

**Management report to Council**

**Agenda item 6.3**

**Neill Street Reserve – public space improvement - Contract No 8503A**

**Council**

**Presenter:** Veronica Furnier-Tosco, Acting Manager Capital Works

**29 April 2014**

**Purpose and background**

1. The purpose of this report is to advise of the tender process for the Neill Street Reserve public space landscape improvements contract and to recommend that Council award the contract to 2Construct Pty Ltd.
2. The scope of works includes construction of a community square, a futsal court, basketball court, playground and extensive landscaping. Neill Street Reserve comprises closed road reserves extending between Rathdowne and Palmerston Streets Carlton and runs between the Carlton Primary School and the three high rise public tenant buildings.
3. Council allocated \$500,000 in the 2012–13 Works Program and a further \$2 million in the 2013–14 Works Program. A further \$2 million has been included in the draft 2014–15 Works Program.
4. The tender was advertised in 'The Age' newspaper on 7 December 2013. Tenders closed on 23 January 2014. Five tenders were received. All tenders were compliant.
5. The weightings of the evaluation criteria were declared in the invitation to tender documents, and were Cost (60 per cent), Experience, Capability and Past Performance (20 per cent), Plan for Proposed Services (10 per cent), Occupational Health and Safety (5 per cent) and Social Responsibility (5 per cent). See tender evaluation summary in Attachment 1.

**Key issues**

6. Of the five tenders received, two were very competitive in their pricing for the works. The two lowest tenderers were interviewed by the Tender Evaluation Panel and satisfactorily responded to the matters raised by the Panel.
7. The tender from 2Construct Pty Ltd for the lowest price of \$3,148,770, achieved the highest score against the evaluation criteria and is recommended for acceptance. The company has carried out a number of recent contracts for the City of Melbourne, delivering all works to a good standard and in a timely manner in each case. The contracts included the Swanston Street Redevelopment and the Fitzroy Gardens Depot and Water Harvesting project.
8. In addition to the tendered works, extensive soft landscaping and palm tree planting will be carried out using current Council contracts. Management has also negotiated to pay service authorities direct for the relocation of services which are a pre-requisite to the works.
9. The total estimated cost of the project is \$4.5 million including the above works, design, project management and construction contingency costs. To enable the award of the contract, Council will need to commit to the inclusion of the additional \$2 million from the 2014–15 draft budget.

**Recommendation from management**

10. That Council:
  - 10.1 award the contract for the Neill Street Reserve Landscape Redevelopment, Contract No. 8503A, to 2Construct Pty Ltd for the sum of \$3,148,770 and otherwise in accordance with the negotiated terms.
  - 10.2 authorise the pre commitment of \$2 million from the 2014–15 Council Works Program to enable entry into the contract.

**Attachment:**

1. Supporting Attachment

**Supporting Attachment**

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**Legal**

1. Pursuant to section 186 of the *Local Government Act 1989* (Vic), before a Council enters into a contract for the provision of works to the value of \$200,000 or more (levels increased by Order in Council dated 7 August 2008), the Council must give public notice of the purpose of the contract and invite tenders from persons wishing to undertake the contract.

**Finance**

2. Council allocated \$500,000 in the 2012–13 works program and \$2 million in the 2013–14 works program from the Open Space Contribution Reserve.
3. A further \$2 million has been included in the draft 2014–15 budget, also from the Open Space Contribution Reserve.
4. It will be necessary for Council to pre-commit \$2 million from the 2014–15 budget for the contract to be awarded.

**Tender evaluation summary**

5. The membership of the tender evaluation panel was as follows.

Title and Branch	Generalist or Nominated Speciality	Full / Advisory Member
Project Manager Capital Works	Generalist (Chair)	Full
Senior Project Manager Capital Works	Generalist	Full
Contracts Officer Parks Services	Generalist	Full
Procurement Co-ordinator Financial Services	Social Resp.	Advisory
Community Capacity Building Comm. Strengthening	Social Resp.	Advisory

6. The summary of final scoring for the five (5) conforming tenderers is shown below:

Summary of final scoring				
Company	Price <i>(Refer to Note 1)</i>	Financial score <i>(Refer to Note 1)</i>	Non-financial score	Total score
<b>2Construct</b>	<b>3,148,770</b>	<b>59.40</b>	<b>26.80</b>	<b>86.20</b>
Tenderer A	3,408,600	55.06	30.50	85.56
Tenderer B	4,874,971	38.82	24.80	63.62
Tenderer C	4,101,409.70	45.96	24.00	69.96
Tenderer D	4,278,323	44.25	26.40	70.65

Note 1: The specific items scored in the financial and non-financial part of the tender evaluation and their respective weightings were as follows

Financial

- Cost-60 per cent
  - Lump Sum Amount – 57 per cent
  - Unit Rates for Variations – 1 per cent
  - Hourly Labour Rates for Variations – 1 per cent
  - Material and Equipment Rates for Variations – 1 per cent

Non-Financial

- Experience, Capability – 20 per cent
  - Past Performance – 15 per cent
  - Current Commitments – 5 per cent
- Work Plan – 10 per cent
  - Proposed Supervisory Personnel – 2 per cent
  - Proposed Sub-contractors – 2 per cent
  - Construction Program – 3 per cent
  - Construction Methodology – 2 per cent
  - Environmental Sustainability Management – 1 per cent
- Occupational Health & Safety Systems – 5 per cent
- Social Responsibility – 5 per cent

**Conflict of interest**

7. No member of Council staff, or other person engaged under a contract, involved in advising on or preparing this report, has declared a direct or indirect interest in relation to the matter of the report.

**Stakeholder consultation**

8. Extensive community consultation has been undertaken in the development of the project design. The consultation included:-

- community workshops
- issue of draft proposal and inviting community feedback
- a public meeting
- letter box drops
- signs on site

**Relation to Council policy**

9. The Council committed to upgrading the Neill Street Reserve as part of the Carlton Housing Estate Redevelopment project.

**Corporate social responsibility**

10. Tenderers were asked to include social responsibilities initiatives for the project. An evaluation criterion with a provision of 5 per cent weighting was assigned to Social Responsibility.
11. The recommended tenderer included qualified proposals in additional information submitted to support their tender following the tender interview. These proposals included possible employment opportunities and the engagement of social enterprises for soft landscaping works.
12. Further negotiation with the contractor if appointed will be undertaken prior to award of the contract, in order to achieve an increased social responsibility outcome.