

Confidential Item
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Council Resolution 19/18

AGENDA ITEM NO.: 3.1

TO: Special Council on 6 February 2018

DIRECTOR: Nathan Cunningham, Director Community & Planning

REPORT AUTHOR: Chris Newby, CLIC Project Lead

SUBJECT: Confidential Report - Appointment of Managing Contractor for the Construction of the Community Hub, Library and Innovation Centre

1. EXECUTIVE SUMMARY

- 1.1 This report is to provide Council with information on the assessment process that has been undertaken to arrive at a recommendation on a preferred Managing Contractor for the construction of the Community Hub, Library and Innovation Centre (CLIC), and to seek a resolution of Council to appoint the preferred Managing Contractor.
- 1.2 The Managing Contractor method of project delivery has been determined as the most suitable for the CLIC construction and this is based on evidence of similar projects and advice from key project management personnel. This report follows the completion of a tender and evaluation process to determine which building company is best suited to deliver the CLIC project in this manner.
- 1.3 A request for tender based on the endorsed concept plans was released to five (5) building companies known in the marketplace as being capable of delivering this type of building in Adelaide. The call for expressions of interest elicited four (4) submissions from these highly regarded companies, all of which suggesting that delivery of the project could achieve Council's financial and timing constraints. Three (3) were subsequently selected by the selection panel to participate in a presentation to (and interview by) a panel comprising the Mayor, CEO, Director of Community & Planning, CLIC Project Lead, Project Managers Jim Allen & Associates (JAA) and the Lead Architect from JPE.
- 1.4 The presentation and interview focused on key areas raised by the selection panel, particularly in relation to the key personnel nominated to deliver the project (their experience and ongoing availability), potential changes to the program for delivery (particularly concerning the Town Hall), ongoing stakeholder engagement and relationship building, creating excitement through the construction, and the maintenance of the existing right of way between Olive Street and Hatchard Lane.
- 1.5 At the conclusion of the interviews, the selection panel have concluded that Kennett Builders is the preferred Managing Contractor for the project, and are recommending them to Council on the basis of their ability to deliver the project to Council's (and the community's) utmost satisfaction in line with known time and cost constraints.

2. RECOMMENDATION

2.1 Order pursuant to section 90(3)(k)

That under the provisions of Section 90(2) of the Local Government Act 1999, an order be made that the public with the exception of the Cate Hart, Chief Executive Officer; Nathan Cunningham, Director Community and Planning; Simon Bradley, Director Infrastructure and Environment; Jo-Ann Tanti, Acting Director Corporate Services; Chris Newby, CLIC Project Lead and Luigi Rossi and Pete Reilly, Project Managers be excluded from attendance at the meeting of the Special Council in order to consider in confidence Agenda Item 3.1 titled "Appointment of Managing Contractor for the Construction of the Community Hub, Library and Innovation Centre".

The 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 grounds provided by Section 90(3)(k) of the Act information to be received, discussed or considered in relation to this Agenda Item are expressions of interest for the provision of services in that they are for the undertaking of construction management services for the Council and Community.
- the Council is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed in the circumstances because the information to be discussed has the potential to impact adversely on each of the candidates as competitive commercial information will be disclosed.

2.2 Recommendations

- (1) Council having considered Item 3.1 Appointment of Managing Contractor for the Construction of the Community Hub, Library and Innovation Centre, authorises the CEO to execute a Services Agreement up to the value of \$1.11 million (excl GST) with Kennett Builders in order to commence work in accordance with the project brief for Managing Contractor services for the construction of Council's new community facility.**
- (2) Council authorises the CEO to expend up to \$1.68 million (excl GST) for the professional services component of the budget to provide for the use of Building Information Modelling (BIM) by the design team.**
- (3) Council authorises the CEO to make payments to Kennett Builders for various trade packages, which are to be engaged via Kennett Builders, up to the value of \$15.1 million (excl GST) over the duration of the project. All trade packages to be tendered and assessed in accordance with Council's procurement policy, reviewed and endorsed by Kennett Builders together with Jim Allen & Associates Pty Ltd prior to approval by the CEO.**
- (4) Council continue to receive monthly reports on project progress and expenditure for the construction of the Community Hub, Library and Innovation Centre.**

2.3 Order Pursuant to section 91(7)

That in accordance with Section 91(7) and Section 91(9) of the Local Government Act 1999 and on the grounds that Item 3.1 for the meeting of the Special Council held on 6 February 2018 was received, discussed and considered in confidence pursuant to Section 90(3)(k) of the Local Government Act 1999, this meeting of the Special Council, orders that Attachment 1 to the report titled "Appointment of Managing Contractor for the Construction of the Community Hub, Library and Innovation Centre" be retained in confidence for a period of 2 years and that this order be reviewed every 12 months.

3. RELEVANCE TO STRATEGIC DIRECTIONS / POLICY

Strategic Plan to 2020 Theme 1 – People "Know, empower, celebrate, educate and activate our community"

Strategy 1.1	Know our community	The Community Engagement Plan for the project is based upon the requirement to 'know' our communities, be inclusive of a broad cross section of our residents and ensure that residents are well informed of the steps being taken for the development of the CLIC. The selection of a Managing Contractor to coordinate and complete the construction of the building is an essential step to allow further community involvement in the project, particularly those immediately adjacent the site.
Strategy 1.2	Environmentally active, sustainably focused	
Strategy 1.3	Active living for every age, every stage	
Strategy 1.4	Celebrate our diverse and creative community	

Strategic Plan to 2020 Theme 2 – Place "Loved heritage, leafy streets, fabulous places"

Strategy 2.1	Respect the past, create our future	Delivery of the CLIC will be based upon that aspect of the Strategic Plan referring to 'fabulous places', requiring a high quality facility that is loved by our communities. The selection of a suitable Managing Contractor is required to create a fabulous place for our community's future needs.
Strategy 2.2	Loved parks and places	
Strategy 2.3	An accessible City	
Strategy 2.4	A greener future	

Strategic Plan to 2020 Theme 3 – Prosperity “More jobs, more investment, more activity, more vibrancy”

Strategy 3.1	A stronger local economy	<p>The CLIC’s location in the heart of Prospect Road, in combination with the improved community facilities and longer hours of accessibility, will contribute to more vibrancy in this part of the city.</p> <p>The selection of a Managing Contractor is a key step in the delivery of a facility that will increase footfall in the Prospect Road Village Heart, day and night, as well as maintaining activity levels during the construction period</p>
Strategy 3.2	A more vibrant night-time	
Strategy 3.3	Leverage our digital advantage	
Strategy 3.4	International Prospect	

Strategic Plan to 2020 Theme 4 – Services “Leaders of the sector providing efficient, responsive, accessible services”

Strategy 4.1	Excellence in Infrastructure	<p>The strategies within Theme 4 of the Strategic Plan speak to Council’s requirement that the CLIC is delivered on time and on budget according to our standards of excellence.</p> <p>The selection of the Managing Contractor must give due consideration to the timeliness, anticipated cost and desired quality required of the project.</p>
Strategy 4.2	Sound Financial Management	
Strategy 4.3	Responsible Waste Management	
Strategy 4.4	Accountable and people-focused services	

Intelligent Community Indicators

3. Innovation	Intelligent Communities pursue innovation through a relationship between business, government and institutions (ie. universities).	<p>The selection of a Managing Contractor is an important part of Council’s process in delivering a ne facility for the community. The use of current technologies to ensure a smooth construction process is considered a necessary innovative approach to this process. The Managing Contractor, in working with the architect, design team and sub-contractors, also needs to ensure that the construction will achieve a high level of environmental sustainability.</p>
4. Digital Equality	Allowing everyone access to broadband technologies and skills to use them	
5. Sustainability	Economic growth while reducing the environmental impact of that growth	

4. COMMUNITY INVOLVEMENT

- 4.1 Whilst community consultation on the CLIC project has been underway during the process of selecting a Managing Contractor, no community consultation has been undertaken in the preparation of this report.

5. DISCUSSION

5.1 Project Outline

At a Special Meeting of Council on 12 September 2017, Council resolved that the CEO be authorised to undertake a select tender through Expressions of Interest for the appointment of a Managing Contractor in order to commence demolition of the existing Civic Centre building and deliver the construction of the new facility (integrating the Town Hall) via a Managing Contractor process, and that the preferred supplier be presented for Council consideration and determination.

The selection of a Managing Contractor is a key step in Council's progression of the CLIC. The selection will lead to the establishment of an important contractual relationship, with the preferred builder to work closely with the project team, Council and administration to deliver the necessary tender packages, engagement of subcontractors and provide the necessary construction oversight for the delivery of the new facility.

The process to appoint the Managing Contractor comprised a select call for expressions of interest, followed by analysis of the submissions received against the assessment criteria identified in the Council's project brief prepared in collaboration with our consultant Project Management Team.

5.2 Shortlisting Process

Council's appointed Project Managers (Jim Allen and Associates) in consultation with the Project Executive Group sought expressions of interest from five (5) building companies that are known to have the necessary expertise to deliver the project. Those five were invited to a project briefing, with four of the invited companies attending.

The Expressions of Interest period closed with four (4) submissions received. The CEO, Director Community and Planning, CLIC Project Lead and Project Managers (Jim Allen & Associates) undertook a review of the submissions and shortlisted three (3) firms for interview.

5.3 Interview Process

On 1 February 2018, the shortlisted building companies were invited to present to an interview panel comprising Mayor David O'Loughlin, CEO Cate Hart, Director Community & Planning Nathan Cunningham, CLIC Project Lead Chris Newby, JAA's Project Director Luigi Rossi and Project Manager Pete Reilly, together with JPE's Lead Architect Tom Vinall.

The candidates were also asked to present on why they think their team would be best positioned to deliver the project and how they would ensure project success for City of

Prospect. Their presentation was also to explain what the Managing Contractor method of project delivery means to them. Further advice and clarification was also sought from each on possible changes to the anticipated works program, in the event that the Town Hall was made available earlier than January 2019, as well as an updated site access and traffic management plan to ensure the right of way between Olive Street and Hatchard Lane was accommodated during construction.

The questions posed by the selection panel focused on their experience and intended approach to:

- Value management and design management during the pre-construction phase
- Relationship-building, particularly in relation to community and stakeholder engagement
- Early works packages and the tendering process (as it applies specifically to this project)
- Ensuring quality outcomes throughout the process
- Resourcing the project, specifically in relation to maintaining the allocated team and attracting the best possible sub-contractors
- Working on (and in close proximity to) a heritage-listed building
- Traffic management

The final question from the selection panel sought feedback from each company on what excites them about this particular project.

5.4 Selection Process Outcomes

The interviews with the shortlisted building companies assisted in clarifying each one's methodology for delivery of the project within a compressed timeframe, their capacity to deliver, and their ability to apply their previous experience to a uniquely Prospect context, to deliver an outcome that reflects the aspirations of Council and the community. The following provides a brief overview of the opinions expressed by the interview panel in respect of each company.

Sarah

Sarah's submission, presentation and interview highlighted a good understanding of the brief and a strong methodology for delivery of the project, including a comprehensive approach to site management during construction that would maintain necessary access between Olive Street and Hatchard Lane. Their approach to value management focused on negotiation with trades to achieve financial savings, as well as an assumption that the project uses Building Information Modelling (BIM) with a target to achieve 5-10% savings. Prototyping would be an essential part of this process which they offer to ensure the appropriate level of quality is achieved.

Their attention to community engagement as part of the construction process was comparatively limited, with a relatively simple approach to engaging with neighbours and the broader community proposed based on recent experience on local government buildings.

Ultimately, while SARAH have a good track record of delivering buildings that meet the needs of their clients, their presentation and response at interview did not establish a

strong connection between their experience and how that would translate to delivering a truly characteristic Centre representing Prospect. It was also not apparent how the nominated team would work effectively together with Council and key stakeholders, or bring a level of enthusiasm to the process that reflected Council's excitement.

Mossop

Mossop's submission, presentation and interview reflected a highly confident and competent team, although with an acknowledged weakness in the experience in relation to the site manager nominated for the project on a portion of the CLIC building (noting that their organisation of 160 staff were all able to assist and cover as needed). A particular strength of the team was their approach to value management with a true focus on savings and the suggestion of options (based on previous experience) were likely to enhance the project outcome. Their approach to community engagement was well considered, utilising a variety of techniques (including direct text messaging) to keep neighbours informed of the processes underway.

There were some concerns from the panel about the resourcing allocated to the project and its impact on the profitability/margin for the company, although Mossop was confident of their financial position and of their capacity to deliver the project,

Ultimately, the experience and delivery of Mossop as a company was able to be demonstrated, their familiarity with the site from building the existing Prospect Civic Centre was strong and there was a reasonable degree of confidence on their ability to deliver.

Kennett

Kennett's submission, presentation and interview reflected a unified team with a passion for Prospect, able to translate a vision into reality whilst establishing a future sense of site that the community could be proud of. The team recognised and responded well to the site characteristics, including the care required when dealing with heritage buildings.

They were also able to illustrate the comprehensive approach required when working on a constrained site (whilst maintaining accessibility for nearby users), demonstrating an appreciation of positive relationships with owners and occupiers of surrounding properties. Their draft site and traffic management plan maximised the availability of car parking for nearby businesses which demonstrated an understanding of our local environment and pressures. They also proposed to maintain the necessary thoroughfare through the site, which was testament to their appreciation of the task at hand and potential sensitivities.

There was a clear demonstration of their understanding in respect to the use of technology to assist the building process, from BIM to aid in design through to the use of a proprietary application for defect management. This 'Smart21' style approach resonated with the selection panel. Additionally, the team had a clear understanding of key timeframes during the construction process that should be achieved, alongside the flexibility to adapt to changing circumstances should the need arise.

The team demonstrated a close working relationship and passion for quality building outcomes, which was reflected in their excitement at the opportunity of working with Council and its stakeholders. It was also demonstrated that this team would have the

internal capacity and the industry connections (particularly with sub-contractors capable of the required level of work) to deliver a unique building designed specifically for City of Prospect and its community and one which all parties involved could be truly proud of.

Tender Submission, Presentation and Interview Conclusions

The review of the tender submissions confirmed three (3) strong contenders for the project, while the presentation and interview process established a clear preferred candidate which was unanimous from all members of the panel. Subsequent discussion with nominated referees confirmed that all shortlisted builders have been successful in the delivery of complex and detailed projects, working well with Council as clients and completing projects to the required expectations.

Ultimately, the members of the interview panel were united in their conclusions that Kennett has the project understanding, experience and passion to deliver the outcomes desired by Council. Their nominated project manager and site supervisor were also identified by the selection panel as pivotal to the success of the CLIC project.

Sarah and Mossop, while both demonstrating experience and capacity to deliver the project, were not considered to be as aligned to the goals of Council. The outcomes of the tender review, presentations and interviews have informed the analysis undertaken by staff and the Project Managers (using a comparative multi-criteria analysis) and the assessment matrix is presented for consideration at **Attachments 1-2**. Kennett's submission is provided in its entirety at **Attachments 3-75**.

5.5 Other Considerations

The preferred Managing Contractor encourages the use of BIM (Building Information Modeling) during the design phase, and this approach is supported by the selection panel. BIM is an intelligent 3D model-based process that gives architecture, engineering, and construction (AEC) professionals the insight and tools to more efficiently plan, design, construct, and manage buildings and infrastructure.

The benefits of BIM include an advanced and accurate compilation of data about the building and the site into a single model, that can be readily shared and referenced. Using a shared model, there is less need for rework or duplication of drawings between building disciplines, and allows for the automation of numerous tasks (such as counting of construction components) alongside improved construction sequencing. Simulation and visualisation tools are also enhanced through the use of BIM.

The proposed BIM methodology also aligns with Council's Smart21 ethos and being recognised as a Smart City.

The selection panel is recommending to Council that a BIM system is established as part of the contract arrangements with the appointment of Kennett to achieve time, cost and quality efficiencies.

5.6 Financial and Resource Implications

Project funding for the appointment of a Managing Contractor is incorporated in the delivery of the new facility which has been included in the annual business plan and the long term financial plan. The fees associated with the recommended firm aligns

with market pricing and is comparable with 3 of 4 tender responses (with one being significantly higher). The panel noted that Kennett's quoted fee of \$1,097,758 (excl GST) in the tender did not include professional indemnity insurance valued at \$8,000. This has been included in the recommendation to manage project risk.

The incorporation of a BIM approach would require an investment of \$200,000 and would be sourced from the project risk and contingency allocation on the assumption that it will ensure the highest possible level of documentation and addresses potential construction inefficiencies that may otherwise be difficult to detect. The use of these funds will be allocated to the professional fees budget for reporting purposes. However, the overall project costs would not be increased. If Council determines not to utilise a BIM system, it is considered the benefits and efficiencies being sought throughout the project may not be achieved and therefore the project risk and contingency allocation should not be reduced..

The use of BIM would lead to minimising risk associated with long term building operation and maintenance costs, with a thorough and detailed 3-dimensional model of the structure and all services being available for future reference and for ongoing operational benefits for managing the community asset.

ATTACHMENTS

Attachment 1-2: Tender Evaluation Matrix

Attachment 3-75: Kennett's Tender Submission