

**ITEM 16. EXEMPTION FROM TENDER - EXTEND CURRENT CONTRACT FOR
THE HIRE OF TEMPORARY HOARDING - FIG AND WATTLE SITE,
22-26 WATTLE STREET, ULTIMO**

FILE NO: S098888.004

SUMMARY

In late 2013 the City entered into negotiations with the Department of Education and Communities (the Department) for the acquisition and redevelopment of the City-owned Fig and Wattle site for a new school to replace the current facility in Ultimo.

The site contains a number of dilapidated brick buildings predominantly fronting Wattle Street and, to a lesser extent, Fig Street. In preparing the site for sale to the Department, the due diligence by both parties supported an interpretative approach to the façades in any future redevelopment. The City additionally identified a need to manage the public safety risk presented by these structurally unsound buildings through construction and hire of a Class B hoarding (A hoarding built over the footpath to safeguard the public from the potential hazard of objects falling off a building site).

Throughout 2014, the Department's anticipated time to transact the sale extended several times, creating uncertainty as to the City's ongoing management and responsibility for the site, including when the hoarding contract would be assigned to the Department.

By January 2015, the City and the Department were concluding the commercial terms of sale with settlement prior to June 2015. The Department had acknowledged the suitability of the City's management approach to the façade and accepted the current contract with Cooper Constructions would pass at settlement. Council subsequently approved an extension of the current hoarding hire contract to 30 June 2015.

On 12 June 2015, the Department notified its intention not to proceed with the purchase of the Fig and Wattle site, but instead to redevelop its current Ultimo site. As a result of the above, the City needs to extend the hire of the B class hoarding to protect pedestrians and vehicular traffic on Fig and Wattle Streets.

This report recommends maintaining the City's site management strategy through an extension of the current contract for a further period of 12 months.

Council will continue to be updated on the City's management of the site, any future changes to the Department's position on the future school, and opportunities to realise community facilities through potential development of the site.

RECOMMENDATION

It is resolved that:

- (A) Council approve an exemption from tender for the extension of the hire of a B Class hoarding because, due to extenuating circumstances, a satisfactory result would not be achieved by inviting tenders;

- (B) Council note that the reasons a satisfactory result would not be achieved by inviting tenders are:
- (i) the Fig and Wattle site was to have been sold in June 2015 and, because that sale did not proceed, it is necessary to urgently extend the existing contract in order to preserve public safety; and
 - (ii) if the City were to seek competitive quotes, additional costs for removal and reconstruction of the hoarding would need to be paid; and
- (C) Council approve the variation of the current contract for the construction and hire of a B Class hoarding to protect pedestrians and vehicular traffic on Fig and Wattle Streets, by extending the contract term for a further 12 month period to June 2016 and for the sum set out in confidential Attachment A to the subject report.

ATTACHMENTS

Attachment A: Financial Information (Confidential)

(As Attachment A is confidential, it will be circulated separately from the agenda paper and to Councillors and relevant senior staff only.)

BACKGROUND

1. In January 2014, a structural engineering report assessing the stability of the building façade identified that the walls of the buildings were structurally unstable and represented a safety concern to the general public.
2. As a result, the City entered into a contract with Coopers Commercial Construction Pty Ltd for the urgent construction and hire of a B class hoarding to protect pedestrians and vehicular traffic on Fig and Wattle Streets, for a hire period of three months expiring in April 2014.
3. A subsequent extension of six month for the hire of the hoarding was approved by Council on 23 June 2014 and that hire term expired in October 2014.
4. In late 2013, the City entered into negotiations with the Department of Education and Communities (the Department) for sale of the site, and the proposed sale led to some uncertainty as to when the City's responsibility for the site (and the retention of the hoarding) would cease, and whether a more permanent solution (ie, reinforcement) would provide a better long term value for money solution.
5. The City finalised an agreement for the sale of 22-26 Wattle Street Ultimo in December 2014, and the sale was due for settlement in June 2015. This outcome clarified the timeframe for the City's continued responsibility for safety of the wall.
6. Cooper Constructions provided a new quote for the hire fee for an additional nine month period (from October 2014 until June 2015), which was approved by Council on 30 March 2015.
7. On 12 June 2015, the Department advised the City it was not proceeding with the purchase of 22-26 Wattle Street, Ultimo.
8. As a result of the above, the City needs to extend the hire of a B class hoarding to protect pedestrians and vehicular traffic on Fig and Wattle Streets for a hire period of 12 months, expiring in June 2016.
9. Due to extenuating circumstances, tenders will not be invited for the extension of hire of a B Class hoarding to protect pedestrians and vehicular traffic on Fig and Wattle Streets for an additional 12 month hire period. A satisfactory result would not be achieved by inviting such tenders as:
 - (a) continued temporary action at the site is required to ensure public safety. The project comprised the cost of the initial construction of the hoarding and the cost of hiring the hoarding for the initial nine month period. This period has now expired and the period needs to be extended, as it is essential to retain the temporary hoarding to protect pedestrians and traffic on Fig and Wattle Streets; and
 - (b) if the City were to seek competitive quotes from other providers for this service, additional costs for the removal and reconstruction of the hoarding would need to be paid, in addition to the hire fee. An estimate of these additional costs is provided in confidential Attachment A and is based on the initial price for the original works provided by Cooper Commercial Construction Pty Ltd. The continued hiring of the hoarding from Cooper Commercial Construction Pty Ltd represents a value for money outcome in these particular circumstances.

10. Coopers Commercial Construction Pty Ltd has provided two alternative solutions for the City's continued responsibility for safety of the wall, while investigating a better long term value for money solution.
 - (a) cost for demolition/stabilisation solution; and
 - (b) cost to retain the current hoarding for a further 12 months.
11. Comparative costs for the demolition/stabilisation solution or retain the current hoarding for a further 12 months are contained in confidential Attachment A.

BUDGET IMPLICATIONS

12. The cost of hiring the hoarding for the additional 12 month period has not been provided for in the operational budget for the City's property portfolio for the 2015/16 financial years, due to the anticipated sale and settlement of this site in June 2015.
13. The City's Projects and Property Division will forecast the additional expenditure. As the financial year progresses, the Division will monitor its financial position. If required, it will seek additional funds from Council's operational contingencies to meet any operating result shortfall resulting from these additional hoarding costs.

RELEVANT LEGISLATION

14. The extension of contract is in accordance with the Local Government Act 1993, and the Local Government (General) Regulations 2005.
15. Attachment A contains confidential commercial information of Coopers Commercial Construction Pty Ltd which, if disclosed, would prejudice the commercial position of the person who supplied it.
16. Discussions of the matter in an open meeting, would, on balance, be contrary to the public interest because it would compromise Council's ability to negotiate fairly and commercially to achieve the best outcome for its ratepayers.

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