



City of Belmont
SPECIAL COUNCIL MEETING
MINUTES
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22 November 2017

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ATTACHMENTS INDEX

Attachment 1 – Item 6.1 refers

Attachment 2 – Item 6.1 refers

CONFIDENTIAL ATTACHMENTS INDEX

Confidential Attachment 1 – Item 6.2 refers

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Confidential Attachment 3 – Item 6.2 refers

Confidential Attachment 4 – Item 6.2 refers

TABLED ATTACHMENTS INDEX

Tabled Attachment 1 – Item 6.1 refers

Tabled Attachment 2 – Item 6.1 refers

<p>Councillors are reminded to retain the SCM Attachments for discussion with the Minutes</p>
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MINUTES

PRESENT

Cr P Marks, Mayor (Presiding Member)	East Ward
Cr R Rossi, JP, Deputy Mayor	West Ward
Cr M Bass	East Ward
Cr B Ryan	East Ward
Cr J Davis	South Ward
Cr J Powell	South Ward
Cr S Wolff	South Ward
Cr L Cayoun	West Ward
Cr G Sekulla, JP	West Ward

IN ATTENDANCE

Mr J Christie	Chief Executive Officer
Mr R Garrett	Director Corporate and Governance
Mrs J Hammah	Director Community and Statutory Services
Mr J Olynyk, JP	Manager Governance
Mr J Hardison (<i>dep 7.31pm & did not return</i>)	Manager Property and Economic Development
Mr S Morrison	Manager Works
Mr J Pol	Manager Building Services
Mrs M Lymon	Principal Governance and Compliance Advisor
Mr V Popescu	Project Management Coordinator - Building
Ms D Morton	Marketing and Communications Officer
Ms S D'Agnone	Governance Officer

MEMBERS OF THE GALLERY

There were four members of the public in the gallery and one press representative.

1. OFFICIAL OPENING

The Presiding Member opened the meeting at 7.08pm, welcomed those in attendance, and read the Acknowledgement of Country.

It is important that we acknowledge the traditional owners of the land on which we are meeting today the Noongar Whadjuk people and pay respect to Elders both past and present

The Presiding Member invited Cr Davis to read aloud the Affirmation of Civic Duty and Responsibility on behalf of Councillors and Officers. Cr Davis read aloud the affirmation.

Affirmation of Civic Duty and Responsibility

I make this affirmation in good faith and declare that I will duly, faithfully, honestly, and with integrity fulfil the duties of my office for all the people in the City of Belmont according to the best of my judgement and ability. I will observe the City's Code of Conduct and Standing Orders to ensure the efficient, effective and orderly decision making within this forum.

2. APOLOGIES AND LEAVE OF ABSENCE

Mr R Lutey (Apology)

Director Technical Services

3. DECLARATIONS OF INTEREST THAT MIGHT CAUSE A CONFLICT

3.1 FINANCIAL INTERESTS

Nil.

3.2 DISCLOSURE OF INTEREST THAT MAY AFFECT IMPARTIALITY

Nil.

4. ANOUNCEMENTS BY THE PRESIDING MEMBER (WITHOUT DISCUSSION) AND DECLARATIONS BY MEMBERS

4.1 ANNOUNCEMENTS

Nil.

4.2 DISCLAIMER

Nil.

4.3 DECLARATIONS BY MEMBERS WHO HAVE NOT GIVEN DUE CONSIDERATION TO ALL MATTERS CONTAINED IN THE BUSINESS PAPERS PRESENTLY BEFORE THE MEETING

Nil.

5. PUBLIC QUESTION TIME

5.1 QUESTIONS FROM MEMBERS OF THE PUBLIC

7.10pm The Presiding Member drew the public gallery's attention to the rules of Public Question Time as written in the Agenda. In accordance with rule (I), the Mayor advised that he had registered one member of the public who had given prior notice to ask a question.

The Presiding Member invited members of the public who had yet to register their interest to ask a question to do so. No further registrations were forthcoming.

5.1.1 MS C JEDRZEJEWSKI, 224 ROBINSON AVENUE, CLOVERDALE

1. Does the Council know when the Senior Citizens building will be pulled down and the new road opened?

Response

The Manager Building Services advised that the demolition of the Senior Citizens building is included as part of the building construction contract. If the resolution before tonight's Special Council Meeting is endorsed by Council, it is anticipated that demolition works will begin in February 2018.

The Manager Works further advised that the Robinson Avenue extension is expected to be open within four weeks, and that all affected residents will be notified when a date is confirmed. Reticulation installation is scheduled to be completed this week, followed by turf installation.

7.13pm As there were no further questions, the Presiding Member declared Public Question Time closed.

6. REPORTS OF ADMINISTRATION

6.1 ADOPTION OF FAULKNER CIVIC PRECINCT COMMUNITY CENTRE BUSINESS PLAN

BUSINESS EXCELLENCE BELMONT

ATTACHMENT DETAILS

<u>Attachment No</u>	<u>Details</u>
Attachment 1 – Item 6.1 refers	Faulkner Civic Precinct Community Centre Business Plan
Attachment 2 – Item 6.1 refers	Submission Response – Belmont Senior Citizens Club Inc.
Tabled Attachment 1 – Item 6.1 refers	Total Responses to Advertised Business Plan
Tabled Attachment 2 – Item 6.1 refers	Faulkner Civic Precinct Community Centre Business Plan – Public Submissions Presentation

Voting Requirement	:	Absolute Majority
Subject Index	:	161/004 Faulkner Civic Precinct Community Centre – Consultation A
Location/Property Index	:	Lot 33 (215) Wright Street, Cloverdale
Application Index	:	N/A
Disclosure of any Interest	:	Nil
Previous Items	:	OCM 28 July 2015 – Item 10.4 OCM 15 December 2015 – Item 12.2 OCM 26 April 2016 – Item 12.3 OCM 26 July 2016 – Item 12.8 OCM 27 September 2016 – Item 12.2 OCM 28 February 2017 – Item 12.5 OCM 28 March 2017 – Item 12.6 SCM 5 October 2017 – Item 7.1
Applicant	:	City of Belmont
Owner	:	City of Belmont
Responsible Division	:	Corporate and Governance

COUNCIL ROLE

- Advocacy** *When Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.*
- Executive** *The substantial direction setting and oversight role of the Council eg adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.*
- Legislative** *Includes adopting local laws, local planning schemes and policies.*
- Review** *When Council reviews decisions made by Officers.*
- Quasi-Judicial** *When Council determines an application/matter that directly affect a person's right and interests. The judicial character arises from the obligation to abide by the principles of natural justice. Examples of quasi-judicial authority include local planning applications, building licences, applications for other permits/licences (eg under Health Act, Dog Act or Local Laws) and other decisions that may be appealable to the State Administrative Tribunal.*

Item 6.1 Continued

PURPOSE OF REPORT

For Council to adopt the Business Plan for the Faulkner Civic Precinct Community Centre in accordance with section 3.59 of the *Local Government Act 1995*.

SUMMARY AND KEY ISSUES

In accordance with section 3.59 of the *Local Government Act 1995* Council has approved the advertising of a Business Plan for the development of the Faulkner Civic Precinct Community Centre (refer [Attachment 1](#)). This is a requirement of section 3.59 of the *Local Government Act 1995* which requires that a Business Plan must be prepared and advertised for public comment before entering into a major land transaction.

As the City is disposing by lease the Fit Out and Operation of a Cafe / Restaurant in the Faulkner Civic Precinct Community Centre (the Community Centre), the project is classified as a major land transaction.

This Business Plan outlines the rationale behind the intention of the City of Belmont to deliver integrated cultural and community services to a disadvantaged community through the establishment of the Community Centre. As a community hub, the Community Centre will allow for the colocation of the following uses:

- District Library and Digital Hub
- Museum
- Senior Citizens Centre
- Not for Profit organisations
- Café/restaurant
- Crèche.

Council has adopted the Business Plan for the purpose of advertising for public submissions for a period of six weeks. At the time of preparing this report the Business Plan had been advertised in the Southern Gazette, the City's web page and through Belmont Connect. There were two Facebook posts and one posting on Twitter.

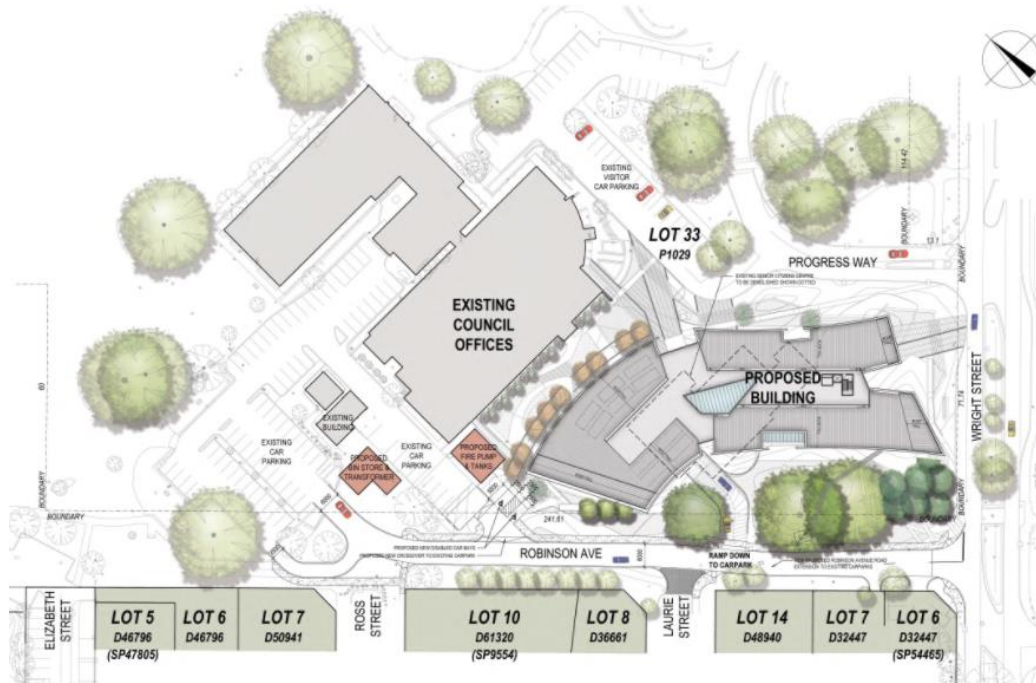
At the date of preparation of this report, the City has received one formal submission from the Belmont Senior Citizens Club Inc. The advertising period finishes on 20 November 2017. If any further responses or submissions are received between the time of writing this report and 20 November 2017, additional information will be provided to Council at or prior to the Special Council Meeting on 22 November 2017.

The Business Plan must be adopted before Council can authorise the City to undertake negotiations with the preferred tenderer.

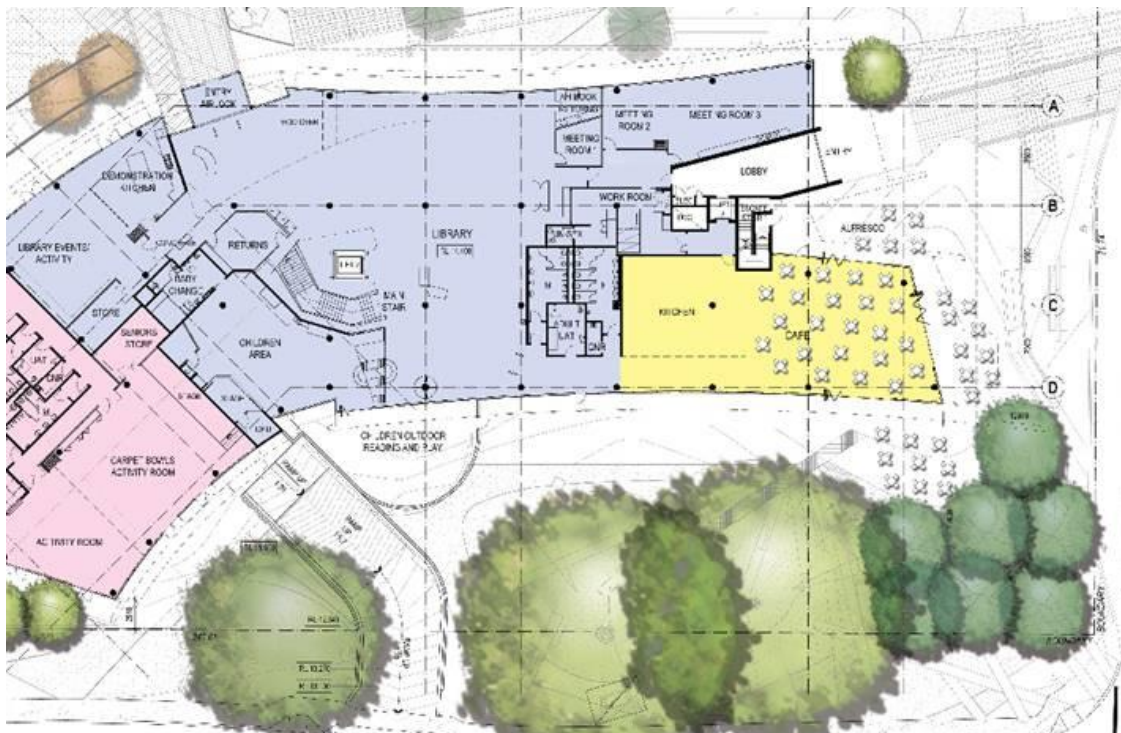
Item 6.1 Continued

LOCATION

The Faulkner Civic Precinct Community Centre will be located at Lot 33 (215) Wright Street, Cloverdale.



It is proposed that the Cafe will be situated on the ground floor of the building as defined by the area shaded yellow in the plan below.



Item 6.1 Continued

CONSULTATION

The Faulkner Civic Precinct Community Centre Business Plan was promoted through the Southern Gazette and the City's web page. Submissions could be made by contacting the Manager Property and Economic Development directly, emailing to belmont@belmont.wa.gov.au or through Belmont Connect. There were two Facebook posts and one posting on Twitter.

The results of the consultation are shown here.

Response medium	Number of responses
Manager Property and Economic Development	1
belmont@belmont.wa.gov.au	0
Twitter	0
Belmont Connect	82 visits to site 9 document downloads 0 responses
Facebook Post 1	1,370-persons reached 58 clicks on link 10 likes / 2 shares 0 responses
Facebook Post 2	985-persons reached 79 clicks on link 10 likes / 2 shares 1 comment / discussion

The one response sent directly to the Manager Property and Economic Development was from the Belmont Senior Citizens Club Inc. (refer [Attachment 2](#)). They have endorsed the Business Plan, look forward to the completion of the facility and have thanked Council for consulting with them.

One response was received via Belmont Connect after the preparation of this report. A table providing the total responses to the advertised Business Plan was provided at the meeting as Tabled Attachment 1.

STRATEGIC COMMUNITY PLAN IMPLICATIONS

In accordance with the Strategic Community Plan Key Result Area: Built Belmont.

Objective: Maintain Public Infrastructure in accordance with sound Asset Management practices.

Strategy: Manage the City's infrastructure and other assets to ensure that an appropriate level of service is provided to the community.

Corporate Key Action: Finalise detailed drawings following a value management process. Call tenders for the construction of the Building including the demolition of the existing Seniors Centre.

POLICY IMPLICATIONS

BEXB27 Financial Management – Major Land Transactions

Policy Objective

To ensure specific financial management is applied to Major Land Transactions (a Major Land Transaction would be defined as per s3.59 of the *Local Government Act 1995*).

Item 6.1 Continued

STATUTORY ENVIRONMENT

Section 3.59 of the *Local Government Act 1995* states:

3.59. Commercial enterprises by local governments

- (2) *Before it —*
- (a) *commences a major trading undertaking; or*
 - (b) *enters into a major land transaction; or*
 - (c) *enters into a land transaction that is preparatory to entry into a major land transaction,*
a local government is to prepare a business plan.
- (3) *The business plan is to include an overall assessment of the major trading undertaking or major land transaction and is to include details of —*
- (a) *its expected effect on the provision of facilities and services by the local government; and*
 - (b) *its expected effect on other persons providing facilities and services in the district; and*
 - (c) *its expected financial effect on the local government; and*
 - (d) *its expected effect on matters referred to in the local government's current plan prepared under section 5.56; and*
 - (e) *the ability of the local government to manage the undertaking or the performance of the transaction; and*
 - (f) *any other matter prescribed for the purposes of this subsection.*
- (4) *The local government is to —*
- (a) *give Statewide public notice stating that —*
 - (i) *the local government proposes to commence the major trading undertaking or enter into the major land transaction described in the notice or into a land transaction that is preparatory to that major land transaction; and*
 - (ii) *a copy of the business plan may be inspected or obtained at any place specified in the notice; and*
 - (iii) *submissions about the proposed undertaking or transaction may be made to the local government before a day to be specified in the notice, being a day that is not less than 6 weeks after the notice is given;*
and
 - (b) *make a copy of the business plan available for public inspection in accordance with the notice.*
- (5) *After the last day for submissions, the local government is to consider any submissions made and may decide* to proceed with the undertaking or transaction as proposed or so that it is not significantly different from what was proposed.*

** Absolute majority required.*

Item 6.1 Continued

BACKGROUND

At the 15 December 2015 Ordinary Council Meeting, Council resolved the following:

ROSSI MOVED, POWELL SECONDED,

That Council:

- 1. Authorise the Chief Executive Officer to seek tenders from suitable experienced and qualified Architects for the supply of Architectural Design Services, including all necessary sub-consultants, for the Faulkner Civic Precinct Community Centre building project.*
- 2. Authorise the Chief Executive Officer to engage the services of a Green Star Accredited Professional to assist the City in seeking 'Green Star' certification for the Community Centre. The target certification under the Green Building Council of Australia's 'Green Star – Design and As Built v1' rating tool to be 5 Star.*
- 3. Authorise the Chief Executive Officer to engage the services of a Project Management professional to assist the City in the efficient implementation of the Community Centre building project.*
- 4. Authorise the Chief Executive Officer to commence the tender process for a potential operator for the cafe within the Community Centre.*
- 5. Request the Chief Executive Officer to provide Councillors with progress reports as appropriate.*

CARRIED 6 VOTES TO 2

Subsequently, at the 26 July 2016 Ordinary Council Meeting, following a tender process, Council resolved the following:

HITT MOVED, WOLFF SECONDED,

That Council:

- 1. Accept the tender submitted by Sapore Espresso Bar; and*
- 2. Authorise the Chief Executive Officer to enter into negotiations with Sapore Espresso Bar to establish a Heads of Agreement with a view to establishing a commercial lease in accordance with Tender 03/2016 - Fit Out and Operation of Community Centre Cafe / Restaurant.*

CARRIED 6 VOTES TO 2

An invitation to tender for the Construction of Faulkner Civic Precinct Community Centre was advertised in the West Australian on Saturday, 29 July 2017. A compulsory industry briefing was held on Thursday, 10 August 2017 with 12 organisations represented. The tender closed on Thursday, 31 August 2017 at 2pm with nine responses.

Item 6.1 Continued

OFFICER COMMENT

The Café component of the Faulkner Civic Precinct Community Centre is approximately 2.5% (293m²) of the total floor area, being 11,612 m². Even though the Café is incidental to the primary purpose of the Centre, and in support of the main activities, it is considered commercial in nature and as such necessitates compliance with section 3.59 “Commercial enterprises by local government” of the *Local Government Act 1995*.

Based on the number of times that the Business Plan has been reviewed on Belmont Connect and Facebook, it seems clear that there is awareness of the project. Further, the lack, to date, of multiple comments or submissions in response to the Business Plan could indicate a level of support from the community regarding the project.

Item 6.1 Continued

FINANCIAL IMPLICATIONS

The approximate breakdown for the cost of the Faulkner Civic Precinct Community Project and how it is to be funded is outlined in the tables below (inclusive of loose furniture fitout, public art allowance and professional fees).

Financial Year	Approximate % of Total	Cost \$
2017-2018	22	8,579,653
2018-2019	68	26,518,926
2019-2020	10	4,944,721
	Total	40,043,300

<u>Funding</u>	<i>Option A - Borrow \$20M</i>	<i>Option B - Borrow \$15M</i>
Total Cost:	\$40,043,300	\$40,043,300
<u>Funding:</u>		
Total Borrowings	\$20,000,000	\$15,000,000
Grant Funds	\$13,513,000	\$13,513,000
Reserve Funds	\$6,530,300	\$11,530,300
	<u>\$40,043,300</u>	<u>\$40,043,300</u>
<u>Reserve Impact</u>		
Property Development Reserve Opening Balance	\$13,280,612	\$13,280,612
Property Development Reserve Closing Balance	\$6,750,312	\$1,750,312
Annual Loan Repayments - 20 years semi-annual (4.57%)	\$1,536,296	\$1,152,222

Option A was included in the Long Term Financial Plan with \$15M borrowed in 2017-2018 and \$5M to be borrowed in 2018-2019. Given interest rates are at their lowest ebb in more than 50 years it is certainly an opportune time to borrow and by maximising borrowings the City will have more in reserve for future projects. It should be noted that once we have applied for a \$15M loan the City will be in a better position to gauge our maximum borrowing potential but indications are that \$20M is reasonable.

The City currently has \$13.3M in the Property Development Reserve and \$6.2M in the Land Acquisition Reserve with both reserves available for the developments of this nature. Option A will leave an additional \$5M in reserve but will also increase annual loan repayments by \$384K. Based on long term financial planning the additional loan repayments can be absorbed within future budgets.

Item 6.1 Continued

ENVIRONMENTAL IMPLICATIONS

The Faulkner Civic Precinct Community Centre is to achieve a minimum “5 Star Green Star” rating utilising the current “Design and As Built” rating tool.

Certification for the Community Centre represents Australian Excellence in sustainability performance, consistent with the City’s Environment and Sustainability Policy (NB3) and the ‘Natural Belmont’ objectives/strategies of the Strategic Community Plan.

Use of the ‘Green Star’ rating assessment tool will also ensure that Action 5.7 of the City of Belmont Environment and Sustainability Strategy 2016–2021 is completed:

- Achieve a 5 Star Green Star rating (Design and AS Built) for the new Faulkner Civic Precinct Community Centre.

The Cafe operator will be required to enter into a pledge with the City regarding sustainability initiatives such as:

- Energy and water consumption (ie fixtures / fittings)
- Waste generation and recycling
- “Keep your cup” initiative offering a discount for customers who bring their own coffee cups
- Recycling of coffee grounds.

SOCIAL IMPLICATIONS

The Community Infrastructure Plan completed in 2013 identified a need for a multipurpose Community Hub in the Faulkner Civic Precinct which will provide the community with a range of opportunities that will have a significant social benefit by:

- Increasing and streamlining access for the community in seeking support from multiple organisations that complement rather than compete with each other
- Increasing the diversity and number of support services and providers within Belmont
- Providing child care support services to those seeking assistance from local support service providers
- Activating a central, accessible and contemporary community hub for those in need with the provision of state of the art facilities in a family friendly, non-stigmatised positive environment.

The Cafe is required to provide a significant community service function, becoming a meeting place and social hub, integrating with other activities being undertaken within the broader multi-purpose community facility.

Item 6.1 Continued

Note:

The Manager Property and Economic Development provided a presentation. The Faulkner Civic Precinct Community Centre Business Plan Public Submissions Presentation included the following:

- Council Recommendation
- Advertising Media
- Community Response
- Belmont Connect
- Facebook
- Amended Officer Recommendation

(Refer [Tabled Attachment 2](#) for further information).

OFFICER RECOMMENDATION

That Council:

1. Acknowledges the submission received from the Belmont Senior Citizens Club Inc.
2. Adopt the Faulkner Civic Precinct Community Centre Business Plan (refer [Attachment 1](#)) in accordance with section 3.59 of the Local Government Act 1995 and proceed with the Faulkner Civic Precinct Community Centre project.

AMENDED OFFICER RECOMMENDATION

WOLFF MOVED, ROSSI SECONDED,

That Council:

1. ***Acknowledge the submissions received from the Belmont Senior Citizens Club Inc. and via Belmont Connect.***
2. ***Adopt the Faulkner Civic Precinct Community Centre Business Plan (refer [Attachment 1](#)) in accordance with section 3.59 of the Local Government Act 1995 and proceed with the Faulkner Civic Precinct Community Centre project.***

CARRIED BY ABSOLUTE MAJORITY 8 VOTES TO 1

*For: Bass, Cayoun, Marks, Powell, Rossi, Ryan, Sekulla, Wolff
Against: Davis*

Reason:

To acknowledge all the submissions received in response to the public advertising of the Faulkner Civic Precinct Community Centre Business Plan (refer [Tabled Attachment 1](#)).

7.31pm The Manager Property and Economic Development departed the meeting and did not return.

6.2 TENDER 09/2017-CONSTRUCTION OF FAULKNER CIVIC PRECINCT COMMUNITY CENTRE

BUSINESS EXCELLENCE BELMONT

ATTACHMENT DETAILS

<u>Attachment No</u>	<u>Details</u>
Confidential Attachment 1 – Item 6.2 refers	<u>Evaluation Matrix</u>
Confidential Attachment 2 – Item 6.2 refers	<u>Interview Assessment Matrix</u>
Confidential Attachment 3 – Item 6.2 refers	<u>Tender Evaluation Summary</u>
Confidential Attachment 4 – Item 6.2 refers	<u>Tender Comparison to Budget</u>

Voting Requirement : Absolute Majority
 Subject Index : 114/2017-09 Construction of Faulkner Civic Precinct Community Centre
 Location/Property Index : N/A
 Application Index : N/A
 Disclosure of any Interest : Nil
 Previous Items : OCM 28 July 2015: Item 10.4
 OCM 15 December 2015: Item 12.2
 OCM 26 April 2016: Item 12.3
 OCM 26 July 2016: Item 12.8
 OCM 27 September 2016: Item 12.2
 OCM 28 February 2017: Item 12.5
 OCM 28 March 2017: Item 12.6
 Applicant : N/A
 Owner : N/A
 Responsible Division : Community and Statutory Services

COUNCIL ROLE

- Advocacy** *When Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.*
- Executive** *The substantial direction setting and oversight role of the Council eg adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.*
- Legislative** *Includes adopting local laws, local planning schemes and policies.*
- Review** *When Council reviews decisions made by Officers.*
- Quasi-Judicial** *When Council determines an application/matter that directly affect a person's right and interests. The judicial character arises from the obligation to abide by the principles of natural justice. Examples of quasi-judicial authority include local planning applications, building licences, applications for other permits/licences (eg under Health Act, Dog Act or Local Laws) and other decisions that may be appealable to the State Administrative Tribunal.*

Item 6.2 Continued

PURPOSE OF REPORT

To seek Council approval to negotiate with the preferred tenderer and subsequently award the contract for Tender 09/2017 - Construction of Faulkner Civic Precinct Community Centre.

SUMMARY AND KEY ISSUES

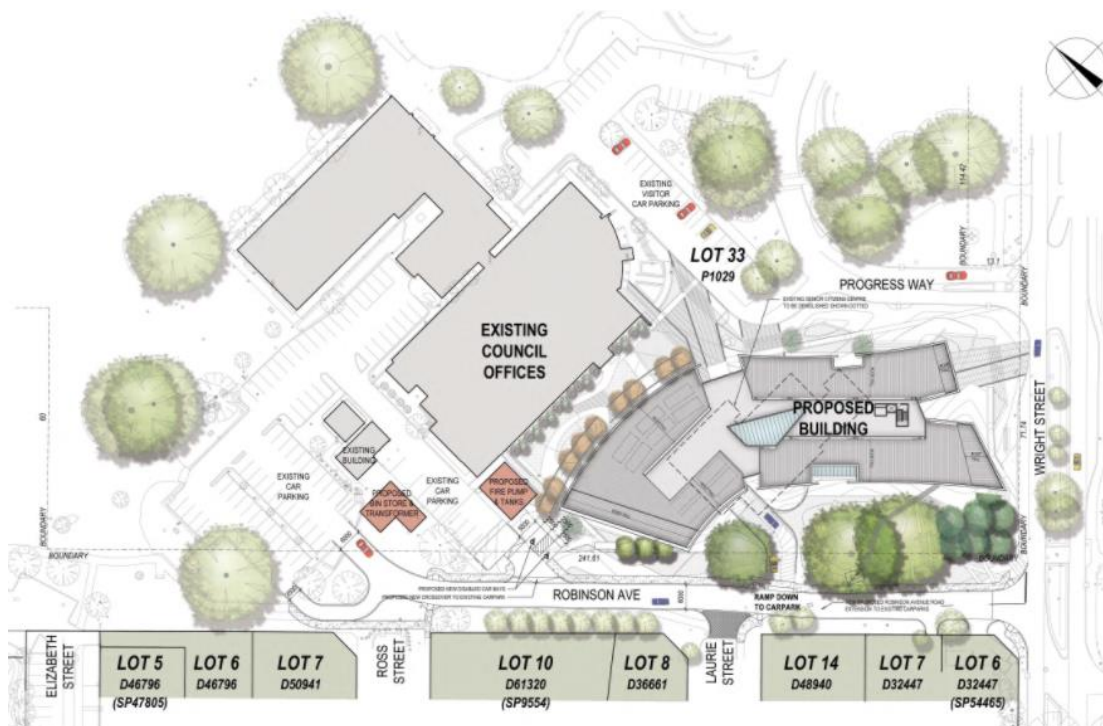
This report outlines the process undertaken to invite and evaluate tenders and includes a recommendation to negotiate and award the contract for Tender 09/2017 in accordance with the requirements of the *Local Government Act 1995*.

The tender is for the demolition of the existing Senior Citizens Centre and construction of the new Faulkner Civic Precinct Community Centre.

Forty four sets of tender documents were downloaded from the City's eTendering portal and nine responses were received.

LOCATION

The Faulkner Civic Precinct Community Centre will be located at Lot 33 (215) Wright Street, Cloverdale



Item 6.2 Continued

CONSULTATION

The appointed Architect, Bollig Design Group and the Quantity Surveyors, Ralph Beattie Bosworth reviewed the tender submissions and provided specialist advice.

STRATEGIC COMMUNITY PLAN IMPLICATIONS

In accordance with the Strategic Community Plan Key Result Area: Built Belmont.

Objective: Maintain Public Infrastructure in accordance with sound Asset Management practices.

Strategy: Manage the City's infrastructure and other assets to ensure that an appropriate level of service is provided to the community.

Corporate Key Action: Finalise detailed drawings following a value management process. Call tenders for the construction of the Building including the demolition of the existing Seniors Centre.

POLICY IMPLICATIONS

BEXB28–Purchasing

POLICY OBJECTIVE

This policy aims to deliver a high level of accountability whilst providing a flexible, efficient and effective procurement framework.

STATUTORY ENVIRONMENT

This issue is governed in the main by the *Local Government Act 1995*, in particular Section 3.57 which states that “a local government is required to invite tenders before it enters into a contract of a prescribed kind under which another person is to supply goods or services”.

Item 6.2 Continued

BACKGROUND

At the 28 March 2017 Ordinary Council Meeting (Item 12.6), Council resolved the following:

“That Council:

- 1. Note the detailed design stage plans for the Faulkner Civic Precinct Community Centre building as prepared by Bollig Design Group (refer [Attachment 15](#)).***
- 2. Note the detailed design stage project estimate for the Faulkner Civic Precinct Community Centre building as prepared by Ralph Beattie Bosworth Pty Ltd (refer [Confidential Attachment 1](#)).***
- 3. Authorise the Chief Executive Officer to advertise a Request for Tender for construction of the Faulkner Civic Precinct Community Centre.”***

An invitation to tender for the Construction of Faulkner Civic Precinct Community Centre was advertised in the West Australian on Saturday, 29 July 2017.

A compulsory industry briefing was held on Thursday, 10 August 2017 with 12 organisations represented.

The tender closed on Thursday, 31 August 2017 at 2pm with nine responses received from:

- 3B Build Pty Ltd
- ADCO Constructions Pty Ltd
- Broad Construction Pty Ltd
- Cockram Construction Ltd
- Cooper and Oxley Builders Pty Ltd
- EMCO Building
- FIRM Construction
- PACT Construction Pty Ltd
- PS Structures Pty Ltd.

Item 6.2 Continued

OFFICER COMMENT

The Tender Evaluation Panel consisted of the Acting Director Corporate and Governance, Acting Director Technical Services, Manager Building Services, Project Management Coordinator – Building and Mr Stuart Cole, retired Chief Executive Officer as an external advisor.

Following a compliance check, the evaluation panel reviewed all tender submissions and conducted a qualitative assessment against the selection criteria as included within the tender, being:

	CRITERIA	WEIGHTING
1	Company Profile	20%
2	Company Experience	20%
3	Company Capacity	20%
4	Methodology	20%
5	Environmental Management	10%
6	Safety	10%
	TOTAL	100%

Using the average scores ascertained from the selection criteria assessment (refer [Confidential Attachment 1](#)), and an evaluation of the tendered prices to consider value against the Quantity Surveyor's cost estimates for the project, the following three tenderers were shortlisted:

- Broad Construction Pty Ltd
- Cooper and Oxley Builders Pty Ltd
- PACT Construction Pty Ltd.

The City's Solicitors were consulted to ascertain a legal understanding of the tenders submitted by the three shortlisted tenderers which determined that there were no legal issues that would prevent the City from entering into a contract.

An assessment of the methodology criterion from an Occupational Health and Safety perspective was carried out by the City's Occupational Health and Safety Officer.

Shortlisted tenderers were reference checked and then invited to present their submission in greater detail to the evaluation panel. Representatives from the Architects, Bollig Design Group and the Quantity Surveyors, Ralph Beattie Bosworth were present for the evaluation, reference checks and presentations.

Following presentations by each of the shortlisted tenderers a series of questions were asked by the evaluation panel and responses were evaluated on the level of suitability and capability demonstrated to fulfil the requirements of the contract. The outcome of the presentations and interview evaluation reduced the shortlisted tenderers to two (refer [Confidential Attachment 2](#)).

Comprehensive Credit Rating Reports were then carried out and recommendations outlined within the reports provided information to ascertain the tender considered the most advantageous (refer [Confidential Attachment 3](#)).

Item 6.2 Continued

The tenders received were higher than the pre-tender estimate. In analysing the tender submissions it is evident that the higher than anticipated pricing can be attributed to a number of factors including ground conditions, construction complexities, level of building specification and finishes, and market conditions.

Construction alternatives have been identified through the tender process by City Officers, Tenderers, the Architect and the Quantity Surveyor to broadly address these factors and indicate there is some capacity to reduce the cost of construction.

The range of alternatives have the capacity to reduce the cost of construction whilst maintaining the scope and intent of the Community Centre building, thereby providing a more advantageous value for money proposition. This would entail negotiating with the preferred tenderer to price the construction alternatives (refer [Confidential Attachment 4](#)).

It should be noted that dewatering of the site has been identified as a significant time-sensitive issue for the construction of the Community Centre. To expedite the process the City has applied for the necessary dewatering licence and approvals from the Department of Water and Environmental Regulation, which may take approximately three months.

FINANCIAL IMPLICATIONS

The current 2017-2018 financial year budget includes an amount of \$300,000 for the Architectural and Engineering Design Services being provided by Bollig Design Group and other consultants. The current budget also included an allocation for a portion of the construction cost as detailed in the table below.

The estimated cost of the project was reviewed and updated by the Quantity Surveyor at a number of key milestones. Bollig Design Group prepared the developed concept design in September 2016, which identified the cost for items that were either excluded or not fully known and resolved in the concept design prepared by GHD Woodhead. This was followed by an update in November 2016 to take account of the nominated initiatives identified through the Value Management Review, which equated to a net reduction in estimated cost. The estimated cost was again updated in March 2017 when the detailed design plans were finalised, and as a pre-tender estimate in June 2017.

The approximate breakdown of the construction cost and how it is to be funded is outlined in the tables below. For the purpose of this report the total amount corresponds to the tender considered the most advantageous. This amount would therefore be subject to adjustment should Council authorise the City to enter into negotiations with the preferred tenderer to price and agree to suitable construction alternatives.

Financial Year	Approx. % of Total	Cost \$
2017-2018	11	4,289,826
2018-2019	62	24,179,021
2019-2020	27	10,529,574
	Total	38,998,421

Item 6.2 Continued

<u>Funding</u>	Option A - Borrow \$20M	Option B - Borrow \$15M
Construction Cost:	\$38,998,421	\$38,998,421
<u>Funding:</u>		
Total Borrowings	\$20,000,000	\$15,000,000
Grant Funds	\$13,513,000	\$13,513,000
Reserve Funds	\$5,485,421	\$10,485,421
	<u>\$38,998,421</u>	<u>\$38,998,421</u>
<u>Reserve Impact</u>		
Property Development Reserve Opening Balance	\$13,280,612	\$13,280,612
Property Development Reserve Closing Balance	\$7,795,191	\$2,795,191
Annual Loan Repayments - 20 years semi-annual (4.57%)	\$1,536,296	\$1,152,222

Option A was included in the Long Term Financial Plan with \$15M borrowed in 2017-2018 and \$5M in 2018-2019. Given interest rates are at their lowest ebb in more than 50 years it is certainly an opportune time to borrow and, by maximising its borrowings, the City will have more in reserve for future projects. It should be noted that upon a \$15M loan being applied for, the City will be in a better position to gauge its maximum borrowing potential but indications are that \$20M is reasonable.

The City currently has \$13.3M in the Property Development Reserve and \$6.2M in the Land Acquisition Reserve with both reserves available for developments of this nature. Option A will leave an additional \$5M in reserve but will also increase annual loan repayments by \$384K. Based on long term financial planning the additional loan repayments can be absorbed within future budgets.

ENVIRONMENTAL IMPLICATIONS

The Faulkner Civic Precinct Community Centre is to achieve a minimum “5 Star Green Star” rating utilising the current “Design and As Built” rating tool of the Green Building Council of Australia. Certification for the Community Centre represents Australian Excellence in sustainability performance, consistent with the City’s Environment and Sustainability Policy (NB3) and the ‘Natural Belmont’ objectives/strategies of the Strategic Community Plan.

Use of the ‘Green Star’ rating tool will also ensure that Action 5.7 of the City of Belmont Environment and Sustainability Strategy 2016–2021 is completed:

- Achieve a 5 Star Green Star rating (Design and AS Built) for the new Faulkner Civic Precinct Community Centre.

Item 6.2 Continued

SOCIAL IMPLICATIONS

The Community Infrastructure Plan completed in 2013 identified a need for a multipurpose Community Hub in the Faulkner Civic Precinct which will provide the community with a range of opportunities that will have a significant social benefit by:

- Increasing and streamlining access for the community in seeking support from multiple organisations that complement rather than compete with each other
- Increasing the diversity and number of support services and providers within Belmont
- Providing child care support services to those seeking assistance from local support service providers
- Activating a central, accessible and contemporary community hub for those in need with the provision of state of the art facilities in a family friendly, non-stigmatised positive environment.

OFFICER RECOMMENDATION

That:

1. Council consider the tender submitted by PACT Construction Pty Ltd for Tender 09/2017 - Construction of Faulkner Civic Precinct Community Centre for the sum of \$38,998,421 excluding GST as the most advantageous and thus enable negotiations to proceed.
2. Council authorise the Chief Executive Officer to undertake negotiations on pricing construction alternatives with PACT Construction Pty Ltd, as the preferred tenderer.
3. Council delegate authority to the Chief Executive Officer to accept the tender and finalise the contract with PACT Construction Pty Ltd subject to satisfactory negotiations, as noted in part 2 above.
4. The Chief Executive Officer inform Council of the outcome of negotiations as included in part 2 above.
5. As adopted by Council as part of the 2017-2018 Authorised Budget, Council now proceed with borrowing \$15M to be repaid over 20 years.
6. Council note that a further \$5M borrowings may be included in the 2018-2019 budget if considered appropriate.

Item 6.2 Continued

Note:

Cr Cayoun put forward the following Alternative Councillor Motion.

Cr Marks suggested an amendment to the Alternative Councillor Motion which was agreed to by Cr Cayoun and Cr Bass.

ALTERNATIVE COUNCILLOR MOTION

CAYOUN MOVED, BASS SECONDED

That:

- 1. Council consider the tender submitted by PACT Construction Pty Ltd for Tender 09/2017 - Construction of Faulkner Civic Precinct Community Centre for the sum of \$38,998,421 excluding GST as the most advantageous and thus enable negotiations to proceed.***
- 2. Council authorise the Chief Executive Officer to undertake negotiations on pricing construction alternatives with PACT Construction Pty Ltd, as the preferred tenderer.***
- 3. Council delegate authority to the Chief Executive Officer to accept the tender and finalise the contract with PACT Construction Pty Ltd subject to satisfactory negotiations, as noted in part 2 above.***
- 4. The Chief Executive Officer inform Council of the outcome of negotiations as included in part 2 above.***
- 5. As adopted by Council as part of the 2017-2018 Authorised Budget, Council now proceed with borrowing \$15M to be repaid over 20 years.***
- 6. Council note that a further \$4M borrowings may be included in the 2018-2019 budget if considered appropriate.***
- 7. Council expresses its concern about further potential increases and understands that a 10% contingency amount on a project of this size and scale is not unreasonable, but does not support increases to the project cost that exceed this amount.***

CARRIED BY ABSOLUTE MAJORITY 9 VOTES TO 0

Reason:

Compared with cost estimates from the earlier stages of this project, the projected cost continues to increase significantly and there appears to be no fixed end in sight.

This amendment expresses in strong terms, the Council's desire for the project to be delivered as per cost estimates, and without significant unexpected costs to Belmont ratepayers.

Ratepayers expect Council to maintain high levels of accountability and this amendment will provide them with the assurance that the Council is taking the financial management of this project seriously.

7. MATTERS FOR WHICH THE MEETING MAY BE CLOSED

Nil.

8. CLOSURE

There being no further business, the Presiding Member thanked everyone for their attendance and closed the meeting at 7.50pm.

MINUTES CONFIRMATION CERTIFICATION

The undersigned certifies that these minutes of the Special Council Meeting held on 22 November 2017 were confirmed as a true and accurate record at the Ordinary Council Meeting held 12 December 2017:

Signed by the Person Presiding: 

PRINT name of the Person Presiding: PHILIP MARKS

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