

**ITEM 7. TENDER - 98 OXFORD STREET - SHOPFRONT AND INTERNAL
MAKE GOOD WORKS**

FILE NO: X002471

TENDER NO: 1562

SUMMARY

This report provides details of the tenders received for 98 Oxford Street – shopfront and internal make good works in Darlinghurst.

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 Foley Street retail and associated essential works, 74-76 Oxford Street – upper levels floor and roof structural upgrade works and this project for 98 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 82-106 Oxford Street, Darlington, bounded by Crown Street, Foley Street, and Palmer Street. The properties are a free-standing building constructed in the early 1900s, and are occupied by commercial tenants.

The existing shop, known as 98 Oxford Street, comprises of two levels. The ground floor is accessible from Oxford Street and the basement from 31 Foley Street. Both levels connect through an internal stair and it was previously leased to a food retail outlet. The current state of the property is unsuitable for leasing and is currently vacant. Upgrade works are required to bring the condition, services, and accessibility up to current building regulatory compliance as documented in the approved development consent issued on 17 April 2015.

The approved upgrade 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 98 Oxford Street – shopfront and internal make good works.

RECOMMENDATION

It is resolved that:

- (A) Council accept the tender offer of Tenderer 'A' for 98 Oxford Street – shopfront and internal make good 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 98 Oxford Street 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-owned property is a free-standing building constructed in the early 1900s, and is occupied by commercial tenants. The building is located within the Oxford Street Heritage Conservation Area.
2. The existing shop at 98 Oxford Street comprises of two levels, with the ground floor at 114 square metres and the basement at 96 square metres. It was previously leased to a food retail outlet. The ground floor is accessible from Oxford Street and the basement from 31 Foley Street. Both levels connected through an internal stair.
3. The current condition of the property is poor to moderate and is unsuitable for leasing and is currently vacant. The development consent approved refurbishment works to this locally listed heritage property and will enable it, where possible, to be brought up to current building regulatory standards and fit for commercial leasing.
4. The works will comprise:
 - (a) renewal of the shopfront, removal of all previous fitout, and provision of basic finishes fit for leasing;
 - (b) renewal of all general and essential services within the property to integrate with the existing base building services;
 - (c) infilling the existing non-compliant stair way and create two separate tenancies;
 - (d) new accessibility ramp, wheelchair lift, and accessible toilets to be installed to comply with building regulatory requirements; and
 - (e) provision of mechanical services such as air-conditioning and ventilation.
5. The works will be carried out in accordance with the development consent issued on 17 April 2015.
6. This project is part of a program of work to activate the City's Oxford Street properties.
7. 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.
8. 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

9. The tender was advertised in The Daily Telegraph, The Sydney Morning Herald and on the City's tenders website on Thursday, 1 October 2015 and closed on Thursday, 22 October 2015.

TENDER SUBMISSIONS

10. Three submissions were received from the following organisations (listed alphabetically):
 - Cooper Commercial Constructions Pty Ltd
 - Harris Mackay Commercial Pty Ltd
 - (TGC) Triton Group Co. Pty Ltd
11. One late submission was received.

TENDER EVALUATION

12. All members of the Tender Evaluation Panel have signed Pecuniary Interest Declarations. No pecuniary interests were noted.
13. The relative ranking of tenders as determined from the total weighted score is provided in the confidential Tender Evaluation Summary – Attachment A.
14. 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;
- (e) site management plan;
- (f) work health & safety and environmental management;
- (g) financial and commercial trading integrity including insurances; and
- (h) the lump sum price and schedule of rates.

PERFORMANCE MEASUREMENT

15. 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

16. 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 74-76 Oxford Street upper level floor and roof structural upgrade works. These projects fit within the funding of the total Oxford Street Activation Program capital budget.
17. 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

18. 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.
19. 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.
20. 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

21. The works are to meet the following key dates:-
- | | |
|-----------------------------|--------------------|
| (a) Appoint head contractor | Late December 2015 |
| (b) Site Establishment | Mid-February 2016 |
| (c) Construction | Late February 2016 |

(d) Completion of the works

Mid- April 2016

PUBLIC CONSULTATION

22. The development application approval process included public notifications as the required process for public consultation.

AMIT CHANAN

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