office of Living Victoria (Melbourne Water) for additional landscaping, water sensitive urban design and car parking provision;

6. Authorises the Chief Executive Officer to commence discussions with WGC to ensure that a signed lease arrangement (which is generally in accordance with the signed Heads of Agreement) is in place prior to occupancy of the facility and to undertake all necessary processes for this to occur.

7. Notes that there were overall value management savings achieved by both Council and WGC to enable the project to meet the above budgets;

8. Authorises the Chief Executive Officer to execute the contract agreement; and

9. Notes that the contract will commence on 15 May 2019 and the expected completion date is prior to end of September 2020.

(Please note that all dollar figures are GST exclusive)

INTRODUCTION

The purpose of this report is to provide Council with a recommendation to award a tender for the construction of the Oakleigh Recreation Centre Indoor Stadium and Waverley Gymnastics Facility Redevelopment Project (**the Project**) to the APM Group (Aust) Pty Ltd (APM Group).

BACKGROUND

At the 27 March 2018 meeting, Council endorsed a total budget (including external contributions) of \$23,300,000 for Oakleigh Recreation Centre (ORC) Redevelopment Project as part of its capital works program. The redevelopment/expansion involves the development of a five (5) court indoor stadium, WGC gymnastics facility, minor improvements to Councils gymnasium facilities and additional car parking to deliver an integrated sporting precinct in Monash. Table 1 details the funding contributions associated with the Project.

Table 1: Project Financial Details (GST exclusive)

Agency	Contribution	Notes
Monash	\$17,000,000	Inclusive of Council's \$2.65M commitment to WGC
Federal Government	\$ 2,100,000 ¹	Committed to WGC
State Government via Sports Recreation Victoria (SRV)	\$ 3,000,000	Committed to the overall project with a notional allocation of \$1M to Waverley Gymnastics and \$2M to the broader project
Waverley Gymnastics Club	\$ 1,000,000	Inclusive of a \$500,000 allocation for gymnastics equipment and \$500,000 State Government loan
Total	\$23,300,000	

Note:

It is important to note that no formal agreement has been signed between the Federal Government and Council for the \$2.1M. Stage 1 funding of \$61,000 has been received and the formal agreement was subject to Council submitting the final Project design and Quantity Surveyor estimates which were not available until March 2019. Progressing the agreement will be considered post the outcome of the Federal Election. Officers have been in regular contact with the Federal Government since early 2018. Council has written to Chisholm Candidates seeking bi-partisan support for the project funding to be secured. WGC are also advocating to ensure that the funding commitment flows post-election.

DISCUSSION

The final design of the new indoor five (5) court stadium, refurbished reception and gymnasium area and the WGC gymnastics facility has progressed with input from Council officers, Waverley Gymnastics Club, Waverley Basketball Association, Waverley District Netball Association, Melbourne Tigers, Basketball Victoria, SRV. A signed Heads of Agreement includes expectations of funding for the Waverley Gymnastics component of the project and broad leasing principles for the gymnastics facility. Lease arrangements for use of the indoor stadium have also been executed with Waverley Basketball Association, Waverley District Netball Association and Volleyball Victoria to administer sport competition/s and programs at the new stadium.

TENDER PROCESS

Seven prequalified suppliers from the Department of Treasury & Finance Construction Supplier Register (CSR) were invited to participate in a selective Tender for this project on 1 February 2019 and closed on 8 March 2019 in accordance with the Ministerial Approval for Local Government under section 186(5) (c) of the Local Government Act 1989.

Four pre-Tender Site inspections were conducted at the existing Facility to enable tenderers to familiarise themselves with the existing facility, its operation and the surrounding environment including street network and how it operates.

All tenderers were represented at these sessions.

TENDERS RECEIVED

Seven (7) tenders were received by the appointed closing time. The tenders received are listed below:

- APM Group (Aust) Pty Ltd;
- Buxton Constructions Pty Ltd;
- FDC Constructions;
- Ireland Brown Constructions Pty Ltd;
- LU Simon Builders;
- McCorkell Constructions; and
- SJ Higgins Pty Ltd.

TENDER COMPLIANCE

All submissions were accessed 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

The Tender Evaluation Panel consisted of:

- Director Infrastructure
- Director Community Development and Services
- Manager Active Monash
- Manager Capital Works
- Manager Strategic Procurement
- Civil and Major Projects Manager
- Pavan Consultants (External Project Managers)

External Parties were used to support the committee in an advisory role including:

- DWP and their sub consultants (Project Designers); and
- Maddocks (Legal Advice).

All members of the evaluation panel and advisers signed Conflict of Interest and Confidentiality forms. No conflicts were raised.

As per Council's Procurement Policy, a Legal review of the tender documents was conducted (via Maddocks Lawyers) and an independent Probity Auditor (Landell) was also engaged as part of the

tender process. The Probity Auditor report has been provided and has determined that all processes have been appropriately followed.

Tender Evaluation Criteria

The tenders were assessed in accordance with the evaluation criteria published in the tender documentation and detailed in Table 2 below:

Table 2: Tender Evaluation Criteria

	KEY SELECTION CRITERIA	CRITERIA WEIGHTINGS ¹	SUB WEIGHTINGS	SUB CRITERIA/RETURNABLE SCHEDULES LINK
40% NON-PRICE CRITERIA	Capacity and Capability	10%	4%	Experience
			4%	Resources
			2%	Risk Management
	Project Timelines	18%	18%	Proposed Program
	Sustainability	12%	2%	Environmental Sustainability
			5%	Local Sustainability
			5%	Social Sustainability
	Quality & OHS²	Pass/Fail	Pass/Fail	Quality Management Systems
			Pass/Fail	OHS
	PRICE (60%)	Price	60%	60%

Notes:

1. The weightings were adjusted slightly to provide additional weighting towards Local & Social Sustainability requirements stipulated within the SRV Funding agreement. The Victorian Industry Participation Policy (VIPP stipulate a minimum of 10% weighting in accordance with the. Probity & Legal advice was received and this change was communicated to the tenderers during the open tender period. All tenderers accepted this amendment.
2. Quality & OH&S were not included as a weighted evaluation component as all tenderers were prequalified and subject to stringent and rigorous assessment and annual review processes managed through the CSR by the Victorian Government’s Department of Treasury & Finance.

The Tender evaluation went through a number of stages including:

1. An initial assessment and ranking based on all raw submissions;
2. Further clarifications with five (5) of the highest ranked tenderers:
 - APM Group;
 - McCorkell Constructions;
 - Buxton Constructions Pty Ltd;
 - FDC Constructions; and
 - Ireland Brown Constructions Pty Ltd; and
3. Final clarifications, tender interviews and Value Management discussions with the two (2) highest ranked tenderers

- APM Group; and
- McCorkells Constructions.

A reference check was conducted on the preferred tenderer and the referee checks supported the evaluation panel's assessment

An independent financial assessment was conducted on the preferred tenderer APM Group by Corporate Scorecard indicating a sound financial capacity. The Manager Corporate Services has indicated that based upon this information the risk exposure to Council appears to be minimal for the Oakleigh Recreation Construction contract if APM (Aust) Pty Ltd is used.

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

POLICY IMPLICATIONS

From an Asset Management Policy perspective, renewal of both sites is required in line with Council's commitment to manage assets effectively and focus on reducing the asset renewal gap. The proposed project also affords the opportunity to implement the Active Reserve Strategy Stage 2 where it identified that the current facilities at Waverley Gymnastics Centre do not cater for a growing membership base.

FINANCIAL IMPLICATIONS

As detailed in Table 1 above, the total project budget is \$23,300,000. Additional funding sources totalling \$900,000 that are proposed and subject to Council approval) to ensure the successful delivery of the Project include:

- \$600,000 allocation from State Government funding of \$800,000 for the Caloola Reserve Project announced 12 September 2018. Given that the Caloola Pavilion Project was already funded by Council in the 2018/19 budget, this creates a potential surplus of Council funds which could be used to meet the shortfall.
- \$300,000 from a grant submission to the Office of Living Victoria for additional Water Sensitive Urban Design works for the project. The allocation of this funding is expected to be successful due to the positive feedback received and the success of previous applications, however announcement are not anticipated until September 2019.

Table 3: Project Costs

Project Cost Based Upon APM Submission	\$ (GST exclusive)
Overall Revised Tender Lump Sum (incl VM Items)	\$18,413,340
Provisional Items(Table B)	\$1,410,000
PC Sums(Table C)	\$718,520
Additional Provisional Sum Incl EWIS	\$110,000
PM & DM Fees (Consultancy)	\$1,600,000
Contingency (includes additional design where required for provisional items)	\$1,410,000
Relocation/Decanting Costs	\$62,000
Gymnastics Equipment	\$500,000
General FF&E	\$225,000
Total Estimated Project Cost	\$24,448,860
Available Budget (includes \$900,000 additional funding)	\$24,200,000
Budget Shortfall*	-\$248,860

Based upon the tender submission the WGC component of this project is approximately \$8.7M (\$1.3M above their allocation to the project).

The tender pricing is based upon an overall lump sum and apportionment of costs between the parties are estimates only. The Quantity Surveyor estimate has been used as a basis for conversations with the WGC across the entire consultation and project design process.

The apportionment of \$8.7m upon the WGC component appears to be high and on this basis officers believe it is reasonable to approach the overall value management based upon a shared responsibility in accordance with the overarching terms within the heads of agreement and to enable the project to proceed.

Therefore the evaluation panel proposes to reduce the WGC funding gap to \$248,860. WGC have agreed to fund this shortfall through additional funding to the project via increased rental and value management savings in order for the project to proceed.

WGC will retain control and funding of their operations including all utilities, cleaning and maintenance obligations as per the newly adopted Lease and Licensing Policy including maintenance, upgrade and replacement obligations associated with the air-conditioning and any potential retro-fitting of acoustic treatments.

SOCIAL IMPLICATIONS

The expansion of gymnastics presents the opportunity to grow and meet the need of gymnasts which are predominately female. The redevelopment of Oakleigh Recreation Centre provides for greater participation opportunities with the inclusion of a fifth indoor court and the capacity of the centre to introduce family members of the gymnasts to a range of diverse and extensive physical activity facilities, programs and services.

The existing centre functions as a focal hub which will be further expanded and provides even greater social interaction, connectivity and health and wellbeing outcomes.

CONSULTATION

The final design of the new indoor and refurbished centres has progressed with input from associations including Waverley Gymnastics, Waverley Basketball Association, Waverley District Netball Association, Melbourne Tigers, Basketball Victoria, SRV and Council officers.

HUMAN RIGHTS CONSIDERATIONS

The Oakleigh Recreation Centre Indoor Stadium and Gymnastics Facility Development addresses the four key themes: freedom, respect, equality and dignity of the Charter of Human Rights and Responsibilities Act 2006.

SUSTAINABILITY IMPLICATIONS

The Design incorporates sustainability initiatives including Water Sensitive Urban Design, solar panels and other energy saving design features. The design will also be assessed through the State Government VIPP requirements which assesses (amongst other considerations) Sustainable Outcomes.

CONCLUSION

That Council approves the recommendations contained within this report.

ATTACHMENTS

Images of the proposed new Oakleigh Recreation Centre





