

## ITEM NUMBER: 18.2

### CONFIDENTIAL REPORT

## KINGSTON PARK KIOSK CONSTRUCTION FUNDING

*Pursuant to Section 83(5) of the Local Government Act 1999 the Report attached to this agenda and the accompanying documentation is delivered to the Council Members upon the basis that the Council consider the Report and the documents in confidence under Part 3 of the Act, specifically on the basis that Council will receive, discuss or consider:*

- b. Information the disclosure of which could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting, or proposing to conduct, business, or to prejudice the commercial position of the council; and would, on balance, be contrary to the public interest.**

**Recommendation – Exclusion of the Public – Section 90(3)(b) Order**

1. That pursuant to Section 90(2) of the *Local Government Act 1999* Council hereby orders that the public be excluded from attendance at this meeting with the exception of the Chief Executive Officer and Staff in attendance at the meeting in order to consider Report No: 359/22 - Kingston Park Kiosk Construction Funding in confidence.
  2. That in accordance with Section 90(3) of the *Local Government Act 1999* Council is satisfied that it is necessary that the public be excluded to consider the information contained in Report No: 359/22 – Kingston Park Kiosk Construction Funding on the following grounds:
    - b. pursuant to Section 90(3)(b) of the Act, the information to be received, discussed or considered in relation to this Agenda Item is information the disclosure of which could reasonably be expected to confer a commercial advantage on a person with whom the Council is proposing to conduct business or would prejudice the commercial position of the Council as it discusses possible business cases  
  
In addition, the disclosure of this information would, on balance, be contrary to the public interest. The public interest in public access to the meeting has been balanced against the public interest in the continued non-disclosure of the information. The benefit to the public at large resulting from withholding the information outweighs the benefit to it of disclosure of the information.
  3. The Council is satisfied, the principle that the meeting be conducted in a place open to the public, has been outweighed by the need to keep the information or discussion confidential.
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Item No: 18.2

Subject: **KINGSTON PARK KIOSK CONSTRUCTION FUNDING**

Date: 23 August 2022

Written By: Project Manager, Public Realm and Urban Design

General Manager: Strategy and Corporate, Ms P Jackson

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### **SUMMARY**

The final concept design and construction budget of \$1,000,000 for the Kingston Park Kiosk was approved by Council on 12 April 2022.

After a thorough design process, the detailed designs of the Kingston Park Kiosk including landscape design and service infrastructure designs were completed on 1 July 2022 and subsequently put out to tender on 5 July 2022. Two separate tenders were issued for the Kingston Park Kiosk including one for the kiosk and landscaping construction and a second for the service infrastructure construction.

A combined total of two submissions were received for the two tenders, one of which was a joint submission for both projects from BluBuilt Constructions who were subsequently selected as Council's preferred contractor. The final price provided by BluBuilt Constructions however was substantially more than the approved construction budget. Discussions were then undertaken between Administration and BluBuilt Constructions to establish where potential cost savings or reductions in scope could be made to reduce construction costs.

These discussions resulted in BluBuilt Constructions providing a revised fee of \$1,359,915 for the project including the kiosk, landscaping and service infrastructure construction. This fee and clarification on the proposed changes were the subject of a Council Workshop on 16 August 2022.

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### **RECOMMENDATION**

**That Council endorses:**

- 1. an additional \$360,000 of funding be approved to the project for construction from the 2022/23 capital budget, bringing the total project construction budget to \$1,360,000;**
- 2. the Mayor and Chief Executive Officer to sign and execute a contract for the construction of the kiosk including landscaping and service infrastructure works with the preferred tenderer, BluBuilt Constructions, to a value of \$1,359,915; and**

**RETAIN IN CONFIDENCE - Section 91(7) Order**

3. That having considered Agenda Item 18.2 Report No: 359/22 – Kingston Park Kiosk Construction Funding in confidence under Section 90(2) and (3)(b) of the *Local Government Act 1999*, the Council, pursuant to Section 91(7) of that Act orders that the report, attachments and minutes relevant to this item be retained in confidence for a period of 18 months and the Chief Executive Officer be authorised to release of the documents thereafter.

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**STRATEGIC PLAN**

Through construction services, this report relates to ensuring the City's Wellbeing Aspirations 2030 – Our beaches and Council-controlled public areas are accessible and inclusive. This project contributes to community wellbeing by supporting local businesses and by establishing a community hub that integrates community support, recreational and commercial services.

Strategic alignments with the following documents:  
Open Space and Public Realm Strategy 2018-2030  
Disability Access and Inclusion Plan 2020-2024

**COUNCIL POLICY**

Procurement Policy

**STATUTORY PROVISIONS**

*Local Government Act 1999 and Regulations*

**BACKGROUND**

The detailed design for the Kingston Park Kiosk including landscape works and service infrastructure works was completed on 1 July 2022 after a thorough design process. Two rounds of cost estimates were also undertaken during the detailed design phase to ensure that the Kiosk remained on budget. The final cost estimate for the Kiosk (including landscape and service infrastructure works as well as contingencies) came in at \$1,050,031.

**REPORT****Tendering Process**

The detailed design of the Kingston Park Kiosk including landscape works and service infrastructure works was completed on 1 July 2022 and was put out to tender on 5 July 2022. Two separate tenders were issued for the Kingston Park Kiosk including one for the Kiosk and landscaping construction and a second for the service infrastructure construction.

A combined total of two submissions were received for the two tenders, one of which was a joint submission for both projects. This submission was received by BluBuilt Constructions who through the tender review process were then selected as Council's preferred contractor. The final price provided by BluBuilt Constructions however was substantially more than the approved construction budget of \$1,000,000. It should be noted that the other submission received also greatly exceeded the project budget and contained many concerning omissions within the proposed fee. No tender submissions were received for just the Kiosk service infrastructure construction, meaning this would need to be re-tendered if BluBuilt were not to be selected as Council's preferred tenderer.

The fact that only two tenders were received for the project, both of which being significantly over budget seems somewhat typical of the current industrial climate where most construction companies are increasingly busy and demand to win new work is low. It has been noted that many other construction projects are experiencing the same issues. Whilst Administration undertook a very thorough cost evaluation process during the detailed design process of the Kiosk, it is difficult to allow for industry factors. It is the view of Administration that the costs of the tenders received were much more a reflection of the current industrial climate as opposed to the proposed design being excessive for the budget or the final cost estimate received being fundamentally inaccurate.

As Council's preferred tenderer, BluBuilt Constructions were then invited to meet with City of Holdfast Bay Administration on 2 August 2022 to discuss the breakdown of their fee, to better understand where these costs came from and to establish where potential cost savings or reductions in scope could be made to get the project to a much more feasible price. It should be noted that BluBuilt Constructions were not made aware that they were Council's preferred contractor during these negotiations.

The meeting with BluBuilt Constructions resulted in the following budget management recommendations:

- Removal of bespoke seating pods, to be replaced with standard bench seats;
- Privacy screen featuring numerous vertical elements to be changed to perforated corten steel panel screening matching profile of existing design (Design & Construct);
- Quantity of landscape bollards to be reduced;
- Bike racks to be supplied by City of Holdfast Bay;
- Landscape fencing to be removed from scope as this was considered unnecessary;
- Screw piles beneath building footings (3m depth allowance) in lieu of bored piles; and
- Building Raft footing to be constructed with plain grey concrete throughout with timber look vinyl to Dining Area and Toilets.

*Refer Attachment 1*

Allowing for these requested changes, a revised fee of \$1,359,915 was received from BluBuilt Constructions on 12 August 2022. This fee, as well as clarification on the proposed changes from the original design in the interest of budget management, was then discussed at the Council Workshop on 16 August 2022.

It is the recommendation that Council should still proceed with the Kingston Park Kiosk construction now even with the additional funds being required. Based on recent economic trends, it is highly likely that the price of constructing a kiosk at Kingston Park will continue to rise should Council not wish to proceed now. It is unlikely that industrial factors causing high prices and low demand now will change any time soon due to so many unknowns within the construction industry and society in general. The preferred contractor, BluBuilt Constructions, have also recently undertaken successful projects for City of Holdfast Bay including the Kingston Park Coast Park, Minda Dunes Coast Park, Bouchée Walk, Chapel Plaza and John Miller Reserve renewal. They are a high quality contractor and there is no guarantee they would re-tender should Council wish to retry in 2023, putting Council at risk of missing out on an accomplished contractor to deliver such an exciting yet complicated project.

As a result of these circumstances, it is Administration's recommendation that an additional \$360,000 of funding be added to the project construction funding from the 2022/23 capital budget, bringing the project construction funding total to \$1,360,000, thus allowing Administration to officially engage BluBuilt Constructions to undertake the project construction including all kiosk, landscaping and service infrastructure works.

#### **Next Steps**

Should the additional project funding be approved by Council on 23 August 2022, the project will be awarded to BluBuilt Constructions for the total sum of \$1,359,915. The exact construction timeline for the project will then be negotiated with BluBuilt Constructions pending the outcome of discussions Administration is currently undertaking with the Karna community regarding site monitoring and the Kingston Park Reserve works in general.

It should also be noted that the project will be discussed at the upcoming Council Assessment Panel meeting on 24 August 2022.

#### **BUDGET**

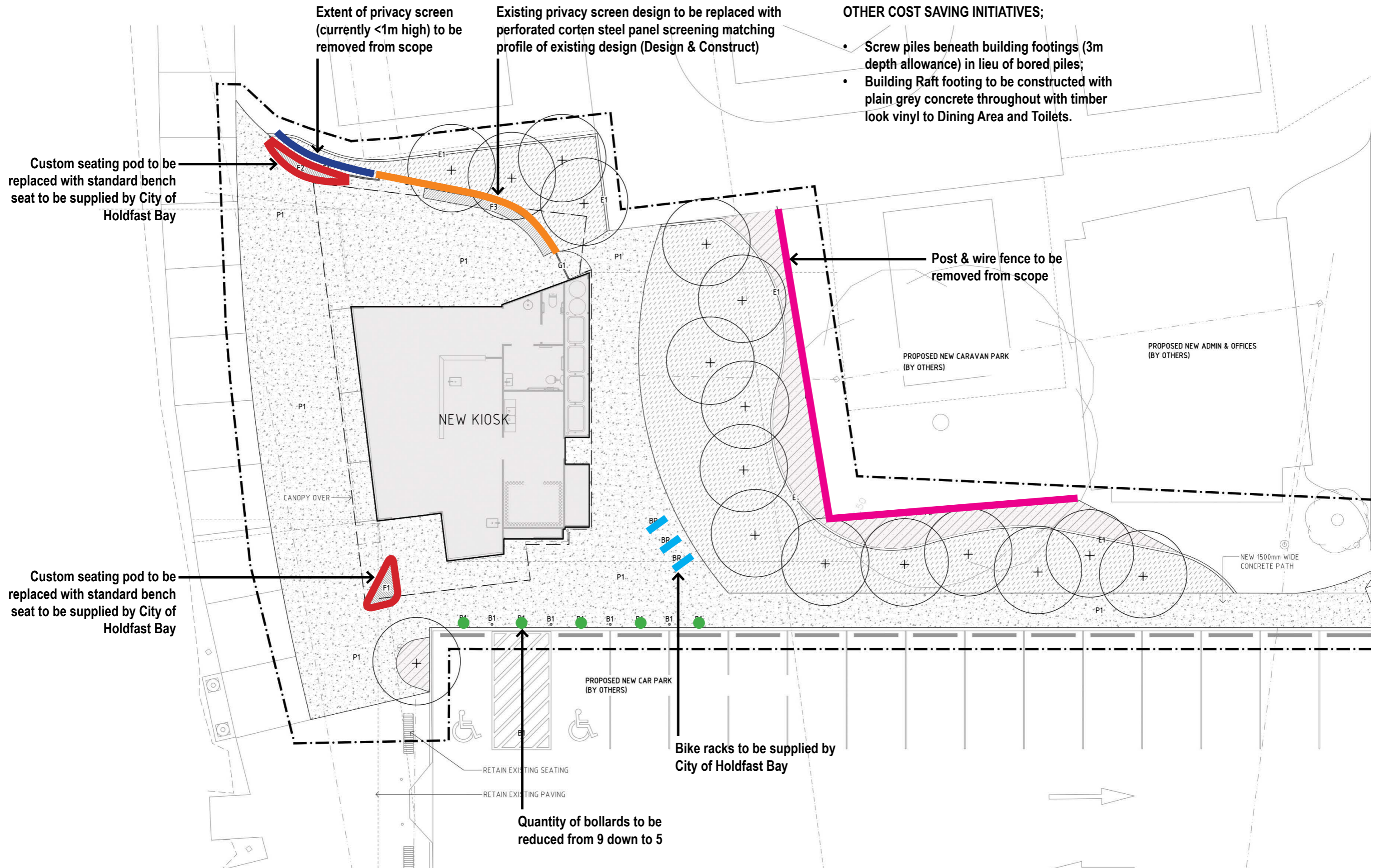
Construction budget is \$1,359,915.

#### **LIFE CYCLE COSTS**

To be determined on completion of construction.

# Attachment 1





## Kingston Park Kiosk - Changes/Reductions to project scope