
10.2 Contract Award - Woodcroft Library and Neighbourhood Centre Redevelopment - Managing Contractor Tender 09044

This report seeks Council approval to award the managing contractor contract for the Woodcroft Library and Neighbourhood Centre redevelopment and delegate authority to the Chief Executive Officer to finalise and execute all documentation associated with the fixed construction sum to undertake the works.

This is a new proposal, concept or issue.

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Attachments: 1. Tender Evaluation Summary (2 pages)

1 Executive summary

1.1 Topic

This report seeks Council approval to award the managing contractor contract for the Woodcroft Library and Neighbourhood Centre redevelopment (the project) and delegate authority to the Chief Executive Officer to finalise and execute all documentation associated with the fixed construction sum to undertake the works.

1.2 Context

Council has a budget of \$7.45m plus \$750,000 Federal Government Green Precincts funding for the redevelopment of the Woodcroft Library and Neighbourhood Centre project.

Concept designs are completed and it is now timely to appoint a managing contractor to undertake the detailed design and engage all sub-contractors required to complete the works.

The contract value for this role falls outside the Chief Executive Officer's delegated authority (\$500,000), therefore requiring a decision of Council for the expenditure.

In accordance with council's Contracts, Tenders and Purchasing Policy and Procedures an expression of interest and a subsequent select tender process was conducted for the managing contractor services for the Woodcroft Library and Neighbourhood Centre project. Council approval to implement this phase of the project and award of the contract is now sought.

As outlined in the previous non-confidential report within this agenda, the managing contractor procurement process involves:

- an up front fixed fee for management of the sub-contractors, defined preliminaries such as fencing, sheds, site staff and profit

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- an agreed Target Construction Sum (fixed construction sum) cost which is finalised once detailed design is approximately 90% complete (scheduled for January 2010).

As a result, the tender award commits council to the entirety of the project works yet to be agreed by both parties. Therefore, this report also seeks Council delegation to the Chief Executive Officer (CEO) to finalise and execute all documentation associated with the fixed construction sum for the works, providing it is within the approved council budget and that probity advice is sought. The fixed construction sum is currently estimated at approximately \$7m.

This report is presented subject to Council endorsement of the separate non-confidential report which provides background information and seeks Council endorsement of the prudential report for this project.

Council's procurement policy and process focuses on ensuring that the confidentiality of all information provided in the course of tendering is preserved. The possible implication of not considering this item in confidence is that, in the event that Council elects not to award the contract and further negotiation with prospective tenderers is required extending the course of the tendering, these discussions would no longer be able to be held commercially in confidence.

It is therefore suggested that Council consider this item in Confidence. Section (ii) 90(3)(k) of the Local Government Act 1999 is suggested as the most appropriate to use for this purpose.

1.3 Suggested outcome

That Council approve the award of the contract to ISIS Projects for the total sum of \$714,475 including GST and delegate authority to the CEO to finalise the fixed construction sum contract within the Council approved budget, together with all associated documentation in order for the project to proceed to implementation.

2 Recommendation(s)

1. That

- a. under the provisions of Section 90(2) of the Local Government Act 1999 an order be made that the public be excluded from attendance at the meeting in order to consider in confidence this item.**
- b. Council is satisfied that it is necessary that the public be excluded to enable the Council to consider the report at the meeting on the following grounds:**
 - Section 90(3)(k) tenders for the supply of goods, the provision of services or the carrying out of works.**
- c. accordingly, on this basis the principle that meetings of the Council should be conducted in a place open to the public has been outweighed by the need to keep the information or discussion confidential.**

- 2. That Council accept the tender proposed by ISIS Projects Pty Ltd for the provision of managing contractor services for the Woodcroft Library and**

Neighbourhood Centre redevelopment project Tender Number 09044 at a cost of \$714,475.00 (inclusive of GST).

3. That Council authorise the Chief Executive Officer to finalise the contract and all associated documentation for the Woodcroft Library and Neighbourhood Centre redevelopment fixed construction sum providing probity advice is provided and it is within the Council approved budget.
4. That an order be made under the provisions of Section 91(7) and (9) of the Local Government Act 1999 that the abovementioned document (or part of such document) including the minutes and the report of the Council relating to discussion of the subject matter of that document, having been dealt with on a confidential basis under Section 90 of the Act, should be kept confidential on the grounds of information contained in 90(3)(k) until the tender has been awarded and signed.

3 Discussion

In accordance with council's Contracts, Tenders and Purchasing Policy and Procedures an open process was adopted commencing with a nation-wide call for expressions of interest (EOI) by public advertisement.

The expression of interest process resulted in six submissions being received. The evaluation panel consisting of five council staff short listed four companies who were subsequently invited to participate in a select tender process.

3.1 Tender Details

Select Tender Number 09044 for the provision of managing contractor services closed on 20 August 2009 with all four tenderers providing compliant submissions.

Tender	Fee Proposal (GST inclusive)
Candetti Constructions Pty Ltd	\$725,788
ISIS Projects Pty Ltd	\$714,465
Mossop Group Pty Ltd	\$1,050,753
Minuzzo Project Management Pty Ltd	\$622,256

3.2 Tender Management System (TMS)

All prices were entered into the TMS database program. The database calculates (using the Australian Consulting Engineers Association calculation) the price scored based on the median price.

All evaluation scores (other than price) are determined by the evaluation panel based on the weighted criteria nominated for this tender as shown in the Tender Evaluation Summary (attachment 1).

3.3 Tender Evaluation

The tenders have been evaluated by a panel of five council staff as outlined in attachment 1 and a representative of JPE Design Studio.

Mossop Group addressed the evaluation criteria (other than price) in a manner that was superior to other tender submissions. However, their price was excessive compared to other tenderers and also above the quantity surveyor estimates which indicates it is above market value.

While Minuzzo Project Management had the lowest tenderer in terms of price, their tender submission reflected the lowest score overall. This is due to a low score in relation to methodology and personnel/expertise. They also scored lower on demonstrated ability and time commitments than the preferred tenderer. In addition, they did not believe they could deliver the project within the six month timeline required to reopen the library and neighbourhood centre services within the building.

The ISIS tender submission was relatively comparable to Candetti with very little difference in price, a slightly higher rating on methodology and equal rating on personnel. However, they were slightly lower on demonstrated ability and current time commitments based on the information contained within the tender submission

Candetti Construction covered all aspects of the tender submission well and quoted a price that is within quantity surveyor estimates, therefore reflecting market value. They rated well on demonstrated ability and demonstrated commitment to delivering the project within 6 months. As a result they were the highest scoring tenderer.

This led to the evaluation panel nominating Candetti Constructions as the preferred managing contractor for the Woodcroft Library and Neighbourhood Centre redevelopment project. However, due to the scale of the project and the level of financial risk we engaged Corporate Scorecard to undertake a further due diligence check on Candetti.

Corporate Scorecard is a company that specialises in financial analysis, risk modelling and corporate research. The independent financial analysis together with a review of resource commitments and risk has been developed to provide confidence when making critical procurement decisions.

The objective of this process was to determine Candetti's financial position and its ability to resource the Woodcroft project. The Corporate Scorecard report identified that Candetti had just been successful in securing the \$80m Marion Swim Centre and GP Plus project which brought their current commitments to over \$200m. In addition, the Executive Chairman refused to provide financial statements for the last three years of trading. The Executive Chairman of the company was contacted personally and it was confirmed in writing that if the relevant financial information was not provided to Corporate Scorecard within a particular timeframe they would no longer be considered for the tender. Corporate Scorecard proceeded to compile the report and in the absence of the detailed financial information the resulting score was 0 out of 10 – highly vulnerable.

Given the findings of this process Corporate Scorecard were commissioned to undertake the same report on the second most highly ranked contractor ISIS Projects. The detailed financial and performance assessment demonstrated that ISIS was in a strong financial position and appears to be better positioned in terms

of time commitments than Candetti. It also revealed that ISIS has more relevant project experience than expressed in their tender submission.

The tender evaluation panel was reconvened and informed of the outcomes of both due diligence both reports. It was confirmed that ISIS Projects has the resources, capacity and expertise to satisfactorily perform the works as specified. Given the information in the independent reports the evaluation panel rescinded the motion to recommend the Candetti Constructions tender and unanimously agreed to recommend ISIS Projects tender for award as the managing contractor for the project.

The process was discussed with a probity advisor who reviewed the relevant information available and the steps taken by Council staff and agreed it was reasonable. The Chief Financial Officer, projects and contracts staff reviewed both Corporate Scorecard reports and believe that the above process was sound, warranted and presents the best outcome for the project and council.

4 Budget

The council budget of \$7.45m includes concept design, detailed design, superintending fees, the managing contractor up front fee and the construction cost. Funding has been allocated by council in the major projects fund as follows:

- 2008/09 - \$700,000
- 2009/10 - \$3,375,000
- 2010/11 - \$3,375,000

A further \$750,000 grant has been received from the federal government Green Precincts program making the project \$8.2m in total.

5 Next Steps

Subject to Council endorsement, the managing contractor will be appointed in November 2009, with the fixed construction sum to be finalised in January 2010 prior to works commencing in February 2010.
