

#### 4.1 CIVIC CENTRE AIR HANDLING UNIT (AHU) UPGRADE (TB/GRS:CF2018007)

Ward: Glen Waverley

Responsible Director: Ossie Martinz

##### **RECOMMENDATION**

*That Council:*

- 1. Accepts the lump sum tender price of \$686,873 (GST inclusive), or \$624,430 (GST exclusive) from Inter-Chillers Pty Ltd for Contract No. CF 2018007 for the upgrade of the air handling units at the Civic Centre.*
- 2. Approves a project contingency of \$30,688 (GST exclusive) for the upgrade to assist with any latent conditions and that design fees of \$10,000 (GST exclusive) and project management fees of \$19,882 (GST exclusive) be noted.*
- 3. Notes the anticipated project expenditure of \$685,000 (GST exclusive) for the construction works, documentation and supervision.*
- 4. Authorises the Chief Executive Officer to approve any contract variations that are contained within the anticipated project expenditure.*

##### **INTRODUCTION**

Council has tendered out for a contractor to undertake the replacement of the existing air handling units and associated componentry of the air conditioning system at the Civic Centre, 293 Springvale Road, Glen Waverley.

##### **BACKGROUND**

In June 2017 Council completed stage 1 of an upgrade of the original Civic Centre air conditioning system by replacing the chiller and mechanical services switchboard in the basement plant room. Stage 2 of the air conditioning upgrade requires the replacement of the existing four (4) air handling units, coils and associated components located in the Civic Centres four (4) plant rooms.

The existing air handling units and coils are 33 years old and were deemed to be at the 'end of life cycle' in regard to ongoing maintenance servicing and costs, therefore replacement of the units concerned was scheduled.

The new air handling and coil units will meet current Australian Standards and be capable of interfacing with the new chiller installed in June 2017 (stage 1) and the new building management system.

Council engaged the services of a specialist mechanical consultant to design stage 2 of the system upgrade that is able to be retro fitted into the facility.

The scope of works has made provision for the installation of:

- New air handling units,
- New fan coil units,
- New switchgear,
- New digital controllers compatible with new switchgear,
- New Building Management System and
- Miscellaneous maintenance.

#### **CONTRACT PERIOD**

The tender specified the contract term as being 26 weeks. Subject to formal approval, the works are scheduled for a February 2018 start and completion in June 2018.

#### **PUBLIC NOTIFICATION**

Council publicly advertised the works on 14 October 2017 and tenders closed on 15 November 2017.

#### **TENDERS RECEIVED**

Sixteen (16) companies were provided with tender specifications. Two (2) tenders were received by the nominated closing time of 2.00pm Wednesday 15 November, 2017.

Tenders were received from Inter-Chillers Pty Ltd and Renown Services.

#### **TENDER EVALUATION**

The evaluation panel consisted of:

- Manager, Strategic Procurement
- Coordinator, Capital Works Building
- Coordinator, Operations
- Project Manager, Capital Works
- Team Leader Facilities, Strategic Asset Management
- Mechanical Consultant

#### **Evaluation Criteria:**

The tenders received were assessed according to the following criteria listed in the tender documentation:

<b>Evaluation Criteria</b>	<b>Weighting (%)</b>
<i>Price</i>	<i>60</i>
<i>Non Price</i>	<i>40</i>
<b>Total</b>	<b>100%</b>

#### **EVALUATION OUTCOME OVERALL**

<b>Rank</b>	<b>Company</b>
1	Inter-Chillers P/L
2	Renown Services

A tender interview was conducted with Inter-Chillers Pty Ltd as part of the tender evaluation and all pricing and conditions of contract were agreed and in accordance with the tender requirements.

Inter-Chillers Pty Ltd has previously delivered stage 1 at the Civic Centre and a similar contract at the Monash Aquatic & Recreation Centre (MARC) successfully for Council.

### **SOCIAL IMPLICATIONS**

Stage 1 works, completed in 2016/17, included the replacement of the chiller which used refrigerant type R22 which is being phased out across the air conditioning and refrigeration industry in accordance with Australia's obligation to the Montreal Protocol on Substances that Deplete the Ozone Layer. The new chiller is a water-cooled, variable speed screw chiller which is far more reliable, energy efficient and uses ozone friendly R134A gas.

Stage 2 - Replacement of the air handling units (4), fan coil units (4) and switchboard will ensure Council continues to meet its obligation in providing staff and visitors to the Civic Centre a comfortable environment in warmer weather. This work will complete the air conditioning upgrade for the building.

### **FINANCIAL IMPLICATIONS**

<b>PROJECT BUDGET</b>	<b>GST excl.</b>	<b>GST incl.</b>
Inter-Chillers Pty Ltd Submission	\$624,430	\$686,873
Project Contingency	\$30,688	\$33,757
Design fees	\$ 10,000	\$ 11,000
Project Management fees	\$19,882	\$21,870
<b>Total Project Expenditure</b>	<b>\$685,000</b>	<b>\$753,500</b>

The project is nominated within the adopted 2017/18 Capital Works program with a budget allocation of **\$486,000** and Operating Budget allowance of **\$35,000** being available for the works. The additional expenditure will be managed within delivery of the overall 2017/18 Capital Works program.

A financial assessment of Inter-Chillers Pty Ltd was conducted by Dunn & Bradstreet. From the assessment information, Inter-Chillers Pty Ltd was deemed to be of minimal risk to Council.

### **CONCLUSION:**

That Council:

1. Accepts the lump sum tender price of \$686,873 (GST inclusive), or \$624,430 (GST exclusive) from Inter-Chillers Pty Ltd for Contract No. CF 2018007 for the upgrade of the air handling units at the Civic Centre.
2. Approves a project contingency of \$30,688 (GST exclusive) for the upgrade to assist with any latent conditions and that design fees of \$10,000 (GST exclusive) and project management fees of \$19,882 (GST exclusive) be noted.
3. Notes the anticipated project expenditure of \$685,000 (GST exclusive) for the construction works, documentation and supervision.
4. Authorises the Chief Executive Officer to approve any contract variations that are contained within the anticipated project expenditure.