

ITEM 19. CANCELLATION OF TENDER - NEW PARK AT 222 PALMER STREET, DARLINGHURST - CONSTRUCTION

FILE NO: X007770

TENDER NO: 1648

SUMMARY

This report provides details of the tenders received for the new park construction at 222 Palmer Street, Darlinghurst.

On 19 June 2016, a construction tender for the new park at 222 Palmer Street, Darlinghurst was advertised with the purpose to appoint a contractor to undertake partial demolition of the former Frances Newton Kindergarten building and construct a new park and playground.

On 21 November 2016, Murphy's Construction Group Pty Ltd was awarded the contract for the project, but subsequently notified the City in May 2017 that they had insufficient capacity to undertake the works under the contract.

The project is to now be retendered as two packages, separating the demolition and structural works from the landscape embellishment works. It is anticipated that separating the project will attract a broader and more competitive response.

This report recommends that Council cancel the proposal for the contract to construct the new park at 222 Palmer Street, Darlinghurst and retender the works in two separate packages. Construction works are planned to commence in early 2018.

RECOMMENDATION

It is resolved that Council:

- (A) cancel the proposal to contract construction works under Tender 1648 for the new park at 222 Palmer Street, Darlinghurst; and
- (B) invite tenders for the two separate packages of works to attract a broader and more competitive response.

ATTACHMENTS

Nil.

BACKGROUND

1. On 9 December 2013, the design scope for the development and embellishment of two small sites known as the East Sydney Small Parks Project was endorsed by Council. The sites are located at the corner of O'Brien's Lane and Stanley Street, and at 222 Palmer Street, Darlinghurst. The O'Brien's Lane Park was completed in 2015.
2. The site at 222 Palmer Street, Darlinghurst comprises of the former Frances Newton Kindergarten building and playground area. It is located at the corner of Palmer Street and Berwick Lane, Darlinghurst.
3. The park at 222 Palmer Street was delayed until the completion of the 277 Bourke Street East Sydney Childcare Centre to minimise disruption and inconvenience to the local area. The Childcare Centre at 277 Bourke Street was completed in July 2016.
4. On 19 June 2016, a tender was advertised for the partial demolition of the two-storey brick building and construction of a new park at 222 Palmer Street.
5. On 21 November 2016, Council accepted the tender offer of Murphy's Construction Group Pty Ltd.
6. In May 2017, the Contractor notified the City that they had insufficient capacity to undertake the works under the contract. The other submissions were non-conforming or above the endorsed budget, therefore a review of the delivery model for the project was undertaken.
7. It is recommended that the City cancel the proposal for the contract construction works under Tender 1648 and retender the project as two separate packages works to attract a broader and more competitive response from companies with the specific experience and skillset for the works to be completed. The two packages will be for demolition of the building and the landscape works.

FINANCIAL IMPLICATIONS

8. Funds to complete this project were included in the 2016/17 capital works budget. These funds will now be rolled forward into the 2017/18 financial year capital works budget as part of the Quarter 4 'revote' process.

RELEVANT LEGISLATION

9. The tender had been conducted in accordance with the Local Government Act 1993, the Local Government (General) Regulation 2005 and the City's Contracts Policy.

CRITICAL DATES / TIME FRAMES

10. Program Key Milestones:
 - (a) Tender separate works packages September 2017
 - (b) Engage demolition contractor October 2017
 - (c) Engage landscape contractor November 2017

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| (d) | Site Establishment by demolition contractor | March 2018 |
| (e) | Completion of demolition works | June 2018 |
| (f) | Landscape construction to commence | July 2018 |
| (g) | Project Completion | October 2018 |

PUBLIC CONSULTATION

11. Ongoing communication strategies will be in place for the construction period with the Contractor through the appointment of a Community Liaison Officer.
12. Prior to commencement of work a notification letter will be issued to affected property owners and ongoing consultation will take place during construction.

AMIT CHANAN

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