

Contract Variation - Pyrmont Community Centre Upgrade Contracts

File No: X038743

Summary

This report seeks variations to two existing contracts and approval of additional funds to increase the project budget for the Pyrmont Community Centre Upgrade works.

The Pyrmont Community Centre is located on the site of the former Pyrmont Public School on the corner of John and Mount Streets, Pyrmont. The former school building, grounds and fences are listed heritage items. The Centre opened in 1993 and currently includes a childcare centre operated through the City's Accommodation Grants Program, an Outside School Hours Care (OSHC) service operated by the City, a Library Link, a community library, a small community gym, a community hall on the ground floor and an additional community room on the first floor.

In June 2020, Council approved the scope for the upgrade of the Pyrmont Community Centre. A revised and expanded scope of work was developed following a review of the existing building condition and feedback from community groups and approved by Council in July 2021.

The City entered into a contract with Welsh and Major Architects Pty Ltd (Welsh and Major) in November 2020 to provide design and construction stage services for the Pyrmont Community Centre Upgrade works.

In September 2022, the City entered into a contract with Belmadar Pty Ltd (Belmadar) for the construction of the Pyrmont Community Centre Upgrade works. Demolition of the existing building and strip out of the Heritage Building has been completed and the construction of the new building is progressing.

Council approved an additional contingency in June 2023 to manage significant latent conditions which were identified following demolition of the existing building and strip out of the heritage building. These included lead dust and soil contamination, window repairs, services reticulation paths and additional base building services integration.

Further latent conditions have resulted in the identification of additional scope to both the new build and the heritage buildings. The cost to complete these additional works exceeds the available contract contingency and project budget previously approved by Council.

This report recommends that Council approve additional contract contingency for the contracts with Welsh and Major Architects and Belmadar and that Council approve additional funds to increase the project budget.

Recommendation

It is resolved that:

- (A) Council approve additional contract contingency for the construction contract with Belmadar Pty Ltd for construction of the Pymont Community Centre Upgrade works, as outlined in Confidential Attachment A to the subject report;
- (B) Council approve additional contract contingency for the head design consultant contract with Welsh and Major Architects Pty Ltd for additional design and construction stage services for the Pymont Community Centre Upgrade works, as described in Confidential Attachment A to the subject report;
- (C) Council approve the additional funds sought for the Pymont Community Centre Upgrade works as detailed in Confidential Attachment A to the subject report; and
- (D) authority be delegated to the Chief Executive Officer to negotiate and enter into any documentation required to give effect to these resolutions.

Attachments

Attachment A. Financial Implications (Confidential)

Background

1. The Pyrmont Community Centre is located on the site of the former Pyrmont Public School on the corner of John and Mount Streets, Pyrmont. The subject site is listed as an item (no. I1237) of local heritage significance in Schedule 5 of the Sydney Local Environmental Plan (LEP) 2012, described as 'Former Pyrmont Public School including interiors, fences and grounds'.
2. The City purchased the site in the early 1990s and undertook refurbishment works that included the construction of a two-storey extension, and the conservation and adaptive re-use of the former school buildings and grounds for childcare and community use. The Pyrmont Community Centre was opened in 1993.
3. The Centre includes a childcare centre operated through the City's Accommodation Grants Program, with service approval for 40 children per day, an Outside School Hours Care (OSHC) service operated by the City, a Library Link, a community library, a small community gym, a community hall on the ground floor and an additional community room on the first floor.
4. In June 2020, Council endorsed the recommended scope for the upgrade of the Pyrmont Community Centre. This scope included an access upgrade to provide accessible entry and lift access to all levels; a gym upgrade; conversion of the existing gym cardio room to new community rooms; conversion of the Outside of School Hours Care Homework Space to 'shared' Community Room; and an upgrade to the existing level one public toilets.
5. In November 2020, Welsh and Major Architects were engaged to undertake the design and documentation for the Pyrmont Community Centre Upgrade. Additional opportunities were identified from a review of the existing building condition, and from feedback from community groups. Required compliance upgrades were also identified. The recommended scope was amended to include new 60 sqm dedicated community room; new ground floor office and public toilets; fire services upgrades; and refurbishment of all community rooms to provide a holistic upgrade of the community centre.
6. In response to the comments received from the Design Advisory Panel, a revised scope was proposed, which included demolition of the unsympathetic 1990s building. Council endorsed this revised scope of work in July 2021. The endorsed project scope includes an additional 60 square metre community room, installation of a lift between the ground and first floors, a new entry foyer, new ground floor office and public toilets, a new gym area, an upgrade of the first floor showers and the addition of new toilets on that floor, conversion of the existing gym into a dedicated community space, refurbishment of the existing main community hall, library link and first floor community room, and an upgrade of the Outside School Hours Care room and courtyard play equipment.
7. A construction contract for the works was awarded by Council to Belmadar Pty Ltd in June 2022. Site possession was provided in September 2022. Demolition of the unsympathetic 1990s building and the strip out of the internal partitions to the heritage buildings have since been completed under the contract. The concrete structure of the new building is nearing completion with rough-in of services started.

8. In June 2023, Council approved an additional contingency to manage significant latent conditions which were identified following demolition of the existing building and strip out of the heritage building. These included lead dust and soil contamination, window repairs, services reticulation paths and additional base building services integration.
9. During construction, additional works have revealed further latent conditions and necessary scope increases including:
 - (a) Identification of lead dust in the apex (roof) above level 1 where the concealed smoke detectors and sprinkler heads require upgrade.
 - (b) Identification of a non-compliance in the heritage building's existing fire sprinkler system. Necessary upgrades include the installation of new 25mm droppers, 100mm lower than existing under purlin beam to achieve certification.
 - (c) Identification that the design had omitted some required fire detection and intercommunication systems in the heritage building found on further review of the existing ceiling form. Additional smoke detectors are now required.
10. Other identified additional works include:
 - (a) Infrastructure for new Wi-Fi channels throughout the Community Centre to include PAIT Network and Public WiFi along with the included scope for StaffNet/GuestNet.
 - (b) Changes to the soil disposal classification to undertake the ground floor remediation works which was part of the June 2023 Council Report.
 - (c) Budget allowance for the heritage interpretation signage required as a condition of development consent.
11. Additional consultant services will be required to design and document the identified increases in scope.
12. The forecast cost to complete the additional works outlined above and as detailed in Confidential Attachment A exceeds the available contract amounts previously approved. Additional funds will also be required to increase the project budget to allow for these latent works.

Key Implications

Strategic Alignment - Sustainable Sydney 2030-2050 Continuing the Vision

13. Sustainable Sydney 2030-2050 Continuing the Vision renews the communities' vision for the sustainable development of the city to 2050. It includes 10 strategic directions to guide the future of the city, as well as 10 targets against which to measure progress. This report is aligned with the following strategic directions and objectives:
 - (a) Direction 6 - Vibrant Local Communities and Economies - the project will support increased community participation and provide improved access for the community in the Pyrmont area.

Financial Implications

14. Additional funds are required for this project, as detailed in Confidential Attachment A.

Relevant Legislation

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 of the head contractor and contingencies which, if disclosed, would:
 - (a) confer a commercial advantage on a person with whom the 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 the City's ability to negotiate fairly and commercially to achieve the best outcome for its ratepayers.

Critical Dates / Time Frames

18. Works commenced onsite in September 2022. Forecast completion of the Pymont Community Centre Upgrade works remains June 2024.

Options

19. Rectification of the fire services non-compliance is required to obtain the Occupation Certificate. An alternative option would be to tender for another party to undertake the additional works identified. However, this option is not recommended because there are already contractors engaged with significant familiarity with the project and tendering for the works would not represent value for money and cause delay to the delivery of the project and reopening of the Centre.
20. Alternative options for the Public Access IT and Community WIFI channels have been considered. Installation post completion would result in unsightly exposed conduits. Therefore, concealed conduits installed during the current works is recommended. These services are an essential offering for the community, and if delivered as part of the current contract, would be available from the reopening of the Centre.
21. Cost savings and value management opportunities were reviewed, however, were they were minimal and not cost-effective given the advanced stage the project has now reached.

Public Consultation

22. There continues to be close liaison between property owners, local businesses, the tenant (SDN Childcare Services), City staff and the contractors to minimise disruption to properties in the area. The head contractor has a Community Liaison Officer in place for the project.

KIM WOODBURY

Chief Operating Officer

Chris Allen, Specialist Project Manager