



City of
Ipswich

**IPSWICH
CITY
COUNCIL**

AGENDA

of the

ECONOMIC DEVELOPMENT COMMITTEE

**Held in the Council Chambers
2nd floor – Council Administration Building
45 Roderick Street
IPSWICH QLD 4305**

**On Tuesday, 3 December 2019
At 8:30 am**

MEMBERS OF THE ECONOMIC DEVELOPMENT COMMITTEE

Interim Administrator
Greg Chemello (**Chairperson**)

ECONOMIC DEVELOPMENT COMMITTEE AGENDA

8:30 am on **Tuesday**, 3 December 2019

Council Chambers

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** Item includes confidential papers

ECONOMIC DEVELOPMENT COMMITTEE NO. 12

3 DECEMBER 2019

AGENDA

1. **COUNCIL BRAND RELATIONSHIP SPECTRUM**

This is a report concerning the relationship of council brands.

In July 2019, council adopted an update to its City of Ipswich logo, making it a cleaner and more contemporary design.

That report also highlighted a greater inconsistency in the array of council sub-brands which over time have developed customised or distinctly different identities from the council master brand.

The decision of council was that the Interim Administrator of Ipswich City Council resolve:

- A. That the update to the council logo application be adopted and implemented as part of the Ipswich City Council Style Guide and subordinate manuals and style guides.
- B. That a subsequent report be submitted to a future meeting of Economic Development Committee in relation to the application of council's logo across current sub-brands addressing the comments from the committee outlined below.

The committee noted that in relation to the council sub-brand design and architecture outlined on page 3 of the report, that it was not what had been identified in discussions on this matter in the 19 February Economic Development Committee meeting. It was requested that a further report be presented outlining the principles and options to align or eliminate council's sub-brands.

This report recommends a clear direction for the relationship of council brands following a review of local government examples and advertising industry practices.

RECOMMENDATION

That the Interim Administrator of Ipswich City Council resolve:

- A. That a Branded House framework for all council owned facilities and primarily council operations and services, be adopted.
- B. That the application of the logo and Brand House be specified as part of a council style guide to be approved by the Chief Executive Officer.

2. TENDER CONSIDERATION PLAN APPROVAL - RETAIL PROJECT AUDIT CONSULTANTS

This is a report concerning a proposed Tender Consideration Plan for the engagement of design audit consultants for the retail works within the Nicholas Street - Ipswich Central project (the Retail Project).

RECOMMENDATION

That the Interim Administrator of Ipswich City Council resolve:

- A. That a Tender Consideration Plan be prepared in accordance with section 230(1)(a) of the *Local Government Regulation 2012 (Qld)* to engage design audit consultants for the Nicholas Street – Ipswich Central project.
- B. That the Tender Consideration Plan as outlined in the report by the General Manager – Coordination and Performance dated 22 November 2019, in accordance with section 230(1)(b) of the *Local Government Regulation 2012* for the engagement of design audit consultants for the Nicholas Street – Ipswich Central Retail Project be adopted by Council.
- C. That the Chief Executive Officer be authorised to negotiate and finalise the terms of the retail project variations to be executed on behalf of Council and to do any other acts necessary to implement Council’s decision in accordance with section 13(3) of the *Local Government Act 2009*.

3. **TENDER CONSIDERATION PLAN - PRINCIPAL CONTRACTOR FOR COMMONWEALTH HOTEL RECONSTRUCTION WORK

This is a report concerning the procurement process for the Principal Contractor for the reconstruction of the Commonwealth Hotel. This report recommends that competitive tenders be invited from a list of suitably qualified Contractors drawn from the Expression of Interest (EOI) process completed in 2017 for this same purpose. Due to the time elapsed since this initial EOI process, the list be supplemented if required with other suitably qualified Contractors currently available for the work.

The section 230 of the *Local Government Regulation 2012* allows a local government to enter into medium and large contractual agreements, without first inviting written quotes or tenders, through the preparation and adoption of a Tender Consideration Plan (TCP). The TCP provides the information required to comply with the regulation and to justify the use of the plan as an effective and appropriate alternative to seeking quotes or to calling for open tenders. The scope of services to which the TCP relates is:

- Principal Contractor for the Commonwealth Hotel Reconstruction Work.

RECOMMENDATION

That the Interim Administrator of Ipswich City Council resolve:

- A. That a Tender Consideration Plan be prepared in accordance with section 230 (1) (a) of the *Local Government Regulation 2012 (Qld)* for the Principal Contractor for Commonwealth Hotel Reconstruction Work, as outlined in the report by the General Manager – Coordination and Performance dated 25 November 2019.
- B. That in accordance with section 230(1)(b) of the *Local Government Regulation 2012*, the Tender Consideration Plan for the Principal Contractor for Commonwealth Hotel Reconstruction Work, be adopted
- C. That the Chief Executive Officer be authorised to negotiate and finalise the terms of the contracts to be executed by Council and to do any other acts necessary to implement Council's decision in accordance with section 13(3) of the *Local Government Act 2009*.

4. **IPSWICH CENTRAL PROGRAM REPORT NO. 17 TO 16 OCTOBER 2019 AND REPORT NO. 18 TO 15 NOVEMBER 2019

This is a report concerning a monthly update for the Ipswich Central Program of Works.

RECOMMENDATION

That the report on the Ipswich Central Program Report No. 17 effective to 16 October 2019 and Report No. 18 effective 15 November 2019 be received and the contents noted.

5. **TENDER CONSIDERATION PLAN APPROVAL - RETAIL CONSTRUCTION - NICHOLAS STREET - IPSWICH CENTRAL

This is a report concerning a proposed Tender Consideration Plan for the provision of construction work associated with the retail areas within Nicholas Street - Ipswich Central project (i.e. the Retail Project).

RECOMMENDATION

That the Interim Administrator of Ipswich City Council resolve:

- A. That the Tender Consideration Plan for the procurement of the Nicholas Street Ipswich Central Retail Project construction work to be awarded as a variation to the civic project D&C contract, as outlined in the report by the General Manager, Coordination and Performance dated 12 November 2019, be adopted by Council in accordance with section 230(1)(b) of the *Local Government Regulation 2012*.

- B. That the Chief Executive Officer be authorised to negotiate and finalise the terms of the Retail Project variation to be executed on behalf of Council and to do any other acts necessary to implement Council's decision in accordance with section 13(3) of the *Local Government Act 2009*.

** Item includes confidential papers

and any other items as considered necessary.

Doc ID No: A5887017

ITEM: 1
SUBJECT: COUNCIL BRAND RELATIONSHIP SPECTRUM
AUTHOR: MARKETING AND PROMOTION MANAGER
DATE: 6 NOVEMBER 2019

EXECUTIVE SUMMARY

This is a report concerning the relationship of council brands.

In July 2019, council adopted an update to its City of Ipswich logo, making it a cleaner and more contemporary design.

That report also highlighted a greater inconsistency in the array of council sub-brands which over time have developed customised or distinctly different identities from the council master brand.

The decision of council was that the Interim Administrator of Ipswich City Council resolve:

- A. That the update to the council logo application be adopted and implemented as part of the Ipswich City Council Style Guide and subordinate manuals and style guides.
- B. That a subsequent report be submitted to a future meeting of Economic Development Committee in relation to the application of council's logo across current sub-brands addressing the comments from the committee outlined below.

The committee noted that in relation to the council sub-brand design and architecture outlined on page 3 of the report, that it was not what had been identified in discussions on this matter in the 19 February Economic Development Committee meeting. It was requested that a further report be presented outlining the principles and options to align or eliminate council's sub-brands.

This report recommends a clear direction for the relationship of council brands following a review of local government examples and advertising industry practices.

RECOMMENDATION/S

That the Interim Administrator of Ipswich City Council resolve:

- A. That a Branded House framework for all council owned facilities and primarily council operations and services, be adopted.

- B. That the application of the logo and Brand House be specified as part of a council style guide to be approved by the Chief Executive Officer.**

RELATED PARTIES

An update to council brands does not have any reliance, impact or involvement of external parties. The change will require the replacement of current signage, branding or logo use on some third party assets, but this will be done over the medium to long term on a priority basis and worked into current operating budgets.

An update to council brands does have an impact, reliance and involvement of internal parties particularly those with established branded assets, facilities and programs. An update would require all sub-brands to be modified or wholly changed. However, this will be done as an evolution with minimal cost or disruption. Primary assets will be identified and replacement of signage will be factored into the facility's forward capital expenditure.

Stakeholders with internal sub-brands have been consulted on the update prior to this report going before council.

There are no conflicts of interest identified from this report.

ADVANCE IPSWICH THEME

Listening, leading and financial management

PURPOSE OF REPORT/BACKGROUND

Council's brand architecture has been developed in an ad-hoc, non-strategic manner, meaning that council has found itself with a number of disparate sub-brands that have been developed over time. There are no clear naming standards, rules or rationale for the creation of sub-brands, or a framework around their use or hierarchy in relation to the council master brand. Together this reduces the impact of the marketing messages, leads to negative positioning of the city and leads to inefficiencies.

Positive positioning requires intent. For the City of Ipswich, that means aligning and harnessing the power and reach of its brands and presenting a united brand front. Building a strong brand architecture is imperative to convey a common and consistent identity and reflect a unified approach.

Brand architecture should be designed with external audiences in mind, not designed to reflect legal entities or an internal organisational structure. When an existing brand can be used, a new brand should not be created. This approach to brand architecture works when you want to enrich the master or main brand with new associations. In the case of council, our alignment with our current sub-brands could yield quick wins for the master brand when associated with the engagement and reach of popular sub-brands. This will assist to drive positive association with the council brand.

Most importantly for council, brand recognition and brand equity builds trust. Brand recognition relies on consistency, brand naming clarity and building awareness quickly and efficiently. A unified brand consolidates brand capital to improve value and resilience.

The combined effect of this should also encourage a positive response in the community and more recognition of the large range of services that Ipswich City Council provides.

Graphic 1: Current Council Brand Relationship



There is no obvious relationship between the current council brands.

Graphic 2: Current Council Co-Brand Application



Since early 2019 council has used a co-branding approach to improve the relationship between council brands.

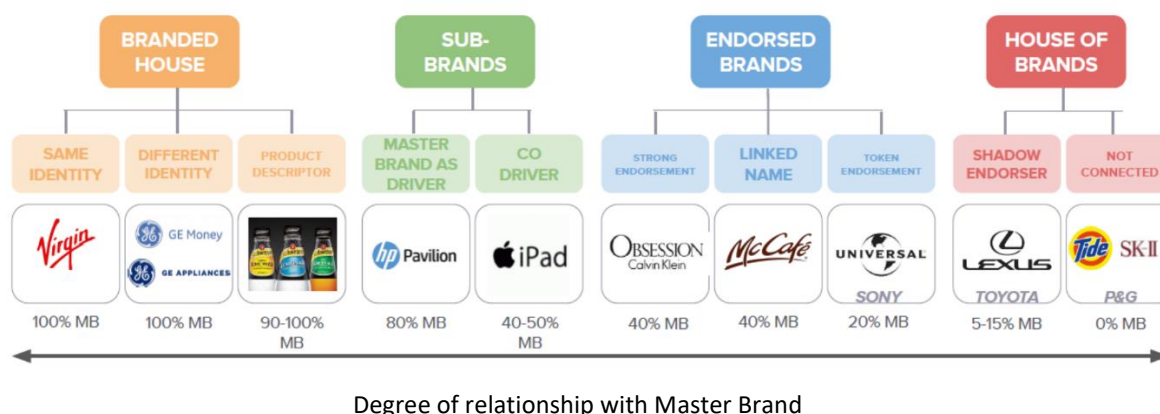
The advertising industry looks at brand relationships on a spectrum from the fully integrated Branded House to the practically independent House of Brands.

In this context, companies follow a set of guidelines which help understand how brands may fit together in a coherent offering and optimise its marketing efficiency and performance.

- What is the preferred brand relationship – Branded House, Sub-Brands, Endorsed Brands or House of Brands
- How many levels of branding should exist
- What types of brands exist at each level

- How brands at different levels relate to each other – if at all
- Which brand identities are dominant and which are recessive
- Decision making rules for creating new brands

Graphic 3: Brand Relationship Spectrum



Narrower scope for competition
Collective investment
Leverage master brand associations
Maintain current consumers when extending
Broad appeal
Few general competitors
Fits with master brand

Wider scope for competition
Individual investment
Create new associations
Encourage new customers
Targeted appeal
Many specific competitors
No fit with master brand

Using the brand relationship spectrum, council would be classified as having a House of Brands. A House of Brands allows for each brand to speak to a more specific purpose and more targeted audience. The Art Gallery for example can rightly demonstrate that their purpose and audience is distinctly different to Fire Station 101. Council however has to consider if the higher purpose is to promote its facilities and services to the entire community or to promote a specific facility or service to a sub-group of consumers. A house of Brands also enables a decoupling of risk when one of the brands fails or is harmed.

The co-brand application being applied by council currently enables a level of an Endorsed Brand relationship but it is a retrofitted outcome and therefore fails to correlate to any of the guidelines brands use to construct a coherent offering. The Endorsed Brand structure increases flexibility but limits the synergy effects. It therefore depends on the nature of the categories and target groups council wants to reach to decide if Endorsed Brands are the best structure. A rule of thumb is that the more disconnected the category / audience is from the parent, the more appropriate an Endorsed Brands approach.

In the July 2019 report provided a Branded House direction executed as below.



This approach makes for a more consistent brand experience that minimises confusion.

With a Branded House there are economies of scale and synergy effects, thus making it easier to build brand equity for each individual brand and for the portfolio as a whole. However, there is a risk of negative spill-over and it becomes both expensive and hard to do future brand changes.

The key question on this approach though is if the brand application works across all markets, categories, target groups. Most contemporary municipal branding is based in a Branded House application with key exceptions.

Newcastle for example has this year aligned all its council facilities and services in a Branded House. Prior to the rebrand, research showed that a third to half of Newcastle residents weren't aware that the Civic Theatre, Museum and Art Gallery were council facilities.



The obvious exception Newcastle has made is for its destination brand. The reason for this relates to the brand promise, category and target group audience.



The purpose of the Newcastle council Brand House is to provide a narrative and consistency for council facilities and services to the community who engage with them.

The purpose of the destination brand however is to create awareness and provide a narrative to audiences outside of the region.

It is recommended that Ipswich City Council takes a similar approach to its brand application, that council establishes a Brand House for facilities and services which it provides the community it serves. Further examples of how that may be executed are provided here.



It is further recommended that programs which are clearly dealing with a brand promise, category and target group audience which is not a council facility or service for the local community have the opportunity to develop as stand-alone brands. The qualification of that recommendation however is that any such brand should complement the City of Ipswich Brand House.

The only clear example of such a brand which council will need to consider is the Discover Ipswich destination brand. This brand primarily promotes the products and services of private operators to audiences outside the Ipswich local government area. Its primary purpose is to create awareness, provide a narrative to audiences outside of the region and attract visitation to the city.

It is recommended that the Discover Ipswich destination brand be retained as a stand-alone brand but be adjusted to better complement the City of Ipswich Brand House.

Council may consider a similar exception to Ipswich Waste Services which is a commercial business unit of council delivering waste management services to domestic and commercial customers. However, as Ipswich Waste Services provides the city's residential waste collection and manages the city's recycling and refuse centres, there is a definite connection to council's expected service provision. Therefore, it is more likely that the Ipswich Waste Services brand should operate within the council Brand House.

It is also worth considering the position of the Ipswich Art Gallery as stated in the Consultation section of this report.

LEGAL/POLICY BASIS

This report and its recommendations are consistent with the following legislative provisions:
Local Government Act 2009

RISK MANAGEMENT IMPLICATIONS

Following the principles of this report, council will set in motion a body of work to consult and agree on a style guide which covers all sub-brands and applications.

The risk of proceeding with a City of Ipswich Brand House is that current sub-brands which have built a position and audience over many years will be discarded. This may change

people's opinions of those facilities and services for the negative through the more obvious association with council.

This risk would be mitigated by a focus on continuity of service being provided. Customers will experience no difference in their interaction with council facilities and services which were previously branded individually.

There is a potential risk of less effective marketing and communication if the facilities and services are standardised within a council Brand House. This may negatively impact the facilities and services ability to position themselves in their category and appeal to their target audience.

This risk would be mitigated by the application of the standardised brand within the broader context of each facility and service's communications. Branding is not simply a logo, but an integrated style seen throughout the organisation's communications. This standardisation does not necessarily prevent creativity and individuality in design, content, imagery or tone.

There is a potential risk of significant costs being incurred in the application of a City of Ipswich Brand House considering the vast amount of signage, collateral and merchandise council's facilities and services require.

This risk would be mitigated by taking an as needs replacement approach over the medium to long term with costs being worked into operating budgets. Primary assets will be identified and replacement of signage will be factored into the facilities forward capital expenditure.

Not following the principles of this report presents a continued risk of failing to develop awareness and value in the community for the facilities and services council provides. Aligning council sub-brands is a proven and effective way to build positive brand equity and trust.

FINANCIAL/RESOURCE IMPLICATIONS

The implementation of the principles of this report has minimal direct resource and financial implication, as its application will be primarily on an as needed replacement when material has reached end of life or is scheduled for update.

Some key facilities signage will be actioned as a priority using some capital expenditure budget.

The Marketing and Promotions Branch will prioritise an updated Council Style Guide and continue to work with internal stakeholders on the brand architecture and sub-brand style guides. This work will result in resource efficiencies over the medium and longer term as a more coordinated and better defined and managed portfolio of style guides will reduce error, duplication and design time.

COMMUNITY AND OTHER CONSULTATION

Owners of the key council sub-brands have been consulted as part of the development of this report, their positions are summarised below.

Ipswich Art Gallery – believes the Art Gallery should maintain a stand-alone brand as its audience is seeking a cultural experience, not a council interaction. Data indicates that 50% of visitation to the Art Gallery comes from outside the Ipswich region. The leading Australian regional galleries and museums tend to have stand-alone brands and in order to continue to attract high quality touring exhibitions it is important that the Ipswich Art Gallery is perceived to be part of this group.

Ipswich Libraries – believes the Libraries should maintain a stand-alone brand in a co-brand application as it has built a good amount of value in its brand. However, understands the benefit of a Brand House approach and could make it work.

Ipswich Civic Centre – believes the Civic Centre could operate within a Brand House without detriment.

Studio 188 – believes Studio 188 could operate within a proposed Brand House without detriment.

Fire Station 101 – believes Fire Station 101 could operate within a proposed Brand House without detriment.

Sport Ipswich – believes Sport Ipswich could operate within a proposed Brand House without detriment.

Ipswich Waste Services – TBC

CONCLUSION

In July 2019, council adopted an update to its City of Ipswich logo and sought further consideration of principles and options to align or eliminate council's sub-brands.

This report uses a standard advertising industry framework to look at brand relationships on a spectrum from the fully integrated Branded House to the practically independent House of Brands with indication of the advantages and disadvantages at each point of the spectrum.

In the development of this report research has been undertaken to assess contemporary practice in municipal branding and a leading example of that has been included.

This report recommends council adopt a Branded House approach for those facilities and services which it provides the community it serves.

Carly Gregory

MARKETING AND PROMOTION MANAGER

I concur with the recommendations contained in this report.

Ben Pole

GENERAL MANAGER - COMMUNITY, CULTURAL AND ECONOMIC DEVELOPMENT

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Doc ID No: A5919284

ITEM: 2

SUBJECT: TENDER CONSIDERATION PLAN APPROVAL - RETAIL PROJECT AUDIT
CONSULTANTS

AUTHOR: PROJECT MANAGER

DATE: 22 NOVEMBER 2019

EXECUTIVE SUMMARY

This is a report concerning a proposed Tender Consideration Plan for the engagement of design audit consultants for the retail works within the Nicholas Street - Ipswich Central project (the Retail Project).

RECOMMENDATION

That the Interim Administrator of Ipswich City Council resolve:

- A. That a Tender Consideration Plan be prepared in accordance with section 230(1)(a) of the *Local Government Regulation 2012 (Qld)* to engage design audit consultants for the Nicholas Street – Ipswich Central project.**
- B. That the Tender Consideration Plan as outlined in the report by the General Manager – Coordination and Performance dated 22 November 2019, in accordance with section 230(1)(b) of the *Local Government Regulation 2012* for the engagement of design audit consultants for the Nicholas Street – Ipswich Central Retail Project be adopted by Council.**
- C. That the Chief Executive Officer be authorised to negotiate and finalise the terms of the retail project variations to be executed on behalf of Council and to do any other acts necessary to implement Council’s decision in accordance with section 13(3) of the *Local Government Act 2009*.**

RELATED PARTIES

- Bornhorst and Ward
- WSP
- Rider Levett Bucknall
- Cambray

- Hutchinson Builders

ADVANCE IPSWICH THEME

Strengthening our local economy and building prosperity.

PURPOSE OF REPORT/BACKGROUND

The purpose of this report and tender consideration plan is to procure consultants to audit the work currently being conducted by Hutchinson Builders on the design of the retail assets contained in the Ipswich Central redevelopment.

The Retail project is part of a broader program of works taking place to revitalise the Ipswich CBD around Nicholas Street adjacent to the current construction as summarised below:

- The Eats building is partially located within the Civic Project construction site. For example, the elevator to the Eats building and several internal walls are being replaced as part of the Civic Project;
- The Metro B building is immediately adjacent the Civic Project and external paving that serves Metro B is part of the Civic Project scope of work. Work to the exterior of the Metro B will require access from the Civic Project construction site;
- The Metro A building is adjacent to Metro B. It doesn't directly interface with the Civic Project and progressing construction works to this building is subject to a future council decision;
- Parts of the Civic Project, Eats Building and Metro A are either adjacent to or directly over the operating rail corridor servicing the electrified rail network; and
- The Venue building is located on Nicholas Street approximately 50m from the current site.

Hutchinson Builders are currently working on designs for the retail assets contained in the Ipswich Central redevelopment area.

The scope of work to which the tender consideration plan relates is summarised as the engagement of audit consultants to peer review Hutchinson Builders design as it progresses to construction documentation for the retail project. The procurement of the consultants identified in this report under the tender consideration plan is required to audit the work conducted by Hutchinson Builders to ensure that it is appropriate and to assess the costs associated with these works to ensure that value for money is achieved for Ipswich ratepayers.

These consultants are currently engaged by Council to conduct audit services for the civic and administration works in the Ipswich Central redevelopment and the TCP seeks to engage them to conduct the additional audit services required for the retail development.

The report recommends that the attached Tender Consideration Plan (TCP) be adopted.

The *Local Government Regulation 2012 Section 230* allows a local government to enter into medium and large contractual agreements, without first inviting written quotes or tenders, through the preparation and adoption of a TCP. The TCP provides the information required to comply with the regulation and to justify the use of the plan as an effective and appropriate alternative to seeking quotes or to calling for open tenders.

The TCP details the advantages of extending engagements of existing consultants to undertake the audit role for the Retail Project including:

- Retain the intellectual knowledge these consultants have on the Retail Project due to long-standing involvement;
- Remove risks associated with historical project knowledge being lost, and retain resources and expertise currently on site and familiar with the precinct;
- Utilise the consultants who created the original Retail Project design to review and provide comment on any changes proposed by the head contractor's D&C subcontractors;
- Remove likely delays and additional costs associated with an incoming consultant getting up to speed with the project;
- Maintaining benefits of existing contractual agreements through warranties and licenses to intellectual property (IP); and
- Continuation of Professional Indemnity coverage of existing consultants.

LEGAL/POLICY BASIS

This report and its recommendations are consistent with the following legislative provisions: *Section 230 (1) (a) and (b) of the Local Government Regulation 2012*

RISK MANAGEMENT IMPLICATIONS

Fee proposals received from the audit consultants will be assessed by the project's independent cost consultant against market rates for roles from similar projects to ensure they are appropriate. Doing so will ensure that value for money is achieved for the services provided.

Extending existing contractual engagements with nominated consultants will be in accordance Council's standard terms.

Failure to engage the audit services of these consultants could result in financial and reputational damage to Council.

FINANCIAL/RESOURCE IMPLICATIONS

The services being provided by these consultants to audit the design work of Hutchinson Builders will not result in significant costs to Council.

These costs will be covered under the existing approved Ipswich Central redevelopment budget.

COMMUNITY AND OTHER CONSULTATION



No consultation has been conducted in relation to this report.

CONCLUSION

It is recommended that Council adopt the TCP for the following reasons:

- Retain the intellectual knowledge these consultants have on the Retail Project due to long-standing involvement;
- Remove risks associated with historical project knowledge being lost, and retain resources and expertise currently on site and familiar with the precinct;
- Utilise the consultants who created the original Retail Project design to review and provide comment on any changes proposed by the head contractor's D&C subcontractors;
- Remove likely delays and additional costs associated with an incoming consultant getting up to speed with the project;
- Maintain benefits of existing contractual agreements through warranties and licenses to IP;
- Continuation of Professional Indemnity coverage of existing consultants;
- Avoid delays associated with a new procurement process;
- Minimise tender management costs for Council; and
- Minimise tendering costs to industry.

ATTACHMENTS AND CONFIDENTIAL BACKGROUND PAPERS

1.	Tender Consideration Plan - Retail Audit Consultants  
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Greg Thomas
PROJECT MANAGER

I concur with the recommendations contained in this report.

Sean Madigan
GENERAL MANAGER - COORDINATION AND PERFORMANCE

I concur with the recommendations contained in this report.

David Farmer
CHIEF EXECUTIVE OFFICER

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Nicholas Street - Ipswich Central Tender Consideration Plan: Retail Project Audit and Cost Consultants

21 November 2019





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1. BACKGROUND

1.1 INTRODUCTION

Section 230 of the *Local Government Regulation 2012* allows a local government to enter into medium and large contractual agreements, without first inviting written quotes or tenders, through the preparation and adoption of a Tender Consideration Plan (TCP). This TCP provides the information required to comply with the regulation and to justify the use of the plan as an effective and appropriate alternative to seeking quotes or to calling for open tenders for the following activities:

- Retail Project Audit Consultants (selected disciplines)

1.2 RETAIL PROJECT

Ipswich City Council (Council) is currently undertaking a major redevelopment of the Ipswich CBD referred to as Nicholas Street - Ipswich Central. A combination of Council-owned assets makes up the entire project site intermixed with existing and heritage commercial buildings.

The five Council-owned retail buildings across the Nicholas St precinct are:

- Metro A
- Metro B
- Eats
- Venue
- Commonwealth Hotel (this is treated separately under its own TCP submission).

Refer to the Figure 1 below of the Nicholas St precinct plan showing the location of each building.

Figure 1: Nicholas St Precinct Plan





Council resolved at its meeting on 28 October 2019 to proceed with the development strategy for the Nicholas Street precinct and recommended development of Venue, Eats and Metro B while deferring the Metro A building works pending further lease deals being sourced.

It is proposed that Hutchinson Builders as the existing head contractor for the Civic Project undertake a 2-stage D&C process for the delivery of the Retail Variation within the Nicholas St, Ipswich CBD precinct. This methodology is subject to approval of a separate Tender Consideration Plan submitted to Council.

Stage 1 was approved to proceed by Council on 28 October 2019, and Hutchinson Builders are underway with progressing the approved Schematic Design and sourcing competitive trade pricing. Subject to Council's approval of Hutchinson Builder's submitted design and pricing, the Stage 2 delivery of the retail works are proposed to be a contract variation to the existing Civic project contract.

Hutchinson Builders has elected not to take some of the original design consultants for the D&C phase. In particular, Bornhorst & Ward (B&W) and WSP who have been responsible for the structural and building services designs respectively for the retail project to date. This makes B&W and WSP available to continue their current engagement with the Principal and fulfil the role of Audit Consultant and peer review the D&C Contractor's design as it progresses to Construction Documentation.

It is also recommended to continue the engagement of Rider Levett Bucknall (RLB) as independent cost consultant for the Principal through the D&C project delivery phase of the Retail Variation to provide ongoing audit and review services to ensure value for money is achieved across all financial parameters.

Cambray consulting is the traffic engineering audit consultant already engaged on the adjacent Civic Project and it is recommended to extend their current engagement across to the Retail Project.

Due to their history with the project, it is proposed that the engagements of all nominated consultants be extended for the Retail Project works. This will enable the timely continuation of the retail development program and maintain the intellectual knowledge these consultants have across the entire project.

2. FINANCIAL

2.1 VALUE FOR MONEY

Fee proposals for the audit roles received from consultants will be assessed by the project's independent cost consultant RLB against market rates for audit consultant roles from similar projects.

RLB's fee proposal will be benchmarked against engagements completed to date for both the Civic and Retail Projects.

Economies of scale will be achieved by leveraging RLB's existing Civic project engagement. For example, RLB are already engaged to undertake site visits and assessment of variations and monthly claims for the Civic Project so extending their scope to include the Retail Project variation will not increase costs in the same proportion as a standalone engagement.

2.2 ESTIMATED VALUES

Estimated engagement values are estimated to total \$178,000 for the audit services to be provided by the nominated suppliers. The engagements are estimated to fall into the category of medium sized contract arrangements as defined by the *Local Government Regulations 2012* based on the total aggregate value across the retail work.



3. SUPPLIER DETAILS

The following Project suppliers which provide consultancy and contracting services in relation to the redevelopment of the CBD, are recommended to be directly engaged by ICC according based on the engagement types described below:

NO.	AUDIT DISCIPLINE	PROPOSED CONSULTANT	ENGAGEMENT TYPE
1.	Structural	Bornhorst and Ward	Variation to extend existing Retail Project engagement with Council.
2.	Building Services, including: Mech, Elec, Fire, Hydraulic & Acoustic	WSP	
3.	Quantity Surveyor	Rider Levett Bucknall	
4.	Traffic	Cambray	Variation to extend existing engagement on Civic Project.
5.	Architectural	(tbd)	To be sourced in compliance with Council's procurement policies.
6.	Other	(tbd)	

4. OBJECTIVES

This tender consideration plan is intended to fulfil the following objectives:

	OBJECTIVES
1.	Document Council's decision not to seek multiple quotes or tenders for consultants already engaged for the Retail or Civic Projects and agree to extend the respective engagements to undertake audit consultant roles for the Retail Project.
2.	Retain knowledge of existing consultants and work completed to date to achieve the best timeframes, lowest risk and fair value for Council.
3.	Identify, manage and mitigate key risks associated with direct engagement of consultants.



5. HOW WILL OBJECTIVES BE ACHIEVED

The objectives identified for the TCP in Section 3 will be achieved by the actions detailed in the following table:

	OBJECTIVE	ACHIEVED BY
1	Document Council's decision not to seek multiple quotes or tenders for consultants already engaged for the Retail or Civic Projects and agree to extend their respective engagements to undertake audit consultant roles for the Retail Project.	<p>Consideration of the five sound contracting principles outlined in the <i>Local Government Act 2009</i>.</p> <p><u>1. Value for Money</u></p> <p>The independent cost consultant RLB will review and benchmark fee submissions from consultants against market rates from similar projects.</p> <p><u>2. Open Competition</u></p> <p>A competitive tender process was initially undertaken to appoint the nominated consultants on either the Civic or Retail Projects.</p> <p><u>3. Development of competitive local business and industry</u></p> <p>The nominated consultants all have a local presence in the South East Queensland region, hence contributing to the development of the local industry economy.</p> <p><u>4. Environmental Protection</u></p> <p>The retention of existing consultants across the entire site is expected to mitigate the probability of errors that would increase the risk of environmental harm.</p> <p><u>5. Ethical Behavior and Fair Dealing</u></p> <p>Incumbent consultants hold a significant advantage over other market participants so it would be problematic to subject other market participants to a tender process which they are unlikely to be successful in, thus reducing the tendering burden on the industry.</p>
2	Retain knowledge of existing consultants and work completed to date to achieve the best timeframes, lowest risk and fair value for Council.	Removing likely delays associated with an incoming consultant getting up to speed with the project and preventing loss of implicit knowledge and IP if an existing consultant were to leave the project.
3	Identify, manage and mitigate key risks associated with direct engagement of consultants.	Evaluate levels of various risk profiles with mitigation strategies to be implemented (refer Section 9).



6. HOW WILL ACHIEVEMENT OF OBJECTIVES BE MEASURED

The following table details the measurements to confirm objectives are achieved:

	OBJECTIVE	MEASUREMENT
1	Document Council's decision not to seek multiple quotes or tenders for consultants already engaged for the Retail or Civic Projects and agree to extend their respective engagements to undertake audit consultant roles for the Retail Project.	Acceptance of this plan and the costs for consultant extensions falling within market parameters advised by RLB.
2	Retain knowledge of existing consultants and work completed to date to achieve the best timeframes, lowest risk and fair value for Council.	The timely delivery of the project in accordance with the project schedule.
3	Identify, manage and mitigate key risks associated with direct engagement of consultants.	The evaluated risk level of key risks outlined in Section 9 below are reduced by the implementation of the mitigation strategies identified.

7. IDENTIFICATION & ANALYSIS OF ALTERNATIVES:

The analysis of reasons to support the continued engagement of existing consultants to undertake the audit role for the Retail Project is set out below.

The rational for this strategy is as follows:

- Retain the intellectual knowledge these consultants have on the Retail Project due to long-standing involvement;
- Remove risks associated with historical project knowledge being lost, and retain resources and expertise currently on site and familiar with the precinct;
- Utilise the consultants who created the original Retail Project design to review and provide comment on any changes proposed by the head contractor's own D&C subcontractors;
- Remove likely delays and additional costs associated with an incoming consultant getting up to speed with the project;
- Maintain benefits of existing contractual agreements through warranties and licenses to intellectual property (IP); and,
- Continuation of Professional Indemnity coverage of existing consultants.
- Avoid delays associated with a new procurement process;
- Minimise tender management costs for Council; and



- Minimise tendering costs to industry.

The alternative option is for Council to undertake a new procurement process for the appointments of all audit consultants. The time frames of undertaking this process would mean that the project was significantly delayed and the cost of completion increased, as well as increasing overall project risk.

8. PROPOSED TERMS OF CONTRACTS

It is proposed to continue Council's standard terms and conditions that are currently used for consultant engagements.

9. RISK ANALYSIS OF MARKET FROM WHICH SERVICES ARE TO BE OBTAINED:

The key risks identified when assessing the market from which the services are obtained is the ability for the project to continue without further delay and to ensure that Council has the intellectual property, warranties etc. transferred. If the project is delayed further than the overall cost of completion of the project would escalate.

In addition,

The following general risks and mitigation strategies have been identified in relation to the extension of existing consultant engagements for the audit roles.

Financial Risk		Risk Level
Event	Suppliers may choose not to accept a revised scope of work and timing	
Likelihood	Unlikely	Low
Consequence	Minimal	
Mitigation	Initial discussions with all parties have indicated that the nominated consultants are willing and able to perform their respective audit consultant roles within the proposed budgets.	

Legal & Governance		Risk Level
Event	Consultants may refuse to use Council's standard terms.	
Likelihood	Unlikely	Low
Consequence	Minimal	
Mitigation	Extension of existing contractual engagements effectively removes this risk.	

Political / Reputation		Risk Level
Event	Other market participants may be discouraged at missing the opportunity to become involved in the project.	

Item 2 / Attachment 1.



Likelihood	Unlikely	Low
Consequence	Minimal	
Mitigation	The political and reputational risks of seeking quotes for disciplines where an incumbent holds a significant advantage is potentially more harmful to the market.	

Community and Environment		Risk Level
Event	None	
Likelihood	N/A	N/A
Consequence	N/A	
Mitigation	There is no perceived Community or Environmental risk due to delivering the objectives of this TCP. However, the retention of existing consultants familiar with the work is a risk mitigation generally.	

Health & Safety		Risk Level
Event	None	
Likelihood	N/A	N/A
Consequence	N/A	
Mitigation	There is no perceived Health & Safety risk due to delivering the objectives of this TCP. However, we note that the retention of existing consultants familiar with the work is a risk mitigation generally.	

Service Delivery / Business Continuity		Risk Level
Event	Delays in executing agreements causing project or operational delays	
Likelihood	Possible	Moderate
Consequence	Moderate	
Mitigation	The extension of contractual engagements with existing contractors mitigates this risk.	

Information Confidentiality, Integrity and Accessibility		Risk Level
Event	Information and intellectual knowledge from the projects and assets is not transferred to Council.	
Likelihood	Possible	Moderate
Consequence	Moderate	
Mitigation	The extension of contractual engagements with existing contractors mitigates this risk.	



10. SUMMARY

To maintain the delivery of the retail development program and retain the intellectual knowledge of existing consultants across the entire project it is proposed that the engagements of all nominated consultants be extended to undertake audit consultant roles for the Retail Project works. This will achieve the lowest risk, best timeframes and fair value for Council

These engagements may include aggregate final values more than \$15,000 however these Consultants are registered on Local Buy:

- B&W
- WSP
- RLB
- Cambray

The following consultant disciplines will be engaged for Retail Project audit roles, if required, in accordance with Council's procurement policies:

- Architecture
- Other – to be determined

A recap of the benefits anticipated from the proposed extension of engagements is as follows:

- Retain the intellectual knowledge these consultants have on the Retail Project due to long-standing involvement;
- Remove risks associated with historical project knowledge being lost, and retain resources and expertise currently on site and familiar with the precinct;
- Utilise the consultants who created the original Retail Project design to review and provide comment on any changes proposed by the head contractor's own D&C subcontractors;
- Remove likely delays and additional costs associated with an incoming consultant getting up to speed with the project;
- Maintain benefits of existing contractual agreements through warranties and licenses to IP; and,
- Continuation of Professional Indemnity coverage of existing consultants.
- Avoid delays associated with a new procurement process;
- Minimise tender management costs for Council; and
- Minimise tendering costs to industry.

Doc ID No: A5918580

ITEM: 3

SUBJECT: TENDER CONSIDERATION PLAN - PRINCIPAL CONTRACTOR FOR
COMMONWEALTH HOTEL RECONSTRUCTION WORK

AUTHOR: PROJECT MANAGER

DATE: 22 NOVEMBER 2019

EXECUTIVE SUMMARY

This is a report concerning the procurement process for the Principal Contractor for the reconstruction of the Commonwealth Hotel. This report recommends that competitive tenders be invited from a list of suitably qualified Contractors drawn from the Expression of Interest (EOI) process completed in 2017 for this same purpose. Due to the time elapsed since this initial EOI process, the list be supplemented if required with other suitably qualified Contractors currently available for the work.

The section 230 of the *Local Government Regulation 2012* allows a local government to enter into medium and large contractual agreements, without first inviting written quotes or tenders, through the preparation and adoption of a Tender Consideration Plan (TCP). The TCP provides the information required to comply with the regulation and to justify the use of the plan as an effective and appropriate alternative to seeking quotes or to calling for open tenders. The scope of services to which the TCP relates is:

- Principal Contractor for the Commonwealth Hotel Reconstruction Work.

RECOMMENDATION/S

That the Interim Administrator of Ipswich City Council resolve:

- A. That a Tender Consideration Plan be prepared in accordance with section 230 (1) (a) of the *Local Government Regulation 2012 (Qld)* for the Principal Contractor for Commonwealth Hotel Reconstruction Work, as outlined in the report by the General Manager – Coordination and Performance dated 25 November 2019.**
- B. That in accordance with section 230(1)(b) of the *Local Government Regulation 2012*, the Tender Consideration Plan for the Principal Contractor for Commonwealth Hotel Reconstruction Work, be adopted**
- C. That the Chief Executive Officer be authorised to negotiate and finalise the terms of the contracts to be executed by Council and to do any other acts necessary to**

implement Council's decision in accordance with section 13(3) of the *Local Government Act 2009*.

RELATED PARTIES

Refer to confidential Attachment 4 'Draft List of Contractors for Prequalification'.

ADVANCE IPSWICH THEME

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PURPOSE OF REPORT/BACKGROUND

- ICP has previously invited EOI's for 'Demolition, Deconstruction, Construction and Traditional Heritage Reconstruction Works' for the Commonwealth Hotel. These were submitted on 24 November 2017.
- Pursuant to a separate procurement process James Trowse (QLD) Pty Ltd was awarded a Contract for Design and Construction of Jacking, Underpinning and Foundation Works and this scope of work is now complete.
- The work of reconstructing the Commonwealth Hotel is expected to be issued for tender in Q1 of 2020. The purpose of this report is to confirm (due to the elapsed time) that the tender be issued to a short-list of contractors that responded to the 2017 EOI process. Furthermore, if required, this list be supplemented with suitably qualified contractors currently operating in the market drawn from consultant recommendations.

LEGAL/POLICY BASIS

This report and its recommendations are consistent with the following legislative provisions: *Section 230 (1) (a) and (b) of the Local Government Regulation 2012*.

RISK MANAGEMENT IMPLICATIONS

New engagements will be formed on the basis of Council's standard terms in consultation with Council's legal advisors.

FINANCIAL/RESOURCE IMPLICATIONS

Any additional resources required as a result of the engagement of these supplier or contractors on the Ipswich Central CBD Transformation Project will be funded within current project budget allocations.

COMMUNITY AND OTHER CONSULTATION

There has been no community consultation conducted in relation to this report.



CONCLUSION

It is recommended that the contract for rebuilding the Commonwealth Hotel be procured by competitive tender to a select short-list of Contractors to be prequalified from the original EOI process completed for this purpose in 2017 and supplemented if required from suitably qualified contractors currently available in the market. The benefits include:

- Utilising the work completed during the original EOI process.
- Avoiding potential delays associated with a repeated EOI or open tender process.
- Avoiding wasted effort by the industry or Council by limiting the competitive tender list to four suitably qualified Contractors capable of completing this specialised heritage restoration.

Conducting a competitive tender process in lieu of awarding the work as a variation to the incumbent contractor James Trowse or the adjacent contractor Hutchinson Builders.

ATTACHMENTS AND CONFIDENTIAL BACKGROUND PAPERS

1.	Tender Consideration Plan Commonwealth Hotel Reconstruction Work  
	CONFIDENTIAL
2.	Cost Estimate provided by Rider Levett Bucknall
3.	Forecast Contract Cost Summary
4.	Draft List of Contractors for Pre-Qualification

Greg Thomas
PROJECT MANAGER

I concur with the recommendations contained in this report.

Sean Madigan
GENERAL MANAGER - COORDINATION AND PERFORMANCE

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Ipswich Central

Tender Consideration Plan:

Principal Contractor for Commonwealth Hotel Reconstruction Work

25 Nov 2019





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1. BACKGROUND

1.1 INTRODUCTION

The Local Government Regulation 2012 Section 230 allows a local government to enter into medium and large contractual agreements, without first inviting written quotes or tenders, through the preparation and adoption of a Tender Consideration Plan (TCP). This TCP provides the information required to comply with the regulation and to justify the use of the plan as an effective and appropriate alternative to calling for open tenders. The scope of services to which the TCP relates is

- Principal Contractor for the Commonwealth Hotel Reconstruction Work

In November 2017 Expressions of Interest (EOI's) for 'Demolition, Deconstruction, Construction and Traditional Heritage Reconstruction Works' for the Commonwealth Hotel were submitted. The tender for reconstruction of the Commonwealth Hotel walls and roof were not issued at this time but are forecast to be available for tender in February 2020.

This Tender Consideration Plan proposes to utilize this EOI process and other sources to develop a shortlist of suitably qualified companies to submit competitive tenders for the work.

1.2 CURRENT PROJECT STATUS

- The western side of the existing façade has been deconstructed by Hutchinson Builders (HB) & HB's subcontractor - Queensland Heritage Restoration.
- The deconstructed façade & materials are temporarily stored in Council's warehouse.
- The foundation of the façade has been stabilized by James Trowse QLD Pty Ltd.
- The remaining façade and building structure are temporarily propped on site.
- Principal Architect for this Reconstruction Work has been engaged.

1.3 PROJECT SCOPE OF WORK

In September 2019 the Project Steering Committee endorsed proceeding with a limited scope of work for reconstructing the building envelope of the Commonwealth Hotel:

- Restoration of the façade along Union Place;
- Reconstruct the removed building fabric including walls and roof to achieve site security and safety;

2. FINANCIAL

2.1 VALUE FOR MONEY

The contract will be awarded pursuant to a competitive tender process. Limiting the tender list to a short-list of suitably qualified contractors is expected to increase the quality and accuracy of the tender submissions by encouraging thoroughly developed proposals. All prices will be assessed by the project's independent cost consultant Rider Levett & Bucknall (RLB).

2.2 ESTIMATED VALUES

The estimated construction cost has been prepared by the project cost consultant Rider Levett & Bucknall and is provided as a confidential attachment with a report to Council dated 25 November



2019. Based on this estimate, the contract value for the rebuilding work is expected to be awarded at a value between \$1M and \$2M subject to the final scope of work yet to be confirmed for inclusion.

3. SUPPLIER DETAILS

A draft list of 16 potential contractors has been provided as a confidential attachment with a report to Council dated 25 November 2019. Each of the 16 potential contractors will be reviewed for consideration on a short-list of suitably qualified tenderers to submit competitive conforming proposals for the project. This list is drawn from the following sources:

- Expressions of Interest submitted 24 November 2017 (11 companies)
- Consultant's / Architect's referral (5 companies)

4. OBJECTIVES

4.1 TENDER CONSIDERATION PLAN (TCP) OBJECTIVE

This Tender Consideration Plan is intended to fulfil the following objectives:

	OBJECTIVES
1	Utilise the existing expression of interest process completed in 2017 to achieve the best timeframes and most efficient procurement process for the industry and Council.
2	Document Council's decision not to seek open tenders or a new expression of interest process to procure a Principal Contractor to complete the Commonwealth Hotel reconstruction work.
3	Consideration of the five (5) sound contracting principle outlined in the Local Government Act 2009
4	Key risks associated with utilizing the existing EOI process to be identified and mitigated

5. HOW WILL OBJECTIVES BE ACHIEVED

The objectives identified for the TCP in Section 4 will be achieved by the actions detailed in the following table:

	TCP OBJECTIVE	ACHIEVED BY
1	Utilise the existing expression of interest process completed in 2017 to achieve the best timeframes and most efficient procurement process for the industry and Council.	<p>Existing files retained for the project include complete responses from the 2017 expression of interest process. These responses will be reviewed by the current project team and contact with the respondents will be re-established to verify their current status and continued interest.</p> <p>In the event that a sufficient number of suitably qualified tenderers can't be identified from the 2017 EOI respondents the tender list will be supplemented with suitably qualified contractors currently active in the market.</p>

Item 3 / Attachment 1.



	TCP OBJECTIVE	ACHIEVED BY
2	Document Council's decision not to seek open tenders or a new expression of interest process to procure a Principal Contractor to complete the Commonwealth Hotel reconstruction work.	This plan outlines the objectives and reasons to support the recommendation to utilize the 2017 EOI process and ensure consideration is given to the sound contracting principles.
3	Consideration of the five (5) sound contracting principle outlined in the Local Government Act 2009	<p>1 Value for Money</p> <p>The independent project cost consultant (RLB) has provided an estimate for the construction work which will be used to confirm value for money. Competitive tender to a select short-list of suitably qualified contractors is recommended as the best means of ensuring value for money.</p> <p>2 Open Competition</p> <p>The 2017 request for expressions of interest was publicly advertised in the Courier Mail and Queensland Times.</p> <p>3 Development of Competitive Local Business</p> <p>The pre-qualification criteria to be used to develop the tender short-list will take consideration of having a local presence readily available, which in any case is recommended to enable the success of the project which will require close attendance.</p> <p>4 Environmental Protection</p> <p>The prequalification process proposed is intended to ensure suitably qualified Contractors are bidding the project and will include thorough and complete submissions including all necessary environmental protection measures.</p> <p>5 Ethical Behavior and Fair Dealing</p> <p>Utilizing the existing EOI process to the fullest extent possible is the most appropriate path forward in this regard. The request to supplement the prequalification list (if required) is for the purpose of ensuring a competitive tender process.</p>
4	Key risks associated with utilizing the existing EOI process to be identified and mitigated	<p>The key risk associated with utilizing the 2017 EOI process is that circumstances may have changed for respondents and a sufficient number of respondents are not qualified, interested or available. The mitigation measures proposed are:</p> <ul style="list-style-type: none"> - Detailed interview with each to confirm their current suitability and availability for the work.



	TCP OBJECTIVE	ACHIEVED BY
		<ul style="list-style-type: none"> - Supplement the short-list if required with suitable contractors currently operating in the market.

6. HOW WILL ACHIEVEMENT OF OBJECTIVES BE MEASURED

To following table details the measurements required to confirm objectives are achieved:

	TCP OBJECTIVE	MEASUREMENT
1	Utilise the existing expression of interest process completed in 2017 to achieve the best timeframes and most efficient procurement process for the industry and Council.	Achievement of this objective will be measured by completing programmed tasks by the dates set forth in the current program for the development.
2	Document Council's decision not to seek open tenders or a new expression of interest process to procure a Principal Contractor to complete the Commonwealth Hotel reconstruction work.	Acceptance of this plan and recommendations by Council.
3	Consideration of the five (5) sound contracting principle outlined in the Local Government Act 2009	To be managed and monitored by the project team to ensure compliance with sound contracting principles.
4	Key risks associated with utilizing the existing EOI process to be identified and mitigated	Achievement of this objective will be measured by receipt of conforming tenders from the nominated short-list.



7. IDENTIFICATION & ANALYSIS OF ALTERNATIVES:

The following alternative procurement options may be available for consideration:

7.1 VARIATION TO HUTCHINSON BUILDERS

Hutchinson builders are currently working on the adjacent site and close co-ordination between the work on both sites is required for deliveries and for work along the property boundary. The potential for having Hutchinson Builders complete the Commonwealth Hotel rebuilding work as a variation was considered.

This procurement path also may have required a Tender Consideration Plan. The reasons for not proposing this work as a variation to the Civic Project D&C Contractor include:

- Contracting arrangement for the Civic Project is Design & Construct. For this historic restoration a more complete level of design is proposed.
- Delay costs for a Tier 1 Contractor can be significant and the risk of delay working on this heritage structure is significant.
- Specialised historic restoration contractors are preferred.

7.2 VARIATION TO JAMES TROWSE

During 2019 James Trowse (QLD) Pty Ltd completed a contract for Design and Construction of Jacking, Underpinning and Foundation Works for the Commonwealth Hotel. They have gained extensive knowledge of the building and consideration was given to submitting a Tender Consideration Plan for having them complete the reconstruction work as a variation on the basis that it is a continuation of the work they have just completed.

However, in order to achieve the objective of promoting the five sound contracting principles referenced in Section 5 of this Tender Consideration Plan it is recommended the work be competitively tendered to a shortlist of suitably qualified contractors.

7.3 OPEN TENDER

For Contracts with a value of this size the default process is to invite open tenders however in this instance it is not recommended for the following reasons:

- Due to the specialized nature and complexity of this work the non-price criteria for evaluating open tenders would create a potentially large time-burden for both the tenderers and Council.
- Due to the complexity of the work, the requirement for site and warehouse inspections and the need to address specialized non-price criteria, the tendering burden on the industry would be particularly high.
- Due to the non-price criteria required in order to confirm suitability of the tenderers to perform heritage restoration work the evaluation of multiple open tenders would have been particularly time consuming and costly.



7.4 NEW EXPRESSION OF INTEREST PROCESS

Pursuing a new expression of interest process has been considered but is not recommended for the following reasons:

- Requiring companies that already responded to the 2017 EOI process to resubmit places a burden on those companies that can be avoided.
- The expression of interest timeframe may risk delaying the project.

8. PROPOSED TERMS OF CONTRACTS

Construct Only Contract AS4000 or Design and Construct Contract AS4902 will be used pursuant to input from Ipswich City Councils legal advisors.

9. RISK ANALYSIS OF MARKET

The key risks identified when assessing the market from which the services are obtained is the ability for the project to mitigate any potential delay and ensure the delivery timeline align with other adjacent development.

The following general risks and mitigation strategies have been identified in relation to tendering to a short-list derived from the 2017 EOI process and other sources:

Financial Risk		Risk Level
Event	Tenderers submitted price may be significantly higher than the allowed budget.	
Likelihood	Possible	Moderate
Consequence	Moderate	
Mitigation	Value Management Process and/or scope of work adjustment will be pursued.	

Legal & Governance		Risk Level
Event	Tenderers may not accept all T&C in the proposed Contract or needs lengthy negotiation process.	
Likelihood	Possible	Moderate
Consequence	Moderate	
Mitigation	As part of the prequalification process the proposed conditions of contract will be reviewed and the short-list will be compiled with consideration to each company's willingness to comply with the contract requirements.	

Political / Reputation		Risk Level
Event	Other market participants may be discouraged at missing the opportunity to become involved in the project.	
Likelihood	Unlikely	Low
Consequence	Minimal	

Item 3 / Attachment 1.



Political / Reputation		Risk Level
Mitigation	Short-list to include companies that submitted for the original EOT request in 2017.	

Community and Environment		Risk Level
Event	Damage to the structure as part of the reconstruction work.	
Likelihood	Unlikely	Low
Consequence	Minimal	
Mitigation	Tendering to a short list of suitably qualified contractors is the recommended method of mitigating the risk of damage to the heritage structure or environment.	

Health & Safety		Risk Level
Event	Harm to the public or workers due to a safety incident during reconstruction.	
Likelihood	Unlikely	Moderate
Consequence	Moderate	
Mitigation	Tendering to a short list of suitably qualified contractors is the recommended method of mitigating the risk of a safety incident during construction. Any measure that expedites the program is also recommended so that the work can be complete prior to the street re-opening in September 2020.	

Service Delivery / Business Continuity		Risk Level
Event	Restoration is incomplete by the time Union Place reopens in September 2020.	
Likelihood	Possible	Moderate
Consequence	Moderate	
Mitigation	Tendering to a short list of suitably qualified contractors is the recommended method of expediting the program	

Information Confidentiality, Integrity and Accessibility		Risk Level
Event	Restoration history or artefacts become lost.	
Likelihood	Low	Low
Consequence	Minimal	
Mitigation	Tendering to a short list of suitably qualified contractors is the recommended method of conducting the restoration in an orderly manner and retaining information and artefacts.	

10. SUMMARY

It is recommended that the contract for reconstruction of the Commonwealth Hotel be procured by competitive tender to a select short-list of Contractors to be prequalified from the original EOI process completed for this purpose in 2017. The select short-list is to be supplemented if required from suitably qualified contractors currently available in the market.

Item 3 / Attachment 1.



The benefits of this procurement methodology include:

- Utilising the work completed during the original EOI process.
- Avoid potential delays associated with a repeated EOI or open tender process.
- Avoid wasted effort by the industry or Council by limiting the competitive tender list to four suitably qualified Contractors capable of completing this specialised heritage restoration.
- Conduct a competitive tender process in lieu of awarding the work as a variation to the incumbent contractor James Trowse or the adjacent contractor Hutchinson Builders.

Doc ID No: A5910200

ITEM: 4

SUBJECT: IPSWICH CENTRAL PROGRAM REPORT NO. 17 TO 16 OCTOBER 2019 AND
REPORT NO. 18 TO 15 NOVEMBER 2019

AUTHOR: BUSINESS SUPPORT OFFICER

DATE: 19 NOVEMBER 2019

EXECUTIVE SUMMARY

This is a report concerning a monthly update for the Ipswich Central Program of Works.

RECOMMENDATION/S

That the report on the Ipswich Central Program Report No. 17 effective to 16 October 2019 and Report No. 18 effective 15 November 2019 be received and the contents noted.

RELATED PARTIES

Program Management Partner, Ranbury Management Group – for the Ipswich CBD Transformation Project.

ADVANCE IPSWICH THEME LINKAGE

Strengthening our local economy and building prosperity

PURPOSE OF REPORT/BACKGROUND

This report includes Monthly Program Report No. 17 for Ipswich Central effective to 16 October 2019 and Report No. 18 for Ipswich Central effective to 15 November 2019. It is to inform the Committee of the progress of the redevelopment works, including status of design, procurement, programme, potential risks with related mitigation strategies, etc.

FINANCIAL/RESOURCE IMPLICATIONS

Not applicable

RISK MANAGEMENT IMPLICATIONS

Not applicable

LEGAL/POLICY BASIS

This report and its recommendations are consistent with the following legislative provisions:

Local Government Act 2009





COMMUNITY AND OTHER CONSULTATION

Not applicable

CONCLUSION

This report is provided as a monthly update on the Ipswich Central Program of Works.

ATTACHMENTS AND CONFIDENTIAL BACKGROUND PAPERS

1.	Summary Report No 17  
2.	Summary Report No 18  
	CONFIDENTIAL
3.	Executive Report No 7
4.	Executive Report No 8

Nicole Denman

BUSINESS SUPPORT OFFICER

I concur with the recommendations contained in this report.

Sean Madigan

GENERAL MANAGER - COORDINATION AND PERFORMANCE

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Nicholas Street, Ipswich Central

Summary Report No.17

To 16th Oct 2019



Endorsed by:

Date: _____

NICHOLASST

IPSWICH CENTRAL

DOCUMENT INFORMATION

Title: Nicholas Street, Ipswich Central
Subtitle: Summary Project Management Report
Date: 16 Oct 2019

VERSION	DATE	OUR REFERENCE
1	16 October 2019	T:\Projects\Ipswich Central\16044-Program Management\9-Reporting\Program & Project Management Reports\2019-10 Oct

AUTHOR, REVIEWER AND APPROVER DETAILS

Prepared by: Ranbury Date: 16/10/2019

Distribution

Ipswich Central Project Steering Committee



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APPENDIX A – SUMMARY PROGRAM

APPENDIX B – SITE PHOTOS



1. Project Summary

The program has been updated with Data date on 30 September 2019. A summary Gantt chart is included at **Appendix A** of this Report which reflects target completion dates as per table below.

Table 1 – Program Status Summary

Ref	Project	Current Status	Target Completion
1.1	Admin Building	Contract Awarded	Q3 2021
1.2	Library	Contract Awarded	Q3 2020
1.3	Civic Plaza	Contract Awarded	Q3 2020
1.4	Car Park Upgrade	Contract Awarded	Q3 2020
1.5	Existing Lift in Food & Bev Bldg	Contract Awarded	Q4 2020
2.1	Commonwealth Hotel (Deconstruction)	Complete	Q3 2018
2.2	Commonwealth Hotel (Stabilisation)	Complete	Q2 2019
2.3	Commonwealth Hotel (Reconstruction & Basebuild Works)	Feasibility	Q2 2020
3.1	Nicholas St / Union Ave	In Construction	Q4 2019
4.1	Metro A (Bells St Link)	Schematic Design	Q3 2020
4.2	Metro B (2 Bell Street)	Schematic Design	Q3 2020
4.3	Eats (Food & Bev)	Schematic Design	Q4 2020
4.4	Venue (Entertainment Bldg)	Schematic Design	Q3 2020
5.1	AV Project (Nicholas / Union)	Schematic Design	Q3 2020
6.0	Demolition works	Complete	Q2 2018
7.0	Safe City Relocation	Complete	Q2 2018

1.1 PROGRAM AMENDMENTS

Retail Project completion dates are revised based on completion of Schematic Design in September and feedback received from Council regarding the most likely options to be selected to proceed. Revisions include 4.1 (Metro A), 4.2 (Metro B) and 4.3 (Venue) revised to Q3 2020. Completion of 4.4 Eats is revised to Q4 2020 based on the interrelationship of the current scope of work with Separable Portion 5 of the Civic Project.



2. Design & Construction

2.1 CIVIC PROJECT

The Contract for the Ipswich Central Civic Project (the "Civic Project") was awarded on 23/8/2019. The Contract was fully executed on 26/8/2019. The Contractor was granted site possession on 30/8/2019.

Building Approval has been granted for the

- Administration Building basement works to B1, B2 and B3
- Civic Project dismantling

The Civic Project scope of works covers the following separable portions:

1. The Admin Building (including integrated fit-out)
2. Library (including fit-out)
3. Civic Plaza
4. Existing Car Park Upgrade
5. Existing Lift (within future food & beverage building)

Following the successful contract award and granting of site possession in August, the objective for October 2019 is to:

- Conduct the first round of design reviews with end-user groups
- Complete piling work to the Admin Building
- Complete demolition work to the Library building and install the library topping slab

2.2 COMMONWEALTH HOTEL

Work to the Commonwealth Hotel has been packaged into the following work phases:

1. **Deconstruction:** Careful deconstruction of this historic asset was completed in 2018 to ensure safety of workers and the public with oversight by suitably qualified consultants.
2. **Stabilisation:** Underpinning works to the front and rear facades and internal slabs are completed and so too is services installation.
3. **Reconstruction:** As a first step in reconstruction the consultant team will be recommended. Included in this will be a review of feasibility options.
4. **Fit-out:** The brief for any fit-out elements completed by the Council will be finalised pending completion of the feasibility study.

The proposed procurement strategy for the reconstruction of the Commonwealth Hotel is:

- Obtain three quotes from Consultants for each Design Discipline to undertake a variety of Concept designs and create a tender package for the selected option;
- Conduct an Expression of Interest process to establish a shortlist of suitable Contractors to build the work;
- Let contract in Q1 or Q2 of 2020 to commence rebuild works;

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2.3 NICHOLAS / UNION

Jmac Constructions continue to make progress on the Nicholas Street / Union Place project. Pavers are expected to be delivered to site by Friday 18/10 with paving installation works commencing the following week.

Electrical and lighting subcontract work has been awarded and material ordered based on the approved design. Trees have been ordered and (based on availability) stock selection has been modified which yielded a cost saving.

Works to the southern side of Union Place, adjacent to 2 Bell Street have been put on hold, pending the outcome of the schematic design phase for the Retail works.

Lighting installation shown mounted to soffits of Council owned building is being installed to provide lighting throughout the next six months but enable removal and reinstallation if required during the Retail Project construction works.

Permanent lighting installation to the limited number of privately-owned buildings in Nicholas Street and Union Place is not currently proceeding based on advice received from Council's legal division and external lawyers. Their recommendation is to have the lighting installed as part of upgrade works to the privately-owned buildings and made a requirement of a Development Approval or similar. The lighting would then be maintained and powered by the private owner.

2.4 RETAIL

Retail fitout works are proposed to be delivered as a consolidated program of works to ensure efficiency and facilitate coordination between activities. The projects comprising the retail program include:

1. Metro A – Bell Street Link
2. Metro B – 2 Bell Street
3. Eats – Food & Beverage tenancies on the western side of Nicholas Street (lower end)
4. Venue – Entertainment building on the western side of Nicholas Street (upper end)

KPMG have undertaken an assessment of the Retail Business Case and released a draft report on which has been reviewed by Council. A final report is proposed to be submitted on 23/10/2019 that includes:

- KPMG Retail Report for public distribution
- Recommendation to prepare a Tender Consideration Plan describing how the Retail Project should be procured and delivered.

2.5 AV PROJECT

The AV work is currently listed as a separate package of work. However, many elements of the AV design are proceeding as part of the Retail Schematic Design noted above.

2.6 DEMOLITION WORK

Demolition work was completed in 2018 and included lot creation to facilitate construction of the Admin Building and adjacent Civic Project elements. The demolition work has reduced the risk and program duration of the Civic Project. This phase of work is now concluded, and site possession has been transferred from the Demolition team to the Construction team of Hutchinson Builders.

2.7 SAFE CITY RELOCATION

The Safe City Relocation project has been completed.

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3. Safety & Environment

3.1 PUBLIC SAFETY

The month of September 2019 included Queensland Workplace Health and Safety issuing an 'Improvement Notice' relating to the sidewalk closure by Jmac along Brisbane Street at the intersection with Nicholas Street. Jmac had in place all necessary approvals from QLD Police and local authorities and were working in accordance with those approvals at the time of being issued with the 'Improvement Notice'.

Jmac responded by bringing in additional traffic controllers and expediting completion of the work to enable the sidewalk to be returned to public use. No delay or safety incident resulted.

3.2 SAFETY IN DESIGN

A safety-in-design workshop was held on Friday 11 October and was attended by nominated staff representatives of Ipswich City Council in their capacity as end users and maintainers of the building. The workshop has created a risk register that will be monitored and updated through the design and construction work.

3.3 ENVIRONMENT

No incidents to report.

3.4 SAFETY CONSULTANT

GCG has been appointed as Safety Consultant covering all projects in Nicholas Street. Their scope of work includes:

- Review and comment on Contractors Safety Management Plan
- Attendance at Safety-InDesign workshop
- Monthly inspection and reporting
- Attendance as required during the course of construction to inspect critical issues
- Design review of safe access submission

The first safety review on site has been completed on 26/9/2019 and the Safety-In-Design workshop was also attended by GCG. Their monthly safety report is included in Appendix F.



4. Marketing & Leasing

4.1 RETAILER ENGAGEMENT

Regular memos are issued to all Ipswich Mall tenants when any changes to entry/exit points, directional changes etc. Regular meetings are being held to propose Retailers advise us of any new products, services, special offers they have so that we can assist by promoting this via our social media channels.

4.2 SOCIAL MEDIA ENGAGEMENT

Social media metrics are on hold at the moment until an approved budget for retail marketing is finalised. The Nicholas Street Facebook and Instagram pages are still active and will be updated regularly from this month

4.3 COMMUNITY ENGAGEMENT

Current community engagement activities include:

- The 'Tradies Welcome Pack' is being well patronised by workers around site.
- New 'We're Open' signage has been installed at the top of Nicholas Street (facing Brisbane Street), on the construction fencing down Nicholas, in the walkway to the car park, in the car park and on the Bremer Street-facing construction fencing to remind the community that several traders are still open in the former Ipswich Mall.
- New weekly email update to all traders and building owners in the Nicholas Street 'impact zone'
- One-on-one marketing advice and assistance from the Stakeholder Relations team
- Tenant/trader visits are happening
- Monthly Ipswich Central newsletter
- Quarterly briefings to the wider community and site tours



APPENDIX A – SUMMARY PROGRAM

(to follow under separate cover)



APPENDIX B – SITE PHOTOS

APPENDIX B – SITE

PHOTOS Area 1: Ipswich Central Civic Project



Admin: Piling rig on site



Library: Roof removal



Civic Project: Temporary Staff Facilities

APPENDIX B – SITE

PHOTOS Area 3: Nicholas St / Union Pl



Union Pl: Footpath preparation for pavers



Nicholas St – Concreting Works Between Trees



Nicholas Street, Ipswich Central

Summary Report No.18

To 15th Nov 2019



Endorsed by:

Date: _____

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DOCUMENT INFORMATION

Title: Nicholas Street, Ipswich Central
Subtitle: Summary Project Management Report
Date: 15 Nov 2019

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AUTHOR, REVIEWER AND APPROVER DETAILS

Prepared by: Ranbury Date: 15/11/2019

Distribution

Ipswich Central Project Steering Committee



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APPENDIX A – SUMMARY PROGRAM

APPENDIX B – SITE PHOTOS



1. Project Summary

The program has been updated with Data date on 31 October 2019. A summary Gantt chart is included at **Appendix A** of this Report which reflects target completion dates as per table below.

Table 1 – Program Status Summary

Ref	Project	Current Status	Target Completion
1.1	Admin Building	In Construction	Q3 2021
1.2	Library	In Construction	Q3 2020
1.3	Civic Plaza	In Construction	Q3 2020
1.4	Car Park Upgrade	In Construction	Q3 2020
1.5	Existing Lift in Food & Bev Bldg	In Construction	Q4 2020
2.1	Commonwealth Hotel (Deconstruction)	Complete	Q3 2018
2.2	Commonwealth Hotel (Stabilisation)	Complete	Q2 2019
2.3	Commonwealth Hotel (Reconstruction & Base-build Works)	Concept Design	Q3 2020
3.1	Nicholas St / Union Ave	In Construction	Q4 2019
4.1	Metro A (Bells St Link)	Tender Documents (demo & Façade only)	Q3 2020 (façade)
4.2	Metro B (2 Bell Street)	Tender Documents	Q2 2021
4.3	Eats (Food & Bev)	Tender Documents	Q4 2020 (base-build)
4.4	Venue (Entertainment Bldg)	Tender Documents	Q2 2021
5.1	AV Project (Nicholas / Union)	Concept Design	Q3 2020
6.0	Demolition works	Complete	Q2 2018
7.0	Safe City Relocation	Complete	Q2 2018

1.1 PROGRAM AMENDMENTS

The milestone date amendments this month include:

- Completion of Commonwealth Hotel forecast for Q3 of 2020. Current status updated to note that the Concept Design phase has commenced.
- Metro A status revised to reflect the current expectation that the scope for this property will be limited to façade, demolition and other minor work necessary to enable the Metro B work to proceed.
- Metro B and Venue forecast completion date revised to reflect an 'open for business' date of Q2 2021 to more closely align with occupancy of the Administration Building.



2. Design & Construction

2.1 CIVIC PROJECT

The Civic Project scope of works covers the following separable portions:

1. The Admin Building (including integrated fit-out)
2. Library (including fit-out)
3. Civic Plaza
4. Existing Car Park Upgrade
5. Existing Lift (within future food & beverage building)

Construction (demolition and groundworks) on all separable portions commenced in September 2019. Design submissions for all separable portions also commenced in September 2019 and throughout October a series of design workshops with key stakeholders was held including:

Date	Design Discipline
Thursday 3/10	Admin Building Interior Layout L3-L8
Tuesday 8/10	Civic Plaza Site Walk and Events Team Review
Tuesday 8/10	Civic Car Park and Admin Basements
Thursday 10/10	Library, Admin Ground & L1 (Architectural)
Friday 11/10	Safety-In-Design
Friday 11/10	Civic Plaza, Wayfinding (Architectural)
Tuesday 15/10	Security
Tuesday 15/10	Comms
Tuesday 15/10	Electrical
Thursday 17/10	Fire
Thursday 17/10	Plumbing, Civil
Thursday 17/10	Mechanical, Lifts
Friday 18/10	Acoustic
Wednesday 23/10	ESD

Audit consultants attended the above meetings where appropriate. Design submissions were reviewed by audit consultants and during the months of September and October the particular focus for audit consultants has been the structural design, for which audit responsibilities are split as follows (reflecting the design history of the projects):

Administration Building Civic and Structural: Robert Bird Group

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Civic Plaza, Library and Carpark:

Bornhorst & Ward

Comments resulting from the design review workshops and audit consultant reviews have been returned to the D&C Contractor. A revised set of drawings (50% Construction Documents) will be issued that aims to capture the feedback provided. A presentation of key items from this round of documentation will be presented to the Project Steering Committee on 18/11/2019.

2.2 COMMONWEALTH HOTEL

Work to the Commonwealth Hotel has been packaged into the following work phases:

1. **Deconstruction:** Careful deconstruction of this historic asset was completed in 2018 to ensure safety of workers and the public with oversight by suitably qualified consultants.
2. **Stabilisation:** Underpinning works to the front and rear facades and internal slabs are completed and so too is services installation.
3. **Reconstruction:** An architect has been appointed to prepare concept designs and complete the reconstruction documents to enable the reconstruction work to be tendered next year.
4. **Fit-out:** The fit-out (and potential extension) of the Commonwealth Hotel is shown as a separate activity in the program commencing after completion of the reconstruction work. The budget for this work is not included within the project budget and the fit-out work will need to be done by the tenant.

The proposed path forward for the Commonwealth Hotel is:

- Proposed Architect to complete a range of Concept Designs for marketing purposes, but proceed with documentation of reconstruction work only;
- Submit a Tender Consideration Plan based on compiling a prequalified bid list of specialist Contractors with suitable skills for historic reconstruction projects of this scale;
- Let contract in Q1 or Q2 of 2020 to commence rebuild works;

2.3 NICHOLAS / UNION

Jmac Constructions continue to make progress on the Nicholas Street / Union Place project. Pavers have been delivered and are being installed and the project completion date remains as forecast at 20/12/2019.

Lighting installation shown mounted to soffits of Council owned building is being installed to provide lighting throughout the next six months but enable removal and reinstallation if required during the Retail Project construction works. A lighting audit will be performed as part of Jmac's project completion works to ensure temporary lighting left in place provides sufficient illumination on Nicholas Street and the portions of Union Place that are publicly accessible.

Permanent lighting installation to the limited number of privately-owned buildings in Nicholas Street and Union Place is not currently proceeding based on advice received from Council's legal division and external lawyers. Their recommendation is to have the lighting installed as part of upgrade works to the privately-owned buildings and made a requirement of a Development Approval or similar. The lighting would then be maintained and powered by the private owner.

Upon practical completion of Jmac's scope Council will be required to take responsibility for barricades in Metro A and maintenance of other temporary installations.

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2.4 RETAIL

The projects comprising the retail program include:

1. Metro A – Bell Street Link
2. Metro B – 2 Bell Street
3. Eats – Food & Beverage tenancies on the western side of Nicholas Street (lower end)
4. Venue – Entertainment building on the western side of Nicholas Street (upper end)

Council resolved at their council meeting on 28 October 2019 to proceed with the development strategy for the Nicholas St precinct and recommended development of Venue, Eats and Metro B while deferring the Metro A building works pending further lease deals being sourced.

A Tender Consideration Plan is being prepared for submission at the next Council meeting on 19/11/2019 recommending that Hutchinson Builders as the existing head contractor for the Civic Project undertake the delivery of the Retail Project the design and construction works as a variation to the existing Civic Project contract.

The procurement methodology proposed is a 2-stage D&C process, of which Stage 1 was approved to proceed on Friday 1 November 2019, and Hutchinson Builders are underway with progressing design works and sourcing trade pricing.

2.5 AV PROJECT

The AV work is currently listed as a separate package of work. The AV strategy and design are proceeding as part of the Stage 1 D&C phase noted above.

2.6 DEMOLITION WORK

Demolition work was completed in 2018 and included lot creation to facilitate construction of the Admin Building and adjacent Civic Project elements. The demolition work has reduced the risk and program duration of the Civic Project. This phase of work is now concluded, and site possession has been transferred from the Demolition team to the Construction team of Hutchinson Builders.

2.7 SAFE CITY RELOCATION

The Safe City Relocation project has been completed.



3. Safety & Environment

3.1 PUBLIC SAFETY

The month of October 2019 included one Lost Time Injury from Hutchinson. Refer to the Hutchinson Monthly Report for further details.

3.2 SAFETY IN DESIGN

A safety-in-design workshop was held on Friday 11 October and was attended by nominated staff representatives of Ipswich City Council in their capacity as end users and maintainers of the building. The workshop has created a risk register that will be monitored and updated through the design and construction work.

3.3 ENVIRONMENT

No incidents to report.

3.4 SAFETY CONSULTANT

GCG has been appointed as Safety Consultant covering all projects in Nicholas Street. Their scope of work includes:

- Review and comment on Contractors Safety Management Plan
- Attendance at Safety-InDesign workshop
- Monthly inspection and reporting
- Attendance as required during the course of construction to inspect critical issues
- Design review of safe access submission

The second safety review on site has been completed this month and the Safety-In-Design workshop was also attended by GCG.



4. Marketing & Leasing

4.1 RETAILER ENGAGEMENT

The Stakeholder Relations team is working with each of the business owners in the redevelopment precinct to assist with marketing and promotion.

These initiatives include:

- New signage to advise customers of who's trading
- Double-sided postcards with a user-friendly map and trader listing
- Access to free after-hours social media training sessions
- A personalised marketing and promotions plan for each of the 14 businesses
- Assistance with individual social media
- An accelerated Nicholas Street Facebook and Instagram campaign to promote traders
- Weekly email updates
- Christmas shopping signage
- Christmas shopping event held on 1 December to encourage customers and visitation, and to reinforce the 'We're Open' message

4.2 SOCIAL MEDIA ENGAGEMENT

Social media metrics are on hold at the moment until an approved budget for retail marketing is finalised. The Nicholas Street Facebook and Instagram pages are still active and will be updated regularly from this month

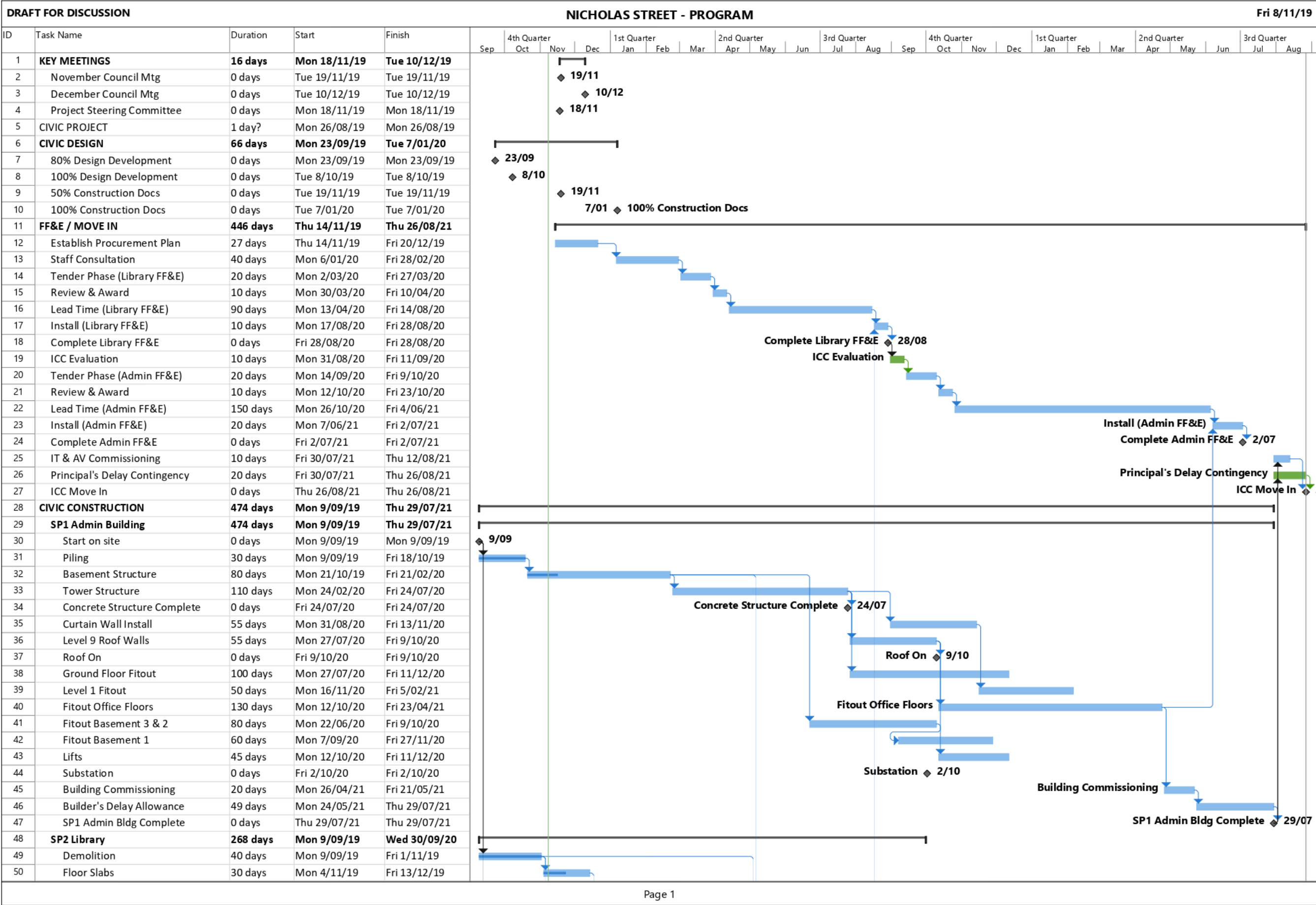
4.3 COMMUNITY ENGAGEMENT

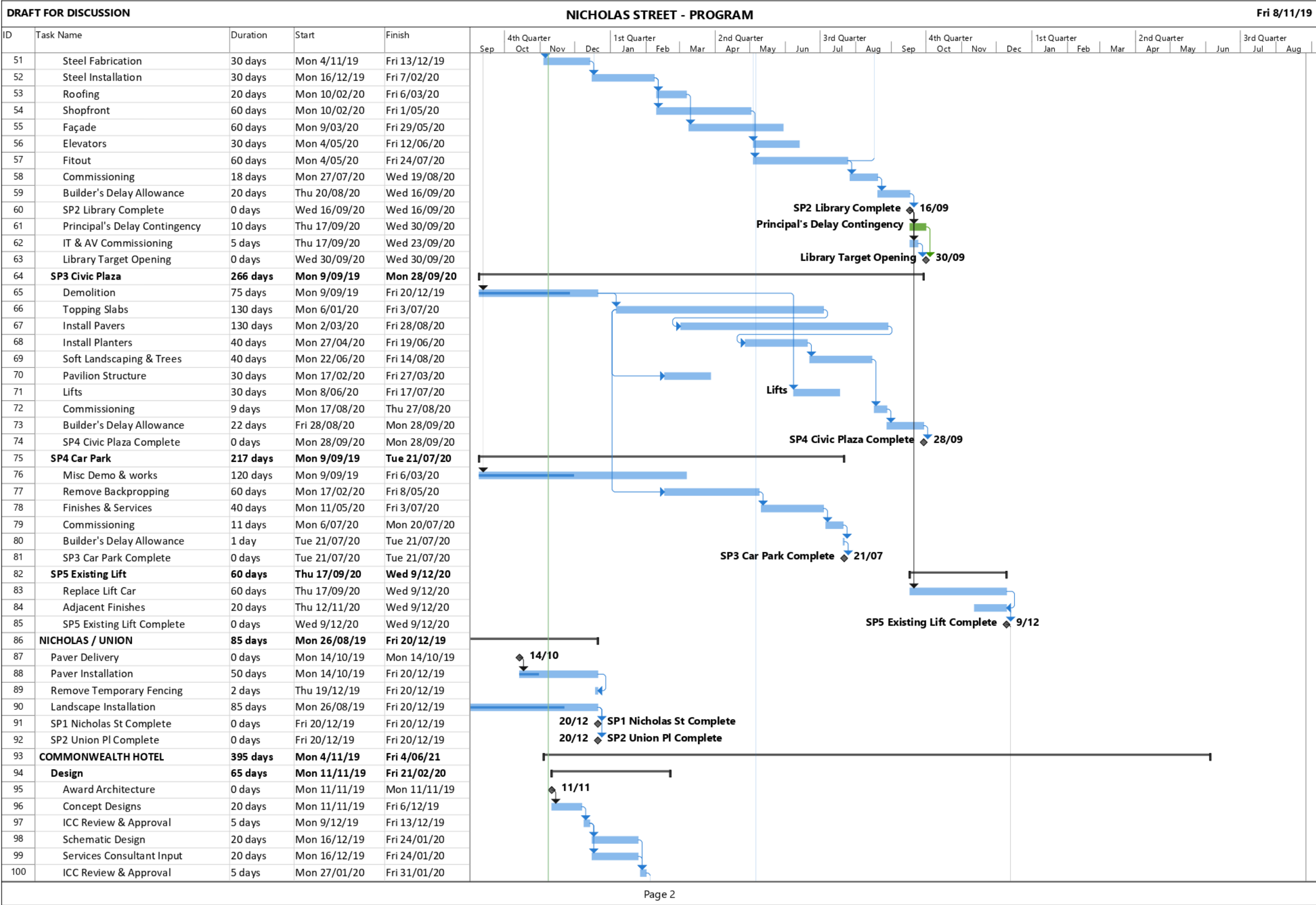
Current community engagement activities include:

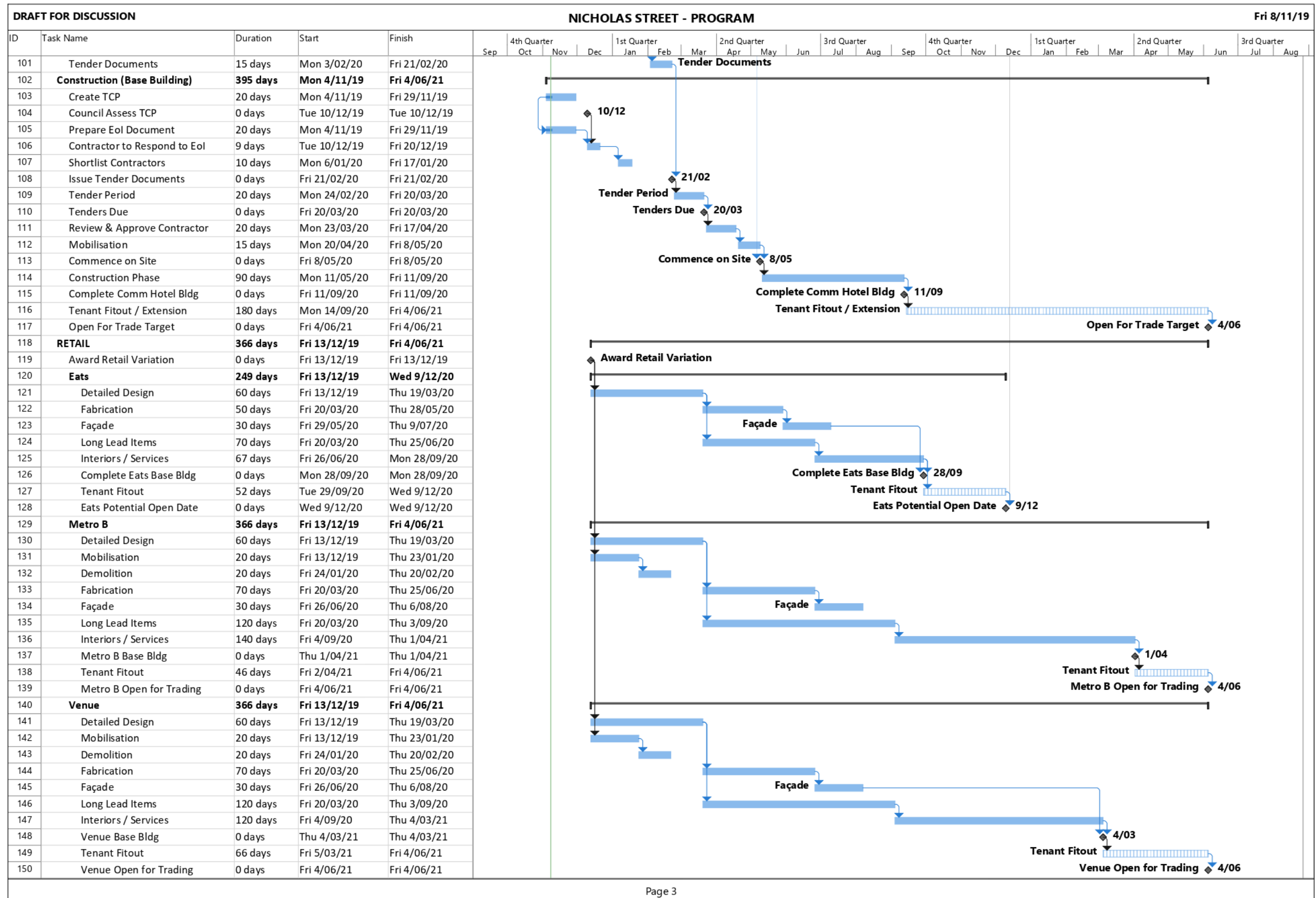
- New weekly email update to all traders and building owners in the Nicholas Street 'impact zone'
- One-on-one marketing advice and assistance from the Stakeholder Relations team
- Tenant/trader visits are happening
- Monthly Ipswich Central newsletter
- Quarterly briefings to the wider community and site tours



APPENDIX A – SUMMARY PROGRAM







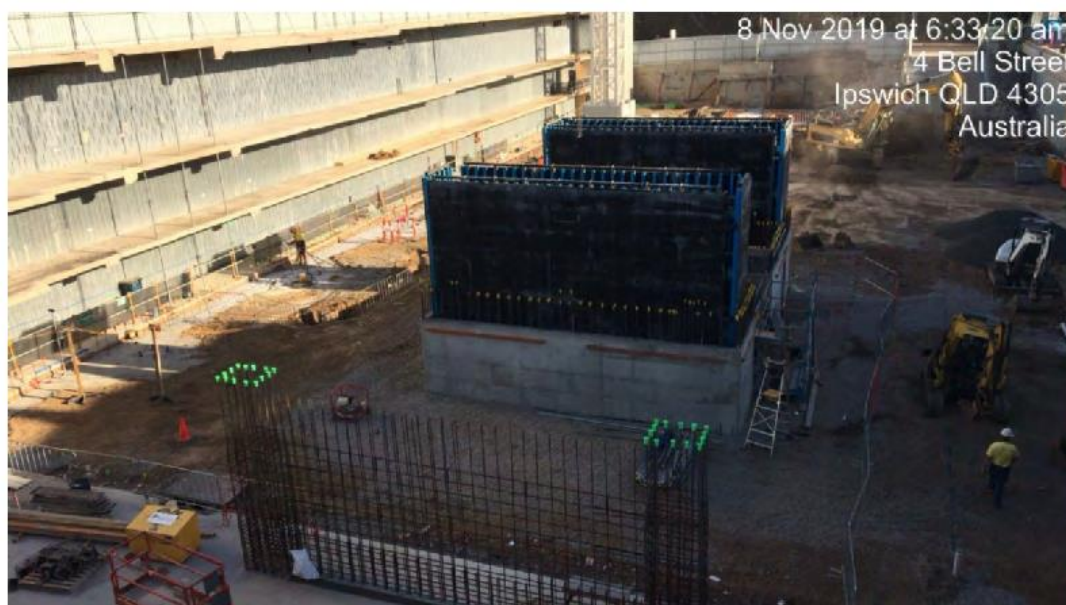


APPENDIX B – SITE PHOTOS

APPENDIX B – SITE PHOTOS



Admin Building: Poured 1st concrete floor slab



Admin Building: Continue structural reinforcement work

APPENDIX E – SITE PHOTOS

Nicholas Street: Paver installation in progress



APPENDIX E – SITE PHOTOS



Civic Carpark: Concrete footings poured to lifts 3 & 4 at Basement



Civic Carpark: Concrete slab infill for the opening of the removed travelator

ITEM: 5

SUBJECT: TENDER CONSIDERATION PLAN APPROVAL - RETAIL CONSTRUCTION - NICHOLAS STREET - IPSWICH CENTRAL

AUTHOR: BUSINESS SUPPORT OFFICER

DATE: 22 NOVEMBER 2019

EXECUTIVE SUMMARY

This is a report concerning a proposed Tender Consideration Plan for the provision of construction work associated with the retail areas within Nicholas Street - Ipswich Central project (i.e. the Retail Project).

RECOMMENDATION

That the Interim Administrator of Ipswich City Council resolve:

- A. **That the Tender Consideration Plan for the procurement of the Nicholas Street Ipswich Central Retail Project construction work to be awarded as a variation to the civic project D&C contract, as outlined in the report by the General Manager, Coordination and Performance dated 12 November 2019, be adopted by Council in accordance with section 230(1)(b) of the *Local Government Regulation 2012*.**
- B. **That the Chief Executive Officer be authorised to negotiate and finalise the terms of the Retail Project variation to be executed on behalf of Council and to do any other acts necessary to implement Council's decision in accordance with section 13(3) of the *Local Government Act 2009*.**

RELATED PARTIES

Ranbury, Hutchinson Builders and various other suppliers and sub consultants listed in Attachment 1 - Tender Consideration Plan.

The Interim Administrator has previously stated that he has, or could reasonably be taken to have, a perceived conflict of interest in relation to Ranbury Management Group. The nature of the perceived conflict of interest is that Ranbury Management Group is the primary consultant for the CBD Redevelopment and from 2008 to 2012 the interim administrator was an employee and was a director and part owner of Ranbury but has had no association with the company since then other than through his current role.

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PURPOSE OF REPORT/BACKGROUND

The report recommends that the Tender Consideration Plan (TCP), requested to be prepared by Council on 28 October 2019, now be adopted. Pursuant to completion of a competitive bid process for selected trade subcontractors and detailed negotiation by the Chief Executive Officer the Retail Project work be awarded as a variation to the Civic Project D&C Contract.

The *Local Government Regulation 2012 Section 230* allows a local government to enter into medium and large contractual agreements, without first inviting written quotes or tenders, through the preparation and adoption of a TCP. The TCP provides the information required to comply with the regulation and to justify the use of the plan as an effective and appropriate alternative to seeking quotes or to calling for open tenders.

The scope of work for which the TCP relates (i.e. Retail Project) are summarised below as demolition and landlord works for:

- Eats Building
- Venue Building
- Metro B
- Metro A (selected work only) The work will exclude tenant fit out.

The Retail Project is part of a broader program of works taking place to revitalise the Ipswich CBD around Nicholas Street, the largest part of which is the Civic Project. A competitive tender process was undertaken to appoint the D&C Contractor for the Civic Project.

Prior to award of the contract for the Civic Project, during commercial negotiations, clauses were included in the Civic Project Contract to enable the Retail Project to be added to the scope of the Civic Project via a contract variation if the Principal (Council) requested it. The Retail Project is approximately 25% of the value of the Civic Project depending on the elements that are chosen to proceed.

During negotiations, fixed rates for profit and overheads were pre-agreed and included in the Construction Contract pursuant to review by the Council's quantity surveyor Rider Levitt Bucknall (RLB). The relevant Retail Project terms were drafted by ICC's lawyers Clayton Utz and included in the Contract.

The Retail Project is located adjacent to the Civic Project as summarised below:

- The Eats building is partially located within the Civic Project construction site. For example, the elevator to the Eats building and several internal walls are being replaced as part of the Civic Project;
- The Metro B building is immediately adjacent the Civic Project and external paving that serves Metro B is part of the Civic Project scope of work. Work to the exterior

- of the Metro B will require access from the Civic Project construction site;
- Parts of the Civic Project, Eats Building and Metro A are either adjacent to or directly over the operating rail corridor servicing the electrified rail network;
- The Metro A building is adjacent Metro B. It doesn't directly interface with the Civic Project with and subject to a future council decision;
- The Venue building is located on Nicholas Street approximately 50m from the current site.

INDEPENDENT THIRD-PARTY REVIEWS

Quantity Surveyor

Independent quantity surveyor RLB reviewed Hutchinson Builder's rates for preliminaries included in Retail Variation contract clause against market rates from similar projects. Their benchmarking exercise included in confidential Attachment 3 concluded that the proportion nominated for preliminaries is fair and reasonable for the scope included and falls within the cost plan allowance for these works.

RLB also reviewed the exclusions from the Retail Variation preliminaries (e.g. survey/set-out, traffic control, fencing gantries etc.) and confirmed these also fall within the current cost plan parameters.

The provision for margin/profit in the Retail Variation is the same allowance used within the main Civic Project contract.

Probity Adviser

Independent probity consultant, Argyle Corporate Advisers, performed a review to confirm that the proposed process for engaging Hutchinson Builders to undertake the Retail Project works as a variation to the existing Civic Project contract is consistent with:

- Council's procurement principles;
- The intent of '*Clause 36.7 Proposed Retail Variations*' in the existing D&C contract in place between Council and Hutchinson Builders for the Civic Project works; and,
- Adheres to the sound contracting principles as set out in Section 104(3) of the *Local Government Act 2009*.

The probity adviser concluded that the proposed retail variation to Hutchinson Builder's D&C contract is not inconsistent with the contents of Council's procurement policy 2018 – 2019, and that by implementing the measures outlined in the Tender Consideration Plan, Council will achieve the intent of Clause 36.7 and adhere to sound contracting principles, including value for money, as set out in Section 104 (3) of the *Local Government Act 2009*.

Argyle's probity statement is included in Attachment 2, with a more detailed probity report included in confidential Attachment 4.

LEGAL/POLICY BASIS

This report and its recommendations are consistent with the following legislative provisions:
Local Government Regulation 2012

RISK MANAGEMENT IMPLICATIONS

The existing Contract for the Civic Project has been extensively reviewed by Council and external legal resources. The existing Civic Project contract includes clauses drafted by Council's legal advisers to enable the option for incorporating the work of the Retail Project via a variation to the Civic Project contract.

Inclusion of these works into one Contract reduces the risk of managing multiple Contractors working on adjoining buildings.

FINANCIAL/RESOURCE IMPLICATIONS

The Tender Consideration Plan details the advantages of proceeding with the work as a variation including:

- Maintaining the intellectual knowledge suppliers have on the Project due to long-standing involvement;
- A single point of responsibility for the design and management of construction works in a confined area of the CBD;
- Reduced tender period and overall delivery timeframe;
- Reduced management costs to Council;
- Reduced tendering burden on the industry - reduces risk of market failure in the tender process due to the current Contractor's site location;
- Competitive pricing will still be undertaken for approximately 77% of subcontract work in a transparent process fully auditable by the Council's independent quantity surveyor;
- The main item being single-sourced is the Principal Contractor role which is benchmarked against the results for the competitive tender process for the recently awarded CivicProject;
- Reduced interface risk associated with multiple contractors since one contractor will be responsible for coordination of construction works on the site;
- Reduced risk profile due to the elimination of interface risk between different contractors and the responsibility for coordination of works by a single contractor;
- Single point of accountability remains with a Tier 1 contractor for any disruptions to the rail corridor and rail network operations;
- Reduced risk of access issues for material supply and mitigation of potential delay claims; and
- Reduced overall cost for the works.

The indicative costs as assessed by the Project Team and the quantity surveyor for the

development of the Venue, Eats and Metro B are \$37.57 million. Further work is required to quantify the limited upgrade to the façade of Metro A. The detailed financial analysis for the development of these assets was contained in the KPMG report provided to Council on 28 October 2019. Council's Finance Branch are aware of these costs and are incorporating these into Council's budget.

COMMUNITY AND OTHER CONSULTATION

The likely impact on community and the public is expected to be reduced by streamlining construction activities to a single Principal Contractor for coordination of works within the precinct.

Council's Finance Branch have been consulted in relation to costs of the development of these assets.



Council's Legal Branch have been consulted in relation to the contents of this report and have reviewed the recommendations.

CONCLUSION

It is recommended that Council adopt the TCP for the following reasons:

- Maintaining the intellectual knowledge suppliers have on the Project due to long-standing involvement;
- Preserve a single Principal Contractor on the existing site and the expanded site area to facilitate safety for workers and the public;
- Preserve a single Principal Contractor in the precinct to streamline activities that may be disruptive to the tenants and public within the precinct;
- Avoid delays associated with a full procurement process;
- Minimise tender management costs for Council;
- Minimise tendering costs to industry;
- Make use of the Civic Project Contract clauses and rates that were negotiated prior to contract award;
- Gain a program benefit by starting on works while the site is still in possession of the current Principal Contractor;
- Reduced risk profile due to the elimination of interface risk between different contractors and the responsibility for safety and coordination of works by a single contractor;
- Single point of accountability remains with a Tier 1 Contractor for any disruptions to the rail corridor and rail network operations;
- Reduce construction risk by conducting selective demolition and site investigation using resources and expertise currently on site and familiar with the precinct; and
- Ensure consistency with finishes and fixtures across the precinct between the Civic Project and Retail Project.

ATTACHMENTS AND CONFIDENTIAL BACKGROUND PAPERS

1.	Tender Consideration Plan ↓ 
2.	Probity Statement ↓ 
	CONFIDENTIAL
3.	RLB Benchmarking Report
4.	Probity Report
5.	Clayton Utz correspondence

Nicole Denman

BUSINESS SUPPORT OFFICER

I concur with the recommendations contained in this report.

Sean Madigan

GENERAL MANAGER - COORDINATION AND PERFORMANCE

I concur with the recommendations contained in this report.

David Farmer

CHIEF EXECUTIVE OFFICER

“Together, we proudly enhance the quality of life for our community”



Nicholas Street - Ipswich Central

Tender Consideration Plan: Retail Variation for D&C Contractor

12 November 2019





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1. BACKGROUND

1.1 INTRODUCTION

Section 230 of the Local Government Regulation 2012 allows a local government to enter into medium and large contractual agreements, without first inviting written quotes or tenders, through the preparation and adoption of a Tender Consideration Plan (TCP). This TCP provides the information required to comply with the regulation and to justify the use of the plan as an effective and appropriate alternative to seeking quotes or to calling for open tenders for the following activities:

- D&C Head Contractor engagement to deliver the Retail Project works;
- Retail Project Consultant engagements through to completion of the Retail Project works.

1.2 RETAIL PROJECT

Ipswich City Council (Council) is currently undertaking a major redevelopment of the Ipswich CBD referred to as Nicholas St, Ipswich Central. A combination of Council-owned assets makes up the entire project site intermixed with existing and heritage commercial buildings as well as the Icon Tower built in 2013.

The five Council-owned retail buildings across the Nicholas St precinct are:

- Metro A
- Metro B
- Eats
- Venue
- Commonwealth Hotel (this is treated separately under its own TCP submission).

Refer to the Figure 1 below of the Nicholas St precinct plan showing the location of each building.

Figure 1: Nicholas St Precinct Plan





Council resolved at its meeting on 28 October 2019 to proceed with the development strategy for the Nicholas St precinct and recommended development of Venue, Eats and Metro B while deferring the Metro A building works pending further lease deals being sourced.

However, pending Council's approval there are certain elements of the Metro A building that may be delivered at the same time as other the retail buildings. For example, the internal demolition and strip out of the existing tenancies will greatly assist prospective tenant inspections and completing the Nicholas St façade of Metro A will enable continuous activation of building frontages with the showcase AV projection.

Finalisation of the Nicholas St and Union Place road work and associated footpath works will also be included in the retail project scope. These works were originally part of Jmac Constructions' contract however it has been deleted from their scope to enable the works to be better coordinated with retail construction delivery.

The potential demolition of the Bell St overbridge link between the Metro A building and the Health Plaza will also be incorporated into the Metro A building scope when Council considers proceeding with the Metro A works.

Benefits of the proposed approach are detailed/incorporated in section 8 of this document.

1.3 PROPOSED PROCUREMENT METHODOLOGY

It is proposed that Hutchinson Builders as the existing head contractor for the Civic Project undertake a 2-stage D&C process for the delivery of the Retail Project within the Nicholas St, Ipswich CBD precinct. This methodology is further explained below.

Stage 1 was approved to proceed by Council on 28 October 2019, and Hutchinson Builders are underway with progressing design works and sourcing competitive trade pricing.

Subject to Council approval of Hutchinson Builder's submitted design and pricing, the Stage 2 delivery of the retail works are proposed to be a contract variation to the existing Civic project contract. This contract was specifically drafted by Council's legal advisers with a special condition to facilitate the potential addition of the retail project works.

The 2-stage D&C procurement methodology is proposed as follows:

1.1. Stage 1

- Council has engaged the building services consultant WSP to provide refined building services briefs that reflect the replacement of the majority, if not all, existing building services;
- Council has engaged Rider Levitt Bucknall (RLB) as independent quantity surveyors to audit and review the D&C Contractor's offer to ensure value for money is established;
- Council has engaged Ranbury to project manage the Stage 1 process;
- Hutchinson Builders will engage remaining consultants such as the architect Buchan and structural engineer ADG to progress the existing design documentation to a level of documentation where accurate trade tenders can be received;
- Hutchinson's Builders will then seek competitive quotes from trade sub-contractors. These competitive quotes will be reviewed by Council's quantity surveyor and the build-up of the construction cost will be transparent to Council's quantity surveyor;
- Hutchinson Builders will then prepare a lump sum price submission for the D&C delivery of the Retail Project's revised scope of works based on the refined Building services briefs and existing Schematic Design documentation;



- Stage 1 will also include a design verification and value management of the current Schematic Design by Hutchinson Builders' design team, as well as the design of any missing information and or documentation required;
- Hutchinson Builders' submission is to also include a construction delivery program and staging of the Retail Project works;
- Hutchinson Builder's submission is due 3 December 2019;
- Due to the timeframes involved it is understood that some trades or certain building elements may be provisional sums. If this is the case, then Council's Quantity Surveyor will verify the appropriate quantum for the proposed Provisional Sum.

1.2. Stage 2

- If Council accepts the lump sum price and construction program presented, then Hutchison Builders will be issued with a variation to their existing Civic Project contract and commence D&C delivery of construction works;
- Hutchinson Builder's will provide competitive quotes for review and approval by RLB when seeking approval of any remaining provisional sums;
- If the proposal is not acceptable to Council, Council reserve their rights to retender the Retail Project to the open market.

2. FINANCIAL

2.1 VALUE FOR MONEY

Several mechanisms are in place to ensure value for money is achieved:

- As part of their lump sum price submission Hutchinson Builders will provide competitive quotes for an estimated 77% of the value of trade subcontract work;
- These competitive quotes will be reviewed by RLB and the build-up of the construction cost will be transparent;
- Preliminaries and fees for the Head Contractor were provided during the pre-award phase of negotiations for the Civic Project and compared favourably with competing tenderers;
- All construction costs and consultant fees will be benchmarked against market rates from similar projects by the project cost consultant RLB.

2.2 ESTIMATED VALUES

Table 1 below outlines the project costs that are under consideration as part of this Tender Consideration Plan. These percentages are based on RLB's construction cost estimate.

The engagements are estimated to fall into the category of large to medium-sized contract arrangements as defined by the *Local Government Regulations 2012* based on the total aggregate value across the Retail Project scope of work through to project completion.



Table 1: Breakdown of Estimated Project Costs

Description	Forecast proportion of total costs	Comment
1. Trade Construction Cost	77%	Competitively tendered prior to award of Retail contract variation. Provisional Sums not agreed at time of variation approval will also require competitive pricing for review.
2. Builder's Prelims	10%	Agreed rate within Civic Project D&C contract.
3. Builder's Margin	4%	Agreed rate within Civic Project D&C contract.
4. Scaffold & Temp Works*	4%	Excluded from preliminaries in Civic Project D&C contract so is an additional entitlement for Hutchinson Builders.
5. Design & Authority Fees	5%	Whilst some consultant engagements will remain with Council, the majority will be via Hutchinson Builders.
TOTAL	100%	

* Includes craneage, traffic control, hoarding etc.

3. SUPPLIER DETAILS

Table 2 below outlines the proposed engagement details for identified suppliers providing contracting consulting and or design services for the Retail Project. Please note that this list is not comprehensive and there will be additional suppliers required in addition to those listed below, including water management, acoustics, asbestos testing and integrity testing.

Table 2: Proposed Engagements for Suppliers

Design Discipline	Proposed Supplier	Engagement Details
1. Builder	Hutchinson Builders	Variation to existing Civic Project contract.
2. Architect	Buchan	Engagement directly by Hutchinson Builders. Sole select due to involvement to date on Retail Project & existing involvement on Civic Project.
3. Structural	ADG	Engagement directly by Hutchinson Builders. Sole select due to existing involvement on Civic Project.
4. Certifier / DDA	McKenzie	Engagement directly by Hutchinson Builders. Sole select due to involvement to date on Retail Project & existing involvement on Civic Project.
5. Fire Engineer	NDY	Engagement directly by Hutchinson Builders. Sole select due to existing involvement on Civic Project.
6. Surveyor	Bennett + Bennett	Engagement directly by Hutchinson Builders. Sole select due to existing involvement on Civic Project.
7. Waste Management	tba	Engagement directly by Hutchinson Builders. Sole select due to existing involvement on Civic Project.
8. Landscape	Vee Design	Engagement directly by Hutchinson Builders. Sole select due to involvement to date on Retail Project & existing involvement on Civic Project.

A report will be presented at the 19 November 2019 Council Meeting requesting resolution for the adoption of recommendations for Hutchinson Builders to directly procure the above Retail Project suppliers based on the proposed engagement methods.



The proposed extension of the existing consultant engagements will enable the timely continuation of the retail development program and maintain the intellectual knowledge these consultants have across the entire project due to their engagement on the Civic Project and or longstanding involvement with the Retail Project.

Subject to passing of this resolution, it is proposed that the scope and agreements are finalised in accordance with the existing Civic Contract terms and conditions.

4. OBJECTIVES

This tender consideration plan is intended to fulfil the following objectives:

Table 3: Tender Consideration Plan Objectives

No.	OBJECTIVES
1.	Document Council's decision to proceed with the delivery of the Retail Project works as a variation to the existing Civic Project contract with agreed preliminaries and margin and other mark-ups negotiated prior to award.
2.	Document Council's decision not to request multiple quotes or tenders for selected consultants and or to agree to extend existing consultant engagements through Hutchinson Builders
3.	Manage key risks associated with direct engagement to be identified and mitigated.

5. HOW WILL OBJECTIVES BE ACHIEVED

The objectives identified for the TCP in Section 4 will be achieved by the actions detailed in Table 4 below:

Table 4: How Objectives will be achieved

No.	OBJECTIVE	ACHIEVED BY
1.	Document Council's decision to proceed with the delivery of the Retail Project works as a variation to the existing Civic Project contract with agreed preliminaries and margin and other mark-ups negotiated prior to award.	<p>Hutchinson Builders seeking multiple quotes from trade subcontractors covering approximately 80% of the value of the Retail Project work from a mutually agreed shortlist with a minimum of three tenderers. These competitive quotes will be reviewed by Council's quantity surveyor and the build-up of the construction cost will be transparent to Council's quantity surveyor.</p> <p>The proposed variation to the existing Civic contract will enable the timely continuation of the retail development, single point of responsibility for the design and management of construction works, and reduced interface and access risk since one Contractor will be responsible for coordination of construction works across the entire precinct.</p>



No.	OBJECTIVE	ACHIEVED BY
2.	Document Council's decision not to request multiple quotes or tenders for selected consultants and or to agree to extend existing consultant engagements through Hutchinson Builders	<p>Consideration of the five sound contracting principles outlined in the <i>Local Government Act 2009</i>.</p> <p><u>1. Value for Money</u></p> <p>The independent cost consultant RLB will review and benchmark lump sum pricing submission from Hutchinson Builders, including competitive quotes from subcontractors and fee submissions from consultants, against market rates from similar projects.</p> <p><u>2. Open Competition</u></p> <p>A competitive tender process was used to award the D&C Contract for the Civic Project and this proposed variation for the Retail Project is consistent with the terms of that contract and the rates specifically included prior to award.</p> <p><u>3. Development of Competitive Local Business</u></p> <p>Tender lists for the trade subcontract work that constitutes 80% of the total value of the variation will be compiled and mutually agreed with due consideration to the inclusion of local businesses.</p> <p><u>4. Environmental Protection</u></p> <p>As a general comment regarding environmental and other risks, the use of a single contractor across the entire site and retention of existing consultants where appropriate, is expected to mitigate the probability of error.</p> <p><u>5. Ethical Behavior and Fair Dealing</u></p> <p>With disciplines where the incumbent consultants hold a significant advantage over other market participants, it may be problematic to subject other market participants to a tender process which they are unlikely to be successful in, thus reducing the tendering burden on the industry.</p>
3.	Manage key risks associated with direct engagement to be identified and mitigated	Evaluate levels of various risk profiles with mitigation strategies to be implemented (refer Section 9).

6. HOW WILL ACHIEVEMENT OF OBJECTIVES BE MEASURED

Table 5 below details the measurements required to confirm objectives are achieved:



Table 5: Measure of Objectives

No.	OBJECTIVE	MEASUREMENT
1.	Document Council's decision to proceed with the delivery of the Retail Project works as a variation to the existing Civic Project contract with agreed preliminaries and margin and other mark-ups negotiated prior to award.	The timely delivery of the project in accordance with the project schedule, and in accordance with project budgets verified by external cost consultant RLB and monitored by the Project Steering Committee and Coordination and Performance Department.
2.	Document Council's decision not to request multiple quotes or tenders for selected consultants and or to agree to extend existing consultant engagements through Hutchinson Builders	Acceptance of this plan and final costs agreed within budget parameters.
3.	Manage key risks associated with direct engagement to be identified and mitigated	The evaluated risk level of key risks outlined in Section 9 below are reduced by the implementation of the mitigation strategies.

7. IDENTIFICATION & ANALYSIS OF ALTERNATIVES:

The analysis of reasons to support the engagement of the retail project works as a variation to the existing Civic project contract is set out below.

The rational for pursuing the proposed procurement plan includes:

- Maintaining the intellectual knowledge these suppliers have on the Project due to long-standing involvement;
- A single point of responsibility for the design and management of construction works in a confined area of the CBD;
- Reduced management costs to Council;
- Reduced tendering burden on the industry - reduces risk of market failure in the tender process due to the current Contractor's site location
- Competitive pricing will still be undertaken for approximately 77% of subcontract work in a transparent process fully auditable by the Council's independent quantity surveyor;
- The main item being single-sourced is the Principal Contractor role which is benchmarked against the results for the competitive tender process for the recently awarded Civic Project;
- Reduced interface risk associated with multiple contractors since one Contractor will be responsible for coordination of construction works on the site;
- Reduced risk profile due to the elimination of interface risk between different contractors and the responsibility for coordination of works by a single contractor;
- Single point of accountability remains with a Tier 1 Contractor for any disruptions to the rail corridor and rail network operations;



- Reduced risk of access issues for material supply and mitigation of potential delay claims; and
- Reduced overall cost for the works.

Relevant insurance and security documentation will be sought. Any effect on the works being carried out by suppliers will be negligible.

The alternative option is for Council to undertake a new procurement process for the appointment of a head contractor for the Retail Project and all consultants. The time frames of undertaking this process would have meant that the project was significantly delayed and the cost of completion increased as well as increasing project risk.

8. PROPOSED TERMS OF CONTRACTS

The existing D&C contract is in place for Hutchinson Builders and has been reviewed by Council's internal legal team and external advisors Clayton Utz. The contract was specifically crafted to enable this Retail Variation work to proceed if required.

9. RISK ANALYSIS OF MARKET FROM WHICH SERVICES ARE TO BE OBTAINED:

The key risks identified when assessing the market from which the services are obtained is the ability for the project to continue without delay and to ensure that Council has the intellectual property and a single point of contact for all warranties and defects liability obligations. If the project is delayed further than the overall cost of completion of the project would escalate.

In addition, if the current contractors and consultants were engaged by Council, then the risk of not successfully delivering the project would be much higher as implicit project knowledge across the retail assets could be lost.

The following general risks and mitigation strategies have been identified in relation to procuring this work as a variation to the existing Civic Project D&C Contract:

Financial Risk		Risk Level
Event	Competitive subcontract trade package pricing, when received, may exceed the current budget allowance	
Likelihood	Possible	Moderate
Consequence	Moderate	
Mitigation	Quantity surveyor to agree return pricing with Hutchinson Builders in advance and report on risk profiles for trade packages based on recent market experience. For trade packages that are returned significantly over-budget the mitigation is that provisional sums are carried for those trade packages in lieu of fixed contract values. Then during the delivery phase, the work relating to those trade packages will be value-engineered and retendered.	

Item 5 / Attachment 1.



Legal & Governance		Risk Level
Event	Competitive subcontract trade package tenderers may submit proposals with unacceptable exclusions or qualifications which are incompatible with the head contract.	
Likelihood	Possible	Low
Consequence	Minimal	
Mitigation	Subcontract terms will be issued to tendering subcontractors to ensure they are aware of the requirements	

Political / Reputation		Risk Level
Event	Other market participants may be discouraged at missing the opportunity to become involved in the project.	
Likelihood	Unlikely	Low
Consequence	Minimal	
Mitigation	Multiple trade subcontractors have been identified for seeking quotes from the broader market. In terms of the incumbent principal contractor and consultants the political and reputational risks of seeking quotes for disciplines where an incumbent holds a significant advantage is potentially more harmful to the market.	

Community and Environment		Risk Level
Event	None	
Likelihood	N/A	N/A
Consequence	N/A	
Mitigation	There is no perceived Community or Environmental risk due to delivering the objectives of this TCP. However, we note that the retention of the existing principal contractor and consultants familiar with the work and site is a risk mitigation generally	

Health & Safety		Risk Level
Event	Disruption to the rail corridor and rail network operations.	
Likelihood	Minimal	Moderate
Consequence	Moderate	
Mitigation	Engaging a tier 1 contractor as the single point of accountability for all works across the precinct through ongoing consultants with QR.	



Service Delivery / Business Continuity		Risk Level
Event	Delays in executing agreements causing project or operational delays	
Likelihood	Possible	Moderate
Consequence	Moderate	
Mitigation	The TCP and proposed procurement of this work as a variation vs undertaking a new quote or tender process helps mitigate this risk	

Information Confidentiality, Integrity and Accessibility		Risk Level
Event	Information and knowledge of the projects and assets not transferred to Council	
Likelihood	Possible	Moderate
Consequence	Moderate	
Mitigation	The TCP and proposed procurement of this work as a variation vs undertaking a new quote or tender process helps mitigate this risk	

10. SUMMARY

This Tender Consideration Plan outlines the proposed methodology to procure the Retail Project Design & Construct work as a variation to the existing Civic Project construction contract. The five sound contracting principles outlined in the *Local Government Act 2009* will be preserved as follows:

1. Value for Money

- Trade subcontract work constituting approximately 77% of the value will be competitively bid to at least three suitable tenderers and the process will be reviewed by Council's quantity surveyor
- The Principal Contractor role will be awarded based on pre-agreed margins that were determined pursuant to a major competitive tender to appoint a D&C Contractor for the Civic Project.
- The proposed extension of the existing consultant engagements will enable the timely continuation of the retail development program and maintain the intellectual knowledge consultants have across the entire project.

2. Open Competition

- A competitive tender process was used to award the D&C Contract for the Civic Project and this proposed variation for the Retail Project is consistent with the terms of that contract and the rates specifically included prior to award.
- Trade subcontract work constituting approximately 77% of the value of the work will be competitively bid.
- Due to the co-location of the Civic Project a renewed tender process may be compromised by the presence of an incumbent principal contractor on the adjacent and shared areas of the site.



3. Development of Competitive Local Business

- Tender lists for the trade subcontract work that constitutes approximately 77% of the value will be compiled and mutually agreed with due consideration to the inclusion of local businesses.

4. Environmental Protection

- The use of a single principal contractor across the entire site and retention of existing consultants where appropriate, is expected to mitigate the risk of environmental or safety issues.

5. Ethical Behavior and Fair Dealing

- Where the incumbent contractor or consultant hold a significant advantage over other market participants, it may be problematic to subject other market participants to a tender process which they are unlikely to be successful in, thus reducing the tendering burden on the industry.

6. Benefits

The following is a recap of the benefits anticipated from the proposed procurement methodology:

- Maintaining the intellectual knowledge these suppliers have on the Project due to long-standing involvement;
- A single point of responsibility for the design and management of construction works in a confined area of the CBD;
- Reduced management costs to Council;
- Reduced tendering burden on the industry - reduces risk of market failure in the tender process due to the current Contractor's site location;
- Competitive pricing will still be undertaken for approximately 77% of subcontract work in a transparent process fully auditable by the Council's independent quantity surveyor;
- The main item being single-sourced is the Principal Contractor role which is benchmarked against the results for the competitive tender process for the recently awarded Civic Project;
- Reduced interface risk associated with multiple contractor since one Contractor will be responsible for coordination of construction works on the site;
- Reduced risk profile due to the elimination of interface risk between different contractors and the responsibility for coordination of works by a single contractor;
- Single point of accountability remains with a Tier 1 Contractor for any disruptions to the rail corridor and rail network operations;
- Reduced risk of access issues for material supply and mitigation of potential delay claims; and
- Reduced overall cost for the works.



ARGYLE CORPORATE ADVISERS

**IPSWICH CITY COUNCIL
IPSWICH CENTRAL CIVIC PROJECT
PROBITY ADVICE IN THE PROCUREMENT OF DESIGN AND
CONSTRUCTION SERVICES – NICHOLAS STREET RETAIL PROJECT**

PROBITY STATEMENT

Origin Securities Pty Limited as Trustee for the Origin Securities Trust trading as Argyle Corporate Advisers (Argyle), in its role as Probity Advisor to Ipswich City Council (Council) in the Ipswich Central Civic Project (the Project), has been requested to provide probity advice regarding the negotiations of a lump sum design and construction (D&C) delivery of the project works for the Nicholas St, Ipswich Central Retail Project by Hutchinson Builders (Hutchinson).

Ipswich City Council (ICC) engaged Hutchinson under a lump sum, D&C contract for the delivery of the Civic Project in August earlier this year.

The contract was specifically drafted with a special clause to facilitate the addition of the retail precinct works – 'Clause 36.7 Proposed Retail Variations'.

It is proposed that Hutchinson as the existing head contractor for the Civic Project undertake a 2-stage D&C process for the delivery of the Retail Project within the Nicholas St, Ipswich CBD precinct.

Stage 1 was approved to proceed by Council on Monday 28 October 2019, and Hutchinson are underway with progressing design works and sourcing trade pricing, in order to prepare a lump sum price submission for the D&C delivery of the Retail Project works.

Subject to Council approval of Hutchinson Builder's submitted design and pricing the Stage 2 delivery of the retail works are proposed to be a contract variation to the existing Civic project contract.

Council has sought our advice that the process to negotiate additional project management services for the project is consistent with:

- ICC procurement principles;
- The intent of Clause 36.7 Proposed Retail Variations in the existing Hutchinson contract; and
- the sound contracting principles, including value for money, as set out in Section 104 (3) of the Local Government Act, 2009.

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ARGYLE CORPORATE ADVISERS

Further, it is critical for Council that it achieves Value for Money in the Retail Development and that this is capable of verification. *Argyle believes the procurement process is sound and it includes appropriate measures to achieve this outcome.*

Argyle has undertaken this Process and Probity Review with information and assistance from representatives of Ranbury and Council who have provided significant information including documents and information in discussions.

A detailed Probity Report is being issued on the above matters on 12 November 2019.

PROBITY OPINION

Council has, or plans to, implement measures which Argyle believes ensures that adherence to Council's procurement policy 2018 – 2019, the intent of Clause 36.7 and sound contracting principles as set out in Section 104 (3) of the Local Government Act 2009, will have been achieved.

Peter Bruton
Probity Advisor
12 November 2019

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