

13.3 Award of Request for Tender TVP/24/04 - Lathlain Precinct Redevelopment Project – Zone 1

Location	Lathlain
Reporting officer	Strategic Projects Manager
Responsible officer	Chief Operations Officer
Voting requirement	Simple majority
Attachments	1. CONFIDENTIAL REDACTED - TVP-24-04 RFT Evaluation Report [13.3.1 - 18 pages] 2. CONFIDENTIAL REDACTED - Hames Sharley Variation - ECI stage and Program [13.3.2 - 12 pages]

Summary

Approval is sought for the award of a two-stage construction contract that involves an initial Early Contractor Involvement (ECI) stage followed by a design and construct lump sum stage for the construction of the Lathlain Park Redevelopment Precinct Zone 1 Football and Community Facility.

Recommendation

1. That Council awards Stage 1 and Stage 2 of the contract associated with Request for Tender TVP 24 04 Two Stage Design and Construction Contract – Lathlain Precinct Redevelopment Project Zone 1, to Tenderer B, PS Structures Pty Ltd, with the terms and conditions outlined in the contract, as their offer has been evaluated as the most advantageous to the Town.
2. That Council note Stage 1 will commence immediately following contract execution for a lump sum fee and that Stage 2 will not commence unless the conditions precedent of the contract are met, and Council approve issuing a Notice to Proceed to Stage 2 at the September 2024 OCM.
3. That Council note should a contract not be formed successfully with Tenderer B, the Town will proceed with a contract with Tenderer A under delegated authority as the next most advantageous to the Town.
4. That Council approves a variation to the existing contract CTVP 21-17 (awarded with council resolution 71/2021) with lead design consultants Hames Sharley and associated sub consultants, to support Stage 1 of the contract as per confidential attachment 13.3.2.

Background

0. The Lathlain Park Redevelopment Project Zone 1 is a major strategic project for the Town that includes replacement of the current Perth Football Club Grandstand which is deemed to be at the end of its useful life.
1. The project involves the delivery of a football and community facility that includes high quality changerooms and football operations area, a spectator grandstand of approximately 800 seats, a function center, a multipurpose community centre, administration spaces for the Perth Football Club, and facilities for media and broadcasting capabilities.

2. The project received Development Approval in February 2024 from the WAPC after receiving support of the officer recommendation for approval, in a special council meeting in December 2023.
3. In February 2024, Council approved publishing a business plan for the redevelopment. This public comment period closed on 3 April 2024, and the results of the public comment submissions are included in a report that seeks council's approval of the business plan.
4. At a Concept Forum in February 2024 Officers presented a procurement strategy to guide the process for establishing a construction contract for the project. It was advised that the proposed strategy would best suit the current challenging context of the mid-tier building contractor market.
5. The procurement strategy proposed an public RFT process for a two-stage contract. Stage one is an Early Contractor Involvement (ECI) stage with Town officers, consultants and the contractor selected through this tender process, to finalise detailed design documents, seek cost savings through value management redesign and conduct trade package tendering to confirm a final lump sum contract value for stage 2.
6. Stage 2 is the construction phase and requires several Condition Precedents to be met, as an outcome of stage 1, and a discretionary decision of council before a Notice to Proceed to stage 2 is issued. Clause 3B.1 (d) of the contract states:

3B. Notice to Proceed

3B.1 Principal's Determination

(d) Without limiting the Principal's rights under subclause (b) the Principal may consider the following, in determining whether to issue a Notice to Proceed:

- (i) whether there is sufficient funding for the Project, to the satisfaction of the Principal, and on terms acceptable to the Principal;*
- (ii) the updated Contract Sum, having regard to the Final Cost Plan submitted by the Contractor;*
- (iii) feasibility and achievability of the Baseline Program;*
- (iv) the outcome of the financial due diligence assessment;*
- (v) approval from the Council via Council Resolution;*

7. TVP/24/04 Lathlain Precinct Redevelopment Project - Zone 1 was published through Tenderlink on March 15 2024 and was advertised in the West Australian newspaper on Saturday March 16, Town social media on March 18, website from March 15, and physical notice board in the Town Library and Administration building on March 15.
8. The Tender Period closed after a four-week period on April 11 2024.
9. Suppliers were requested to provide responses to qualitative criteria proving company suitability to deliver the project and quantitative pricing information. Estimated trade package prices were provided to tenderers as these packages will be developed during stage 1 of the contract. Using the trade package estimates and Principals Project Requirement (PPR) documentation as a base, tenderers had to provide firm prices for:
 - a. Stage 1 ECI lump sum
 - b. Stage 2 Preliminaries lump sum
 - c. Stage 2 Contingency percentage
 - d. Stage 2 Margin percentage
10. (a)-(d) above are confirmed as part of this contract award and the trade package final prices only will be adjusted during the stage 1. The above were applied to the trade package estimate provided to competitively assess the tenderers. This process is outline in the tender evaluation report.

11. An evaluation of the tender submissions against the prescribed criteria has been completed and it is recommended that Council accepts the submission made by Tenderer B and enters a contract to deliver the Lathlain Precinct Redevelopment Project Zone 1 project.

Discussion

12. The assessment of the submissions was formally undertaken by a panel that included:
- Strategic Projects Manager
 - Strategic Projects Manager
 - Coordinator Public Realm Planning
13. The Town received 3 submissions. Of these submissions, all were compliant.
14. The evaluation of the submissions against the quantitative and qualitative criteria resulted in the rankings as shown below, with the first ranking scoring the highest.

Company	Tenderer A	Tenderer B	Tenderer C
Rank	2	1	3

15. The detail of the exact cost of Stage 1 of the contract is contained within the evaluation report and is in the order of \$150,000.

Compliance criteria

16. The financial ability and stability of the contractor to undertake the works is of paramount importance. As part of Request For Tender process, each tenderer was be required to provide additional information to Corporate Scorecard (Equifax) (or similar) to conduct a detailed financial assessment of all tenderers.

Evaluation process

Relevant experience Details of the tenderer's experience in carrying out work as described in the Request For Tender (RFT) document. The experience is to address the last five years and identify the year, project name, value, procurement method / contract type, and a description of the works.	Weighting 25%
Organisation Capacity – Key Personnel & Capacity to undertake each Stage Details of the specific staff personnel to be assigned to this project through both Stage 1 and Stage 2, including commitment and availability to the project at each of the various stages. Specifically, tenderers are requested to identify the following key personnel for both phases separately.	Weighting 15%
Methodology Tenderers must provide details of demonstrated project understanding, construction methodology and procurement approach.	Weighting 20%
Sustainability	Weighting

Sustainability in term of Economic, Social, Environmental and Local Business Support is important to the Town of Victoria Park. Tenderer shall provide an overview of their sustainable business practices that will be associated with this project.	10%
Schedule of Prices The schedule of prices is split into two stages: 1) Stage 1 Fee (i.e. no construction activities) Stage 1 is to be priced as a lump sum (Stage 1 Fee). The Tenderer is requested to separate pricing. 2) Stage 2 Works For the Design and Construct phase, the Tenderer is to provide at this stage of the tendering process the following, and these will be assessed in accordance with the weighted assessment criteria: <ul style="list-style-type: none"> a) Preliminaries b) Contingency c) Margin; and d) Commercial Rates & Prices to be captured within the Building Contract. 	Weighting 30%
Innovative & Value Add Opportunities The Contractor is to identify its approach that will add value, promote opportunities and fresh ideas that benefits the project outcomes and objectives.	Not Weighted

Legal and policy compliance

[Section 3.57 of the Local Government Act 1995](#)

[Part 4 Division 2 of the Local Government \(Functions and General\) Regulations 1996](#)

[Policy 301 – Purchasing](#)

The two-stage contract was drafted specifically to suit the project, be legislatively compliant and adhere to the requirements of each of the funding agreements associated with the external funding of the project.

Financial implications

Current budget impact

As the value of the contract exceeds \$250,000, the acceptance of the offer/tender and subsequent award of any such contract is to be determined by Council.

Sufficient funds exist within the annual budget to address this recommendation. This is due to this decision committing the Town to Stage 1 only. One of the conditions of Stage 2 proceeding is sufficient funding certainty being obtained for stage 2.

Future budget impact

If this contract proceeds to stage 2 it will involve a major land transaction and the replacement of a large building asset for the Town. The complex ongoing financial impact of the project is outlined in the Lathlain Precinct Redevelopment Project Zone 1 Business Plan attached at 13.2.1 of this agenda.

Risk management consideration

Risk impact category	Risk event description	Risk rating	Risk appetite	Risk mitigation
Financial	Not awarding the contract will have an impact on the project timelines. This would produce a high chance of failing to meet the milestones of the \$4 million federal grant.	High	Low	TREAT risk by awarding the tender.
Financial	Entering a construction contract of this scale is a financial risk particularly if the head contractor enters administration during the contract period.	Medium	Low	TREAT risk by conducting a detailed financial analysis of the tenderer prior to awarding a contract and ensuring a comprehensive building contract is created to suit the specifics of the project. Both have been completed as part of the RFT process.
Environmental	Poor construction practices can have a negative impact on the environment.	Medium	Medium	Treat risk by including environmental credentials of the tenders in the qualitative selection criteria.
Health and safety	Construction activities have a high level of safety risk for those involved in the activity, particularly on large scale building projects.	Medium	Low	Treat risk by ensuring a quality builder is selected with a strong OHS track record, procedures and systems.
Infrastructure/ ICT systems/ utilities	NA		Medium	
Legislative compliance	LGA compliance for tenders in excess of \$250,000	Low	Low	Treat by following requirements of Local Government Regulations and Town procurement policies.
Reputation	NA		Low	

Service delivery	NA	Medium
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Engagement

Internal engagement	
Stakeholder	Comments
Procurement	Provided advice and guided the process. The procurement team also managed the engagement of a probity advisor that oversaw the process and financial assessments of the tenderers.

Strategic alignment

Civic Leadership	
Community Priority	Intended public value outcome or impact
CL1 – Effectively managing resources and performance.	The two-stage construction contract that includes an Early Contractor Engagement stage significantly reduces risk associated with large construction projects. It allows contractors, officers and consultants to work in partnership to target a set budget and resolve potential future issues proactively.
CL3 - Accountability and good governance.	The following of Local Government RFT regulations and policies ensures accountability and good governance.

Environment	
Community Priority	Intended public value outcome or impact
EN5 - Providing facilities that are well-built and well-maintained.	The project involves replacing a poor-condition Town-owned facility with a contemporary, high-quality facility that enables improvement and expansion of the services delivered from the site.

Further consideration

17. Attachment 1 TVP 24 04 RFT Evaluation Report was in draft form when attached to the May 7 ABF report. The financial assessment has now been completed for each tenderer and is included in the evaluation report.
18. Tenderer B included a series of contract qualifications in their tender submission. Town officers, Town lawyers and engaged construction project management consultants have been working through the list of qualifications with the tenderer and have resolved each item and are in the final stages of closing out the qualifications.
19. Following completion of the contract negotiations, a letter of review will be obtained by the Town's lawyers which summarises the process undertaken for contract development, the qualifications negotiation, the key contractual risks and recommendation for the suitability of the contract for execution by the Town. This will be issued to elected members via the Elected Member Portal.
20. Attachment 2 is included with the OCM report. This attachment is a variation fee submission from lead design consultant Hames Sharley for the work associated with the ECI stage. This attachment also

includes a design program for the ECI stage. On completion of this stage the Town will have a complete set of construction documentation.

21. The 2-stage contract approach novates the contract administration portion of the design team's contract to the builder therefore the Town will no longer be directly paying for this portion of contract CTVP 21-17. The value of the contract administration stage is approximately \$360,000.