

Ipswich Central

Tender Consideration Plan:

Civic Project Audit Consultants and Retail Design Consultants

9 July 2019



Contents

1.	BACKGROUND	3
1.1	INTRODUCTION	3
1.2	CIVIC PROJECT	3
1.3	RETAIL PROJECT	4
2.	FINANCIAL	4
2.1	VALUE FOR MONEY	4
2.2	ESTIMATED VALUES.....	4
3.	SUPPLIER DETAILS	5
4.	OBJECTIVES	6
5.	HOW WILL OBJECTIVES BE ACHIEVED	6
6.	HOW WILL ACHIEVEMENT OF OBJECTIVES BE MEASURED.....	8
7.	IDENTIFICATION & ANALYSIS OF ALTERNATIVES:.....	9
8.	PROPOSED TERMS OF CONTRACTS.....	9
8.	RISK ANALYSIS OF MARKET FROM WHICH SERVICES ARE TO BE OBTAINED:9	
9.	SUMMARY	11

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 seeking quotes or to calling for open tenders for the following activities:

- Civic Project Audit Consultants (selected disciplines)
- Retail Project Schematic Design Consultants (selected disciplines)

1.2 CIVIC PROJECT

The Civic Project for Nicholas Street, Ipswich Central comprises the following elements:

- Admin Building (office tower)
- Library
- Civic Plaza
- Car Park (modifications)

The total value of D&C Contract is in the order of \$140M and the work is expected to continue for 2 years from commencement in August 2019. The work includes detailed design and finalising the 'for construction' documentation.

In addition to the design consultants retained by the D&C Contractor, it is recommended practice for the Principal to engage audit consultants to review this design and ensure compliance with the Principal's Project Requirements. These consultants are also of assistance in the event of claims or variations that may arise during the project.

On 4 June 2019 Council identified a Preferred Tenderer for the role of Design & Construct (D&C) Contractor for the Civic Project within Nicholas Street, Ipswich Central. Through the course of June 2019, the Preferred Tenderer has identified their Design Consultant team – and as a result the availability of Audit Consultants has become apparent.

The D&C Contractor has elected not to take on several of the original design consultants for the next phase – which makes these consultants available to continue in their current engagement with the Principal and fulfil the role of Audit Consultant. We recommend in the first instance these consultants be approached to have their scope amended to cover audit of the D&C Contractor's design for which these consultants were originally responsible.

The scope of audit consultants has already been through a procurement process in February 2017 as part of a consultant tender process that covered both the design phase and construction audit phase. These consultants were engaged to ICP via Ranbury to complete the design phase work but have not yet been approved to proceed with the audit consulting work.

This leaves several aspects of design which require audit but for which an audit consultant is not currently engaged by Ipswich City Council (ICC). We recommend these remaining audit consultants are sourced according to the following pathways:

- Competitive tender from a list of three providers
- Single source quotes from the original designers

1.3 RETAIL PROJECT

The retail precinct is included within the Nicholas Street, Ipswich Central scope of work. It comprises the following properties:

- Metro A
- Metro B
- Eats
- Venue

A procurement process has been conducted for ICP to engage design consultants (via Ranbury) to document the scope of work for D&C tender. These consultants conducted the pre-purchase due-diligence prior to ICP's acquisition of the properties and provided further investigation and design input to enable preparation of the business case covering the retail properties.

Ranbury's subconsultants were referenced in the novation of the Ranbury contract from ICP to ICC. However, it is proposed that these consultants now be engaged directly by ICC.

Due to their history with the project, and because their fees have been obtained previously during ICP ownership it is proposed that these consultants be procured on a single-source arrangement.

2. FINANCIAL

2.1 VALUE FOR MONEY

All costs will be reviewed by the project's independent quantity surveyor Rider Levett & Bucknall.

2.2 ESTIMATED VALUES

Estimated engagement values are listed in consultant summary reports in Attachments 2 and 3 provided in an Officers' Report to Council by the General Manager – Coordination and Performance dated 10 July 2019.

The following engagement are estimated to fall into the category of medium sized contract arrangements as defined by the Local Government Regulation 2012 based on the total aggregate value across both the Audit and Retail work:

DESIGN DISCIPLINE	PROPOSED CONSULTANT
Certifier	McKenzie
Surveyor	Veris
Town Planner	Cardno
Fire Services	Lehr Paul
Hydraulic Engineering	MRP
Structural / Civil (Admin)	Robert Bird
Lifts / ESD	Umow Lai

DESIGN DISCIPLINE	PROPOSED CONSULTANT
Traffic	Cambray
Library	Mode

The following engagements are estimated to be large sized contractual arrangements as defined in Local Government Regulation 2012 in aggregate across both the Audit and Retail work:

DESIGN DISCIPLINE	PROPOSED CONSULTANT
Architect	Buchan
Structural	Bornhorst & Ward
Services – HVAC, Hydraulic, Electrical, Fire & Acoustic	WSP
Quantity Surveying	RLB

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:

TABLE 1:

NO.	AUDIT DISCIPLINE	PROPOSED CONSULTANT	ENGAGEMENT TYPE
1	Fire Services	Lehr Paul	Existing Consultant Agreements are being novated to ICC. Scope of services will need to be revised to reflect revised timing and scope.
2	Hydraulic Engineering	MRP	
3	Structural / Civil (Admin)	Robert Bird	
4	Lifts / ESD	Umow Lai	
5	Structural / Civil (Library/Plaza)	Bornhorst & Ward	Existing engagement to ICP via Ranbury will be terminated and new agreement with ICC to be formed based on previous procurement.
6	HVAC, Electrical, Acoustic	WSP	
7	Quantity Surveying	RLB	
8	Traffic	Cambray	To be sole select in compliance with ICC procurement policies (eg value, local buy)
9	Library	Mode	
11	Façade	(tbd)	Obtain 3 quotes from the market in compliance with ICC procurement policies.
12	Landscape	(tbd)	
13	Architecture	(tbd)	
14	Safety Consultant	(tbd)	

The following Retail Consultants are recommended:

TABLE 2:

NO.	DESIGN DISCIPLINE	PROPOSED CONSULTANT	ENGAGEMENT TYPE
1	Architect	Buchan	Existing Consultant Agreements are being novated from ICC to the D&C Contractor. Replacement agreement to be established according to Council's standard terms.
2	Structural	Bornhorst & Ward	
3	Services – HVAC, Hydraulic, Electrical, Fire & Acoustic	WSP	
4	Certifier	McKenzie	
5	Quantity Surveying	RLB	
7	Surveyor	Veris	Existing engagement to ICP via Ranbury will be terminated and new agreement with ICC to be formed based on previous procurement.
8	Town Planner	Cardno	
9	Other	(tbd)	
			Previous engagement to ICC to be extended
			To be sourced in compliance with ICC procurement policies.

An Officers' Report will be presented at the 16 July 2019 Council Meeting requesting resolution for the adoption of recommendations to procure Civic Project Audit Consultants and Retail Project Design Consultants based on the above proposed engagement types. Subject to passing of this resolution, it is proposed that the scope and agreements are finalized in accordance with Council's standard terms and conditions.

4. OBJECTIVES

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

	OBJECTIVES
1	Retain knowledge of existing consultants and work completed to date to achieve the best timeframes, lowest risk and fair value for ICC.
2	Document Council's decision not to seek multiple quotes or tenders for selected consultants and to create agreements directly between ICC and the consultants.
3	Consideration of the five (5) sound contracting principle outlined in the Local Government Act 2009
4	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 3 will be achieved by the actions detailed in the following table:

	OBJECTIVE	ACHIEVED BY
1	Retain knowledge of existing consultants and work completed to date to achieve the best timeframes, lowest risk and fair value for ICC.	<p>The proposed retention of the existing consultants previously engaged by ICP in relation to the CBD redevelopment and operations of Ipswich City Square will enable the timely continuation of the redevelopment and retail operations.</p> <p>Through the recent restructure within ICC, the CBD redevelopment and Ipswich City Square operations are now part of the Coordination and Performance Department. This will ensure greater transparency, coordination and reporting of the project to ensure alignment with Council's objectives for the CBD redevelopment.</p>
2	Document Council's decision not to seek multiple quotes or tenders for selected consultants and to create agreements directly between ICC and the consultants.	<p>This plan outlines the objectives and reasons to support the recommendation to directly engage the consultants to ICC without revisiting the original procurement process undertaken by ICP, ensuring consideration is given to the sound contracting principles.</p>
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 quantity surveyor (RLB) has previously reviewed several of the engagements received and will be requested to re-issue this advice based on revised timing and scope.</p> <p>2 Open Competition</p> <p>The Procurement Process used by ICP to engage Project suppliers is as per that set out in the <i>ICC CBD Transformation Program – Program Management Plan (PMP)</i> dated September 2016. The PMP requires ICP procurement to be performed in accordance with ICC procurement policies and procedures. To the best of the knowledge of the current project team, this process was followed by the Project team with oversight/certification made by an independent probity advisor.</p> <p>3 Development of Competitive Local Business</p> <p>Several consultant disciplines have been identified for a new procurement process and the tender invite list will be drawn where possible from the Local Buy register.</p> <p>4 Environmental Protection</p> <p>As a general comment with regard to environmental and other risks, the retention of existing consultants where appropriate is expected to mitigate the probability of error.</p> <p>5 Ethical Behavior and Fair Dealing</p>

	OBJECTIVE	ACHIEVED BY
		We recommend that with regard to 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.
4	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 8).

6. HOW WILL ACHIEVEMENT OF OBJECTIVES BE MEASURED

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

	OBJECTIVE	MEASUREMENT
1	Retain knowledge of existing consultants and work completed to date to achieve the best timeframes, lowest risk and fair value for ICC.	The timely delivery of the project in accordance with the project schedule is monitored by the Project Steering Committee with support from the CBD Technical Working Group. As mentioned above; the operations of Ipswich City Square are now part of the Coordination and Performance Department which will be responsible for the ongoing delivery of services.
2	Document Council's decision not to seek multiple quotes or tenders for selected consultants and to create agreements directly between ICC and the consultants.	Acceptance of this plan and recommendations by Council.
3	Consideration of the five (5) sound contracting principle outlined in the Local Government Act 2009	The delivery of services by contractors and consultants as part of the CBD redevelopment will be managed and monitored by the project team in accordance with contracts to be revised or created.
4	Key risks associated with direct engagement to be identified and mitigated	Ensure mitigation strategies provide significant effect on reducing the evaluated risk level

7. IDENTIFICATION & ANALYSIS OF ALTERNATIVES:

The analysis of reasons to support the direct engagement of existing ICP consultants is set out below.

The alternative option was for Council to undertake a new quotation or tender process for the appointment of all consultants. The time frames of undertaking this process would have meant that either the project was delayed or that the integration of the ICP into ICC, as resolved by Council, would have been delayed. The continued use of ICP to deliver the project was not a feasible option as financial support by Council through the Statutory Bodies Financial Arrangements Act loan approval reduces to \$50 million on 30 June; as outlined in the separate report of the Finance Manager.

The rational for pursuing the proposed procurement plan includes:

- Maintaining the intellectual knowledge these suppliers have on the Project due to long-standing involvement,
- Maintaining benefits of existing agreements through warranties and licenses to intellectual property (IP), or
- Contractual requirements due to works currently underway or subject to a Defects Liability Period.
- The ability of more time and a smooth transition to enable Council to consider each service provided, what will be required in the future pending the CBD Redevelopment Project and provide time for Council to undertake a new procurement process were Council requires the continuation of services.

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

8. PROPOSED TERMS OF CONTRACTS

We propose that Council's standard terms and conditions for consultant engagements be used as applicable based on the value of the engagement.

For contracts that have been novated we recommend the existing terms be maintained with the scope of work modified to reflect the current proposed services and timing.

8. 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, defects liability obligations transferred. If the project is delayed further than the overall cost of completion of the project would escalate.

In addition, if the current suppliers, contractors and consultants were not novated or engaged by Council, then the risk of not successfully delivering the project or Council being able to continue the operations of Ipswich City Square would be higher as the project knowledge and maintenance knowledge in relation to the assets could be lost.

The following general risks and mitigation strategies have been identified in relation to direct engagement of consultants by ICC:

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 discussion as indicated that the involvement of identified consultants can be achieved within the proposed budgets.	
Legal & Governance		Risk Level
Event	Consultants may refuse to use ICC's standard terms.	
Likelihood	Possible	Moderate
Consequence	Minimal	
Mitigation	Consultants who can't be accommodated within ICC's standard terms may need to be re-quoted to the broader market.	

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 disciplines have been identified for seeking quotes from the broader market. 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 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.
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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 direct engagement of existing suppliers 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 ICC	
Likelihood	Possible	Moderate
Consequence	Moderate	
Mitigation	The TCP and proposed direct engagement of existing suppliers vs undertaking a new quote or tender process helps mitigate this risk	

9. SUMMARY

To ensure continuity of CBD Redevelopment Project, it is recommended the attached procurement plan be followed which includes a variety of:

EPC Novated Consultants (retained agreement)

The following consultants are already being novated to Ipswich City Council (see A5618747) and we recommend their scope of services be amended to reflect revised timing and project requirements:

- Lehr Paul & Partners
- MRP
- Robert Bird
- Umow Lai

EPC Novated Consultants (new agreement)

The following consultant is already being novated to Ipswich City Council (see A5618747) however the agreement is likely to be novated on further to the Civic Project D&C Contractor. Their work to date includes elements of scope outside the Civic Project and we recommend a new agreement be formed according to Council's standard terms to conclude work on this activity (Retail Project Design):

- Buchan Group

ICP Design Subconsultants / Local Buy

The following consultants were engaged by ICP (see A5618747) as sub-consultants through Ranbury. The Ranbury contract is being novated to Council however we recommend these subconsultants now be directly engaged by ICC using Council's standard terms of engagement, and that the scope of services be updated to reflect revised timing and project requirements. These engagements may include aggregate final values more than \$15,000 however we note these Consultants are registered on Local Buy (except for MacKenzie Group):

- Bornhorst & Ward
- WSP
- Rider Levett & Bucknall
- MacKenzie Group
- Veris

ICC Consultants (Local Buy)

The following consultants have been engaged by ICC using Council's standard terms of engagement. These engagements may include aggregate final values more than \$15,000 however we note these Consultants are registered on Local Buy:

- Mode
- Cardno

New Consultants

The following new consultant disciplines are to be engaged for Civic Project Audit Services in according to competitive tender:

- Architecture
- Landscape Architecture
- Façade
- Safety Consultant