Item 11: Community

11.1 RFT 2020/13 Renovation and Construction of Art Gallery and Tourism Information Centre

REPORT BY THE BUILDING SERVICES COORDINATOR
TO 20 MAY 2020 ORDINARY MEETING
GOV400087, COR400310

RECOMMENDATION

That Council:

1. receive the report by the Project Manager Building Construction on the RFT 2020/13 Renovation and Construction of Art Gallery and Tourism Information Centre;

2. note the details provided in the Confidential Attachment regarding the cost of the project;

3. amend the 2020/2021 Operational Plan to include an additional $2.5 million for the Art Gallery to be funded from the Capital Reserve;

4. accept the tender submission from Hutchinsons Builders for the Renovation and Construction of an Art Gallery and Tourism Information Centre RFT 2020/13 in accordance with clause 178 of the Local Government (General) Regulations 2005 at the tendered price of $xxxx excluding GST;

5. authorise the General Manager to finalise and execute the contract on behalf of Council with Hutchinsons Builders for the Renovation and Construction of an Art Gallery and Tourism Information Centre RFT 2020/13;

6. grant delegation to the General Manager to approve variations to the contract sum for a cumulative total of up to 10% of the original contract sum; and

7. notify other tenderers that their tenders were unsuccessful.

Executive summary

Tenders were requested for the Renovation and Construction of an Art Gallery and Tourism Information Centre at 90 Market Street Mudgee.

While a good response to the tender was achieved, the submissions are all beyond budget and additional funds are required to complete this project. The tenders were still evaluated and the panel has provided recommendations to Council based on this evaluation process.

If additional budget can be provided through Council, the recommended tenderer is Hutchinsons Builders, who scored the highest under the evaluation criteria. It is noted that discussions are
ongoing with the State Government concerning additional funds being provided to offset some of the additional costs required.

Disclosure of Interest
Nil

Detailed report
Following the design and planning approval phase of the Art Gallery project, construction documentation was developed for the construction component. The tendering process was initiated and a Procurement Plan and Tender Evaluation Plan were developed. A Tender Assessment Panel was formed, comprising representatives from the most relevant departments within Council.

Advertised
Open to Market: 28 February 2020
Closed: 6 April 2020
39 days in total.

The above tender was advertised in the:
- Mudgee Guardian on Friday 28 February 2020;
- Sydney morning Herald on Tuesday 3 March 2020;
- Council’s e – tendering portal – VendorPanel on 28 February 2020; and
- Information regarding this tender was published on Council’s Website on 28 February 2020.

Tenders Received
Nine supplier responses were received
1. Hutchinson Builders
2. Westbury Constructions Pty Ltd
3. Quick Safety Pty Ltd
4. TCQ Construction
5. David Payne Constructions
6. Maas Constructions (Dubbo) Pty Limited
7. NORTH Construction and Building Pty Ltd
8. Hines Constructions Pty Ltd
9. Momentum Built P/L

Late Tenders
No late submissions were received.

Conforming Tenders
One tender was deemed non-conforming as it was not a full submission. The other Tenderers were assessed with the information provided.

Evaluation Findings
The following criteria were used in evaluating the tenders:

1. Demonstrated experience and capability. 40 %
2. Demonstrated understanding of the project requirements including renovation work on state listed heritage buildings 10 %
3. Project timeline 5 %

4. Price 45 %

Based on the criteria assessed by the panel, the recommended tenderer is Hutchison Builders.

It is noted that the design phase included provision for quantity surveyors reports arranged by the consultant architects to establish budget costings for the project. These QS projections from the design phase were within budget and allowed for a construction budget of around $4 million ex GST. It is concerning that the QS estimate was so far from the tender price. Discussions with the architects on what has happened with this process have begun.

Community Plan implications

<table>
<thead>
<tr>
<th>Theme</th>
<th>Looking After Our Community</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goal</td>
<td>Effective and efficient delivery of infrastructure</td>
</tr>
<tr>
<td>Strategy</td>
<td>Provide infrastructure and services to cater for the current and future needs of our community</td>
</tr>
</tbody>
</table>

Strategic implications

Council Strategies
Community Plan

Council Policies
Procurement Policy

Legislation
Local Government Act 1993
Local Government (General) Regulations 2005

Financial implications

The total approved budget for the Art Gallery is $4.1M. The current budget is insufficient for the scoped works. It is therefore recommended to increase the budget by $2.5 million to accept the tender, and construct the designed Art Gallery. Alternatively, Council could consider revising the design scope down to meet the approved budget.

Grant funding will be applied for to contribute to the gap, but at this time, no approved funding is in place for the gap, so an allocation for the full amount from Capital Reserve is recommended.

<table>
<thead>
<tr>
<th>Budget Year</th>
<th>Operating Performance Ratio</th>
<th>Own Source Revenue</th>
<th>Building &amp; Infrastructure Renewal</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019/20</td>
<td>–</td>
<td>–</td>
<td>–</td>
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<tr>
<td>Future Years</td>
<td>–</td>
<td>–</td>
<td>✗</td>
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Associated Risks

Any larger scale multi-million dollar construction project comes with risks. The tender panel recommendation is the result of a rigorous process designed to mitigate that risk by providing a score based on experience, capability, price and understanding of the project. The onset of the COVID-9 pandemic creates some risk at this time, particularly in relation to the supply of any materials from overseas and the movement of construction staff during the construction period being in line with any relevant public health orders. Council staff will continue to monitor developments in relation to these matters.

PAUL BLACKWELL
BUILDING SERVICES COORDINATOR

SIMON JONES
DIRECTOR COMMUNITY

24 April 2020

Attachments: 1. Confidential Memo to Council - RFT Art Gallery Construction Tender_1. (Confidential - separately attached)

APPROVED FOR SUBMISSION:

BRAD CAM
GENERAL MANAGER