

Item 17.**Contract Variation – 540 George Street Building Façade Remediation****File No: X022286.004****Tender No: RFT 2050****Summary**

This report seeks that Council approve a contract variation for 540 George Street Façade Remediation Works in order to complete the additional remediation required to the building fabric, and an increase to the contract contingency to address any potential future latent conditions.

Over time, the paint finish to the building exterior has deteriorated. The age of the building meant that the paint contained lead and required remediation as part of these works.

Competitive tenders were called for the façade remediation works to 540 George Street in mid-2020. After tender assessment, Duratec Ltd was engaged under delegation by the Chief Executive Officer in October 2020 to undertake the works.

The project scope is to strip and paint the George and Park Street facades of the building above the awning and complete associated remediation works to these facades. During the works, further testing identified additional locations that require remediation. For safety reasons, this additional remediation is required to be completed in conjunction with the contracted works. The remediation methodology demonstrates value for money as it is the lowest cost and shortest time to implement with minimum impact on the contract. All works are being undertaken with stringent safety procedures to ensure the workers and public are kept safe at all times.

The contract variation for additional remediation and contingency for potential future latent conditions requires Council approval.

Recommendation

It is resolved that:

- (A) Council approve a contract variation for the 540 George Street Building Façade Remediation contract to undertake the additional remediation for the amounts set out in Confidential Attachment A to the subject report;
- (B) Council approve an increase to the contract contingency to address any latent conditions for the amounts set out Confidential Attachment A to the subject report; and
- (C) authority be delegated to the Chief Executive Officer to negotiate variations to the contract relating to 540 George Street Building Façade Remediation.

Attachments

Attachment A. Financial Implications (Confidential)

Background

1. The building at 540 George Street is Council-owned and operated as a commercial building. Over time, the paint finish to the building exterior has deteriorated. The age of the building meant that the paint contained lead and requires remediation.
2. The project scope consists of the removal of lead paint from the George and Park Street facades of the building above the awning and associated remediation work to these facades.
3. A nominal 10-year life has been set for the remedial works, given the long-term intention to demolish the building as part of the Town Hall Square project.
4. Competitive tenders were called for the façade remediation works to 540 George Street in mid-2020. After tender assessment, Duratec Ltd were recommended for engagement as Contractor.
5. Approval to engage Duratec Limited as Contractor was given by the Chief Executive Officer in October 2020, in accordance with the Register of Delegations. Remediation works commenced on site in June 2021.
6. Investigations prior to tender identified remediation areas for the works.
7. During construction works, more extensive testing was possible due to improved access to the façade from the scaffolding. This testing revealed additional remediation was required to the building fabric.
8. For safety reasons, this additional remediation is required to be completed in conjunction with the contracted works. The remediation methodology demonstrates value for money as it is the lowest cost and shortest time to implement with minimum impact on the contract.
9. The contract variation for additional remediation and contingency for potential future latent conditions, takes the total amount of the contract with the Contractor, inclusive of GST, above the CEO delegation, requiring Council approval.
10. Additional funding for the contract variation, contingency, consultancy services, authority fees and project management services are required to support the completion of the additional remediation works.

Performance Measurement

11. Completion of remediation and provision of a clearance certificate will demonstrate successful performance.
12. The City will ensure that performance standards set for the contract are met to completion of the construction phase.

Financial Implications

13. There are sufficient funds allocated for this project within the current year's capital works budget. The additional funding requirement detailed in this report was incorporated in the adoption of the Integrated Planning and Reporting Program and Budget 2022/23, adopted by Council in June 2022.

Relevant Legislation

14. The tender process was conducted in accordance with the Local Government Act 1993, the Local Government (General) Regulation 2021 and the City's Procurement and Contract Management Policy.
15. Local Government Act 1993 - Section 10A provides that a council may close to the public so much of its meeting as comprises the discussion of information that would, if disclosed, confer a commercial advantage on a person with whom the council is conducting (or proposes to conduct) business.
16. Attachment A contains confidential commercial information which, if disclosed, would:
 - (a) confer a commercial advantage on a person with whom Council is conducting (or proposes to conduct) business; and
 - (b) prejudice the commercial position of the person who supplied it.
17. Discussion 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.

Critical Dates / Time Frames

18. Construction including the additional remediation works and contingency is anticipated to be complete in mid-December 2022.

Options

19. The only option available is to complete the additional remediation works. This addresses statutory requirements, provides the best value for money and is appropriate for the planned life of the building.

Public Consultation

20. No public consultation has been undertaken because the matter is of a contractual nature. Notification is provided to tenants at regular intervals during construction.

KIM WOODBURY

Chief Operating Officer

Graham Brideson, Project Manager