

**ITEM 6. TENDER – 74-76 OXFORD STREET - UPPER LEVELS FLOOR AND
ROOF STRUCTURAL UPGRADE WORKS**

FILE NO: X002477

TENDER NO: 1567

SUMMARY

This report provides details of the tenders received for the approved refurbishment works at 74-76 Oxford Street, Darlinghurst. The works include the refurbishment of the two ground floor retail units, complete new structure for the two commercial floors above and a full roof reconstruction.

This project is part of a program of work to activate the City's Oxford Street properties. In the current meeting cycle, projects within this grouping include the upgrade of 98 Oxford Street shopfront and internal make good works, the upgrade of Foley Street retail and associated essential works and this project to improve 74-76 Oxford Street.

On 27 June 2011, a Lord Mayoral Minute proposing new directions for lower Oxford Street was endorsed by the Council. In response, on 22 August 2011, Council resolved to undertake a range of short, medium and long term (5-10 year) activation projects for City-owned properties on Oxford Street.

Since 2011, the City has undertaken a range of capital works projects including roof membrane renewal, installation of roof top platform, heritage lift upgrade, installation of a café, new shopfronts, improved fire services, and accessibility works. The completion of these projects has ensured the longevity of some of the buildings and progressively improved the commercial, cultural and creative leasing spaces that is contributing to the activation of Oxford Street.

In addition to these capital works projects, other key outcomes from the City's program of Oxford Street activation activities include:

- successful activation of underutilised City-owned retail and office space with creative tenants via an Expression of Interest process (resulting in 3 retail spaces and 13 office spaces being utilised by the City's Creative Spaces Program, since increased to 14 office spaces and 4 retail spaces);
- generation of street level activity and positive media coverage consequential to the transformation of City-owned retail and office space into vibrant, professional spaces;
- undertaking of regular surveys to measure the cultural, social and economic impact of the City's creative programs in the Oxford Street precinct. Preliminary data suggests that as of June 2015, Oxford Street creative tenants have spent about \$1.8 million on local goods and services and attracted more than 76,000 visitors to the area since the program commenced in 2012;

- enhanced tenant communication/engagement strategy, including distribution of a new quarterly newsletter to all of the City's Oxford Street tenants (both creative and commercial). The newsletter will provide regular updates on the Creative Spaces Program, capital works, tenant profiles, events and useful contacts/resources; and
- the success of a number of co-share office space micro-businesses and start-ups in establishing companies and producing award winning work across a variety of mediums. As of June 2015, co-share office spaces within the Oxford Street Creative Spaces program hosted an average 72 micro-businesses and start-ups per quarter (of which 44% had not previously worked from commercial/professional premises).

The City owns the buildings at 74-76 Oxford Street, Darlington, bounded by Crown Street and Foley Street. The property is a free-standing building with shared common walls constructed in the early 1880s. The retail units were recently occupied by both creative program and commercial tenants.

The existing retail shops, known as 74-76 Oxford Street, comprise of ground floor retail shops and separate commercial levels 1 and 2 above, which are accessed via the main entrance at 66 Oxford Street. The two basement retail areas are accessible from Foley Street only and are subject to a separate DA and tender report.

The Oxford Street ground floor and Foley Street tenancies do not interconnect via an internal stair and were previously leased separately. The current state of the commercial levels 1 and 2 are unsuitable for leasing and are currently vacant. Development consent was issued on 7 September 2015 and details the required major structural and services upgrade works to bring the structure, services and accessibility up to acceptable building regulatory compliance.

The approved structural upgrade and refurbishment works were put to the market in the form of a competitive tender to seek a value for money compliant tender for the works.

This report recommends that Council accept the tender offer of Tenderer 'A' for 74-76 Oxford Street - upper levels floor and roof structural upgrade works.

RECOMMENDATION

It is resolved that:

- (A) Council accept the tender offer of Tenderer 'A' for 74-76 Oxford Street - upper levels floor and roof structural upgrade works;
- (B) authority be delegated to the Chief Executive Officer to negotiate, execute and administer the contracts relating to the tender; and
- (C) Council approve the bringing forward of funds from future years' estimates for the Oxford Street Activation Project, as outlined in confidential Attachment A to the subject report, and the allocation of the required proportion of this amount to the 74-76 Oxford Street upgrade works.

ATTACHMENTS

Attachment A: Tender Evaluation Summary (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. The City owns the property at 74-76 Oxford Street which is a free-standing building constructed in the early 1880s, and was recently occupied by commercial tenants. The building is located within the Oxford Street Heritage Conservation Area.
2. The existing retail shops are single level. Numbers 74-76 have floor areas of 98 and 107 square metres respectively. Until recently, they were leased as retail outlets.
3. The two commercial floors at levels 1 and 2 above the retail ground floor tenancies are accessible from the main building entrance of 66 Oxford Street, each extending approximately 220 square metres in floor area.
4. The current condition of the property is poor and is in need of major structural refurbishment comprising a new supporting structure, new concrete floors and a new roof. They are currently vacant and unsuitable for leasing with temporary structural bracing in place. The development application approved refurbishment works to this locally listed heritage property which will enable it, where possible, to be brought up to current building regulatory standards and fit for market rate commercial leasing.
5. The works will comprise:
 - (a) renewal of the shop interiors, removal of all previous fitout, and provision of basic finishes fit for retail leasing;
 - (b) renewal of all general and essential services within the property to integrate with the existing base building services and heritage fabric;
 - (c) infilling the existing non-compliant intertenancy walls and floors to create separate tenancies to the relevant code and standard for commercial leasing;
 - (d) new accessible toilets for the retail units to be installed to comply with building regulatory requirements; and
 - (e) provision of mechanical services such as air-conditioning and ventilation.
6. The works will be carried out in accordance with the development consent issued on 7 September 2015.
7. This project is part of a program of work to activate the City's Oxford Street properties.
8. Since 2011, the City has undertaken a range of capital works projects including roof membrane renewal, installation of roof top platform, heritage lift upgrade, installation of a café, new shopfronts, improved fire services, and accessibility works.
9. In addition to these capital works projects, other key outcomes from the City's program of Oxford Street activation activities include:
 - (a) successful activation of underutilised City-owned retail and office space with creative tenants via an Expression of Interest process (resulting in 3 retail spaces and 13 office spaces being utilised by the City's Creative Spaces Program, since increased to 14 office spaces and 4 retail spaces);

- (b) generation of street level activity and positive media coverage consequential to the transformation of City-owned retail and office space into vibrant, professional spaces;
- (c) undertaking of regular surveys to measure the cultural, social and economic impact of the City's creative programs in the Oxford Street precinct. Preliminary data suggests that as of June 2015, Oxford Street creative tenants have spent about \$1.8 million on local goods and services and attracted more than 76,000 visitors to the area since the program commenced in 2012;
- (d) enhanced tenant communication/engagement strategy, including distribution of a new quarterly newsletter to all of the City's Oxford Street tenants (both creative and commercial). The newsletter will provide regular updates on the Creative Spaces Program, capital works, tenant profiles, events and useful contacts/resources; and
- (e) the success of a number of co-share office space micro-businesses and start-ups in establishing companies and producing award winning work across a variety of mediums. As of June 2015, co-share office spaces within the Oxford Street Creative Spaces program hosted an average 72 micro-businesses and start-ups per quarter (of which 44% had not previously worked from commercial/professional premises).

INVITATION TO TENDER

10. The tender was advertised in The Daily Telegraph, The Sydney Morning Herald and on the City's tenders website on Tuesday, 6 October 2015 and closed on Tuesday, 3 November 2015.

TENDER SUBMISSIONS

11. Four submissions were received from the following organisations (listed alphabetically):
 - AUSCORP Constructions Pty Ltd
 - Cooper Commercial Constructions Pty Ltd
 - HBS Group Pty Ltd
 - Sassan Vodjdani Trading as Royal Contractors. Pty Ltd
12. No late submission was received.

TENDER EVALUATION

13. All members of the Tender Evaluation Panel have signed Pecuniary Interest Declarations. No pecuniary interests were noted.
14. The relative ranking of tenders as determined from the total weighted score is provided in the confidential Tender Evaluation Summary – Attachment A.
15. All submissions were assessed in accordance with the approved evaluation criteria being:

- (a) demonstrated experience in works of a similar nature;
- (b) allocated personnel and sub-contractors experience and capacity;
- (c) proposed program;
- (d) proposed methodology and environmental management;
- (e) site management plan;
- (f) Work Health & Safety;
- (g) financial and commercial trading integrity including insurances; and
- (h) the lump sum price and schedule of rates.

PERFORMANCE MEASUREMENT

16. The City will monitor key performance indicators to measure the performance level of the successful tenderer during the works. Performance results will be used to determine the suitability of contractors for future works.

FINANCIAL IMPLICATIONS

17. As detailed above, this project is part of a program of work to activate the City's Oxford Street properties. In the current reporting round, projects within this grouping include the upgrade of 98 Oxford Street shopfront and internal make good works, the upgrade of Foley Street retail and associated essential works and this project to improve 74-76 Oxford Street upper levels floor and roof structural upgrade works. These projects fit within the funding of the total Oxford Street Activation Program capital budget.
18. As the three projects will be delivered earlier than anticipated in the 2014-2017 Delivery Program, funds are required to be brought forward from future years' estimates into 2015/16 to accommodate the changed timing, as set out in confidential Attachment A.

RELEVANT LEGISLATION

19. The tender has been conducted in accordance with the Local Government Act 1993, the Local Government (General) Regulation 2005 and the City's Contracts Policy.
20. Attachment A contains confidential commercial information of the tenderers and details of the City's tender evaluation and contingencies which, if disclosed, would:
- (a) confer a commercial advantage on a person with whom the City is conducting (or proposes to conduct) business; and
 - (b) prejudice the commercial position of the person who supplied it.
21. Discussion of the matter in an open meeting would, on balance, be contrary to the public interest because it would compromise the City's ability to negotiate fairly and commercially to achieve the best outcome for its ratepayers.

CRITICAL DATES / TIME FRAMES

22. The works are to meet the following key dates:

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|---|---------------|
| (a) Appoint head contractor | December 2015 |
| (b) Site Establishment and construction | January 2016 |
| (c) Completion of the works | May 2016 |

PUBLIC CONSULTATION

23. The development application approval process included public notifications as part of the required process for public consultation.

AMIT CHANAN

Director City Projects and Property

Sean Brasier, Project Manager