

Procurement of Principal Consultant to design the fitout of the Melbourne City Council Community Hub on the Munro Site, corner Queen and Therry Streets (Contract 3564A)

26 June 2018

Presenter: Linda Weatherson, Director City Operations

Purpose and background

1. The purpose of this report is to award a tender for the provision of Principal Consultant Services for the design of the Community Hub fit out of the Munro Site, corner Queen and Therry Streets, at the Queen Victoria Market for a term of 2 years.
2. In September 2016 Council executed a Development Deed with PDG Developments Pty Ltd to deliver a mixed use commercial and community building on the corner of Queen and Therry Streets. The Community Hub component of the Munro development will be handed over to the Council as a cold shell with the fit out to be provided by Council.

Key issues

3. The Tender Evaluation Panel comprised management representatives from the City of Melbourne. Refer Attachment 1.
4. The pre-tender estimate completed by the cost planning consultant Berkowitz and Associates was \$670,000 plus GST.
5. Four consultants were invited as part of a select tender process which closed on 27 April 2018. Four tender responses were received, all were over the pre-tender estimate. The tender prices ranged from \$839,080 to \$1,188,210 plus GST.
6. The Community Hub evaluation panel members together with cost planning consultants undertook a cost analysis process to reduce the scope of the project and achieve cost reductions.
7. The Evaluation Panel considered the cost analysis process and agreed that two tenderers be invited to submit revised lump sum prices (tender submissions and clarifications) based on the reduced scope. Following tender interviews an addendum was issued on 18 May 2018 requesting revised tender submissions by 22 May 2018.
8. Following the cost analysis process and receipt of the revised tender submissions the tender from Six Degrees Architects is recommended. The new contract lump sum is \$714,861 plus GST, \$45,000 above the pre-tender estimate.

Recommendation from management

9. That Council award the contract for the provision of Principal Consultant Services to Six Degrees Architects for a term of two years commencing August 2018 for \$714,861 plus GST in accordance with the negotiated terms and conditions of contract.

Attachment:

1. Supporting Attachment (Page 2 of 3)

Supporting Attachment

Legal

1. Pursuant to section 186 of the *Local Government Act 1989 (Act)*, before a Council enters into a contract for the purchase of goods or services to the value of \$150,000 or more (levels increased by Order in Council dated 7 August 2008), the Council must give public notice of the purpose of the contract and invite tenders from persons wishing to undertake the contract.
2. In this case the procurement has been conducted via a select tender from the State Government of Victoria Construction Supply Register on the basis of an exemption from the Minister for Local Government from the requirement to call a public tender under the Act.

Finance

3. The total budget for the fitout of the MCC Community Hub on the Munro site is \$12,734,500 over four years. In 2018–19 the budget is \$582,000 and in 2019–20 the proposed budget is \$7,267,250. This amount includes both consultant fees and construction costs.

Procurement

4. The tender accords with the Centre Led Procurement Policy and Procedures and any other relevant procurement comment.

Tender evaluation summary

5. The membership of the tender evaluation panel was as follows.

Name, Title	Generalist or Nominated Speciality	Full / Advisory Member
Director City Operations	Community	<i>Full</i>
Manager Community Services	Community	<i>Full</i>
QVMPR Program Manager Planning and Design	Design and Sustainability	<i>Full</i>
QVMPR Project Manager	Generalist	<i>Full</i>

6. The summary of the initial scoring for shortlisting prior to the Best and Final Offer (BAFO).

Initial scoring for Shortlisting				
Company	Price <i>(Refer to Note 1)</i>	Financial score <i>(Refer to Note 2)</i>	Non-financial score	Total score
Six Degrees	\$839,080	35	52	87
Tenderer A	\$1,155,877	28	52	80
Tenderer B	\$1,188,210	27.44	44	71.44
Tenderer C	\$1,065,270	30.63	49	79.63

7. The summary of final scoring for the two conforming tenderers is shown below:

Summary of final scoring				
Company	Price <i>(Refer to Note 1)</i>	Financial score <i>(Refer to Note 2)</i>	Non-financial score	Total score
6 Degrees	\$714,861	28	52	95.6
Tenderer A	\$1,132,725	21	52	74.09

Note 1: this price applies to the lump sum component of the service

Note 2: this score includes an assessment of both lump sum pricing and schedules of rates.

Note 3: in conducting the BAFO process, two of tenderers were invited to submit a Best and Final Offer. The revised scoring reflects the updated scores for those tenderers only.

Conflict of interest

8. No member of Council staff, or other person engaged under a contract, involved in advising on or preparing this report has declared a direct or indirect interest in relation to the matter of the report.'

Stakeholder consultation

9. Due to the confidential nature of the procurement, no external consultation was conducted.

Corporate social responsibility

10. The consultancy will procure one of the following employment opportunities:
- a. One full time, part time or paid traineeship role for an Aboriginal or Torres Strait Islander artist
11. The project will achieve the following social and environmental certifications:
- a. Green Star Interiors v1.2 - 5 star certification
 - b. WELL Building Standard Interiors v1 – Gold rating