

RELEVANT INFORMATION FOR CORPORATE, FINANCE, PROPERTIES AND TENDERS COMMITTEE

FILE: S105047 **DATE:** 13 November 2015
TO: Lord Mayor and Councillors
FROM: Amit Chanan, Director City Projects and Property
THROUGH: Monica Barone, Chief Executive Officer
SUBJECT: Information Relevant To Item 6 – Tender – 1-5 Flinders Street – Bike and
Community Hub - At Corporate, Finance, Properties and Tenders
Committee - 16 November 2015

Alternative Recommendation

It is resolved that:

- (A) Council reject all tenders received for the delivery of the Taylor Square Bike and Community Hub at 1-5 Flinders Street, Darlinghurst, for the reasons set out in this memorandum;
- (B) authority be delegated to the Chief Executive Officer (CEO) to enter into negotiations with suitably qualified parties to undertake the scope of works as detailed in the Request for Tender;
- (C) authority be delegated to the CEO to enter into contracts, subject to the conclusion of negotiations, with the successful parties;
- (D) Council be informed of the successful parties via CEO Update; and
- (E) Council approve permanent closure of Patterson Lane, Surry Hills to vehicles between Flinders and Bourke Street, under section 116 of the Roads Act 1993.

Purpose

To propose an alternative recommendation to allow staff to investigate elements of construction contracts, including sequencing of the construction program with a view to seeking selective cost saving measures.

Background

Tenders were advertised on 1 September 2015 and closed on 9 October 2015. The tenders have been evaluated by the panel and the preferred tender exceeds the pre-tender estimate,

and budget by 20%. The current year's capital works and future years' forward estimates will be insufficient if we are to proceed with the panel's recommendation.

Advice from the cost consultants indicates that this is in line with the current buoyant construction market conditions and consistent with their experience on other recent project tenders.


Another contributing factor is believed to be the largely unanticipated 20% devaluation of the Australian dollar (against the US dollar) in a period of just over a year (Nov 2014 to Nov 2015). This has inevitably led to increased costs in the purchase and delivery of key construction materials from overseas suppliers, such as steel, glazing and other bespoke items, making these and other cost-sensitive items prone to market adjustments.

Rejecting and negotiation will allow staff to investigate elements of construction contracts, including sequencing of the construction program with a view to seeking selective cost saving measures.

Prepared by: Amit Chanan, Director City Projects and Property

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Attachments

Approved	 Monica Barone, Chief Executive Officer
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