



Business Paper

Shire Infrastructure and Public Domain Committee

Monday, 5 November 2018

7.00pm

**Committee Rooms 203 and 204,
Level 2, Administration Building,
4-20 Eton Street, Sutherland**

SUTHERLANDSHIRE

ORDER OF BUSINESS

- 1. ACKNOWLEDGEMENT OF COUNTRY**
- 2. APOLOGIES**
- 3. DISCLOSURES OF INTEREST**
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 - INF049-18 Sandy Point RFS Project Review and Closure Report
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 - INF011A-18 Container Deposit Scheme - VISY Deed of Agreement

INF048-18 CRONULLA TOWN CENTRE - DETAILED DESIGN STAGE 2

Attachments: Nil

EXECUTIVE SUMMARY

- The Cronulla Town Centre Masterplan was adopted by Council on 19th February 2018 and aims at enhancing Cronulla's amenity and accessibility, through a coordinated and whole-of-place approach.
- The report is in response to Council resolution MOT017-18 of 16 April 2018 seeking advice on funding options to detail design stage 2 of the Cronulla Masterplan works.
- The estimated cost of detailed design for stage 2 is \$650,000 based on the estimated \$14.5M construction estimate.
- Initial funding of \$6M has been budgeted for the next two years in the Long Term Financial Plan based on the anticipated sale of land however this funding is not guaranteed nor sufficient to undertake the expected full scope of work.
- The Office of Local Government Capital Expenditure Review submission will need to be provided at the completion of the detailed design stage of the project.

REPORT RECOMMENDATION

THAT:

1. Council authorise the commitment of funds to commence the Cronulla Town Centre - Stage 2 detailed design.
2. Council forms a stakeholder working group to workshop the detailed design options for the Cronulla Town Centre – Stage 2.

PURPOSE

This report is in response to the Council resolution in MOT017-18 of 16 April 2018 seeking a further report on funding options to support the preparation of detailed designs for stage 2 of Cronulla Town Centre Master plan.

BACKGROUND

The Cronulla Town Centre Masterplan was adopted by Council on 19th February 2018 and is a document for Council's strategic planning of future development of the Cronulla town centre and associated public domain works. Aimed at enhancing Cronulla's amenity and accessibility, the draft Master Plan takes a coordinated and whole-of-place approach.

The Master Plan sets the vision for the future of the Cronulla Town Centre. To assist in creating and meeting the vision seven Guiding Principles were prepared to guide the development of the Cronulla Public Domain Master Plan.

1. Celebrate the main street
2. Make the town centre pedestrian and cyclist friendly
3. Create memorable paths and connections
4. Celebrate local landmarks and stories,
5. Create places to stay and play,
6. Create a diverse and safe night time experience and
7. Reflect local character.

The Master Plan nominated town centre wide public domain improvements alongside specific proposals. The Councillor Briefing on the 9th April 2018 to informed Councillors on four staging options.

Stage	Components	Estimated Budget
1	Ocean Grove (pilot- including pirate ship playground)	Complete
2	Full Plaza (Cronulla Square, Kingsway, Toilet)	\$14.5M
3	Surf Rd/Pedestrian Tunnel	\$2M
4	All remaining future elements	\$24M

A Councillor briefing was held on 9th April 2018 and following a notice motion at the 16th April 2018 Council meeting Council resolved:

THAT:

1. *Subject to the resolution of the funding and delivery mechanisms, Council supports the allocation of resources to undertake a detailed design for Stage 2 of the Cronulla Masterplan.*

2. *Prior to the commitment of any funds, Council receives a report as soon as practicable identifying options to fund detailed designs for Stage 2.*
3. *Subject to Council resolving to proceed with Stage 2 and should the criteria be met, at the appropriate time the project be referred to the Office of Local Government for a 'capital expense review' as soon as possible.*

This paper provides recommendations for Stage 2.

DISCUSSION

Stage 2 Detailed Design

The proposed stage 2 works comprise the Cronulla Square and plaza from Ocean Grove to the Kingsway, the Kingsway from Gerrale Street to Cronulla Mall, a Southern toilet block and Laneway connections.



Whilst the masterplan provides high level guidance and direction there are number of significant issues that need to be considered to complete any of the detailed design. These include the location of the public amenities (north and south), the size and detailed use Cronulla square for water play and other event activities, the precise layout for the public and leased dining areas in the plaza and the use of shade or weatherproof structure in the plaza.

The community and local businesses will be the final judge on any upgrade works that take place in the Cronulla plaza. While there has been overarching consultation through the development of the

masterplan it is vital that in developing the detail of the design that there is alignment of expectations and as such it is proposed Council engage and consult with key Stakeholders including Councillors and the Cronulla Chamber of Commerce.

The cost to complete the detailed design for Stage 2 is estimated to be \$650,000 based on the industry standard of 4.5% of the budgeted construction cost which will need to be confirmed once detailed scoping, concept, design development and detailed design stages have been completed.

Two main options have been considered for delivery of the detailed design:

Option 1: Internal Design and External Specialists

In this model the lead design function would be undertaken by the Design Services Unit having recently successfully completed Ocean Grove pilot stage with the support of external specialist sub-consultants. Specialist design consultants will be required for lighting design, data services, electrical supply and any water features. This model affords Council good control over the due diligence and initial scoping of the project which will be a product of both the stakeholder engagement and the detailed design.

Option 2: External Design

The fully external design model would require a full tender process including associated sub-consultants. As the stage has yet to be fully scoped up and thorough due diligence undertaken and it is considered that this is likely to be less efficient, cost more and take longer to deliver the design.

Option 3: 100% Design and Construct Contractor

An alternative option is to commit to a tender for a 100% Design and Construct (D&C) contractor and nominate a maximum budget to deliver. This would necessitate that contractor assuming all program risk including approvals and stakeholder engagement. The project would need to be fully funded up front to enable the tender to proceed which it is currently not a position to do. This is considered to be highly inefficient approach for Council to achieve the project objectives.

It is recommended that Option 1 be adopted to undertake the detailed design with a combination of Council staff and Specialist design consultants as this most efficient means of delivery.

Schedule

The timing of large public domain works are always problematic as the works will reduce access, create noise disruption to the public and the business owners. To minimise the impact these works are usually undertaken in no peak business periods this is usually the quieter trading period of the winter months.

The opportunity to undertake and large scale works in the 2019 winter season will be difficult achieve based on the estimated detailed design time schedule and then the ability to procure and order the stone pavers.

If the works were to commence in late 2019 they would likely to still being underway during the early 2020 which is when Council will be conducting a number of events for 2020 “First Encounter” acknowledging 250 years since first contact between the Gweagal and Lieutenant Cook. This is considered to be a significant reputational risk for Council should there be business and visitor dissatisfaction with the impacts of the delivery of the works at that time.

Milestone*	Approx Start	Approx Finish
Concept Design & Consultation	Feb 2019	Aug 2019
Design Development	Sept 2019	Nov 2019
OLG Business Case	Nov 2019	Mar 2020
Detailed Documentation	Mar 2020	Apr 2020
Tendering	2020	
Construction (winter)	2021	

**Subject to detailed planning and due diligence*

It may be possible to separate some smaller packages of work out of Stage 2 for earlier delivery subject scoping and detailed design.

Project Governance

The project will be delivered utilising a structure of a Working Group (WG) made up of technical and operational staff specialists lead initially by a Design Manager and accountable to a Project Control Group (PCG) made up of senior staff lead by a Project Director reporting through to the infrastructure committee. A key reference group will be the Cronulla Chamber of Commerce including Councillor representatives who will need to be consulted throughout design development and ultimate delivery.

RESOURCING STRATEGY IMPLICATIONS

The estimated cost of the design for Stage 2 is \$650,000 with construction in the order of \$14.5M. There is a total of \$6M in the 2018/19 and 2019/20 financial years in the adopted LTFP for the Cronulla Town Centre Masterplan Stage 2. This initial budget provision is predicated on the proceeds of land sale in the Cronulla Business Precinct which is not guaranteed and alone would not be sufficient to deliver the expected full scope of works. The proceeds of the land sale are at this stage expected upon settlement in March 2019.

While the project is already funded as per the above alternate options for funding the design for Stage 2 could be any of the following if required:

Alternate Funding Sources	Available Budget
s94 - Plaza	\$2.4M
Cronulla Levy	\$550k pa current balance \$1M
SUEZ	\$0 current available capacity
General revenue	\$0 capacity without reprioritisation of CAPEX program

At the completion of the design process Council will need to resolve whether it wishes to proceed to construction and identify the necessary funding sources to enable that to occur.

It is anticipated that both the project management and the principal design role will be undertaken by Council staff having successfully completed Stage 1 with support utilising contracted design specialists for specific components.

Risk Management

Risk management associated with the implementation of the draft Master Plan is outlined in the table below:

Risk Assessment	Likelihood	Consequence	Rating	Control	Treated Risk Rating
<p><i>Investment/Planning Risk</i></p> <p>Investment/Planning risk relates to the quality of the planning that has contributed to the proposal and understanding community needs so the services to be delivered by the project will meet needs or expectations.</p>	Possible	Major	High	<p>Ensure business case preparation is funded and programmed.</p> <p>Allow adequate time to undertake relevant investigations</p>	Medium
<p><i>Design Risk</i></p> <p>Design risk relates to the level of complexity and maturity of the project design.</p>	Likely	Major	High	<p>The Master Plan is a concept design and guide only. Further development of design is needed to test costs.</p>	High
<p><i>Management/Operations Risk</i></p> <p>Management risk relates to management ensuring that the investment delivers the expected outcomes. Operations risk relates to the operational problems that may occur if the project is not planned and managed correctly</p>	Possible	Moderate	High	<p>Operational Management involved in scoping and detail design. Ensure preparation of an integrated Operational Plan of Management.</p>	Medium

<p>Reputation Risk</p> <p>Reputation risk looks at issues relating to council's reputation being affected if the project is not completed or does not meet its targets or the expectation of the community, including cost overrun, time over run, impractical designs and to ensure the project is supported by the community.</p>		Likely	Moderate	High	<p>Ensure implementation of the draft Master Plan incorporates: community engagement on long term future of former WRC site; traffic management plan; and parking improvement plan.</p> <p>Appropriate governance model & PCG implemented to oversee delivery of interrelated projects.</p>	Medium
<p>Construction Risk</p> <p>The completion/construction risk relates to the risk that the proposed project will not be completed in accordance with the specifications and within the stipulated timeframe and/or budget.</p> <p>In assessing such a risk, consideration will need to be given to the potential external and financial impacts of such outcomes.</p>	Time	Likely	Major	High	<p>Large public domain improvement projects have a likelihood of exceeding the components of time, cost and scope.</p> <p>Project governance and PCG with the setting of realistic timeframes can reduce the exposure risk on these elements.</p>	High
	Cost			High		High
	Scope			High		Medium

COMMUNITY ENGAGEMENT

As indicated previously in the report community engagement is crucial to the success of the detailed designs. There will be a discernible difference in the detailed design consultation process and the community consultation for the Masterplan which was more about seeking feedback on the key themes and setting the strategic direction.

Whilst the Cronulla masterplan seven guiding principles are universally accepted there are several critical pieces of the detailed design where there may be a divergent range of views. Inviting key stakeholders to participate in the design stage and identify preferred solutions will contribute to positive design outcome and build engagement with the project. It is important that sufficient time be allowed in the program to ensure this is effectively done.

The Strategy and Engagement Team will assist in implementing the consultation plan and determining the methods of engagement, and a communications plan will also support the broader community engagement around Stage 2 of the Masterplan.

STRATEGIC ALIGNMENT

Community Strategic Plan and Delivery Program

The draft Master Plan aligns with the Sutherland Shire Community Strategic Plan 2017 and is included in Council's Delivery Program 2017 - 2021:

Community Strategic Plan Strategy	Delivery Program (2017-2021) Deliverables
Objective 6.3: Provide welcoming, safe and accessible places and spaces that encourage active lifestyles	6E: Develop and implement the Cronulla Public Domain Masterplan

Operational Plan 2018 - 2019

The draft Master Plan is included in Council's Operational Plan 2017 - 2018:

Action	Measurement
6E.01 Develop a staged plan for Construction of priority projects identified in the Master Plan	Staged plan developed for construction of identified projects

The recommendation in this report will not change current delivery program actions.

POLICY AND LEGISLATIVE REQUIREMENTS

There are no existing Council policies, guidelines or precedent decisions or any legislative requirements directly relevant to Council making a determination on the recommendations of this report.

As indicated above Council will need to comply with Office of Local Government Capital Expenditure Review Guidelines (December 2010) for infrastructure projects as it is anticipated that the works arising from the draft Master Plan will exceed \$10M.

CONCLUSION

This report is in response to the council resolution in MOT017-18 of 16 April 2018 seeking a further report on funding options to support the preparation of detailed designs for stage 2 of Cronulla Town Centre Master plan. While the Masterplan has provided a strong basis for identifying works priorities, detailed design still needs to be undertaken which must be carefully informed by key stakeholders and as such programming of delivery should not be rushed. Initial funding is available to proceed with the Stage 2 design but sources will need to be identified in due course for the full project cost if construction is to proceed.

RESPONSIBLE OFFICER

The officer responsible for the preparation of this Report is the Group Manager Operational Services, Mark Wood, who can be contacted on 9710 5876.

File Number: 2016/238707

INF049-18 SANDY POINT RFS PROJECT REVIEW AND CLOSURE REPORT

Attachments: Nil

EXECUTIVE SUMMARY

- Sandy Point Rural Fire Service (RFS) facility was jointly funded by RFS and Council and was commenced by engaging an architect to develop the design suitable for Development Application in May 2016.
- Temporary facilities were established off site to enable ongoing operations of the brigade to be sustained while construction of the facility was undertaken.
- The works were subsequently tendered as a Design and Construct contract and were undertaken by Camporeale Holdings P/L between 14 June 2017 and 22 June 2018.
- Overall the project can be considered a success. The project meets the requirements of Council and the RFS, quality requirements and is within budget
- The project did suffer significant delays however during delivery due to inadequate resourcing of the works which lead to practical completion being achieved seven months late.
- The facility was handed over for occupancy to RFS on the 22 June 2018 and was officially opened on the 15 September 2018.

REPORT RECOMMENDATION

That the Sandy Point RFS closure report be received and noted.

PURPOSE

The purpose of this report is to review the performance of the project to deliver the new Sandy Point Brigade Rural Fire Station.

BACKGROUND

On 2 July 2018 Council resolved in INF032-18 to receive a completion report for the Sandy Point RFS station project.

After many years of unsuccessful searching for a more suitable alternate site the decision to proceed on the current site was made. The site was made up of two parcels of land that needed to be consolidated to avoid major modifications to the design to meet BCA compliance.

The design to Development Application (DA) stage was undertaken by Webber Architects who were appointed in May 2016 and they developed a clever design to meet the functional requirements brief on an extremely constrained site. After an open tender process Council subsequently awarded the contract to construct the new Sandy Point Rural Fire Station to Camporeale Holdings Pty Ltd 19 May 2017. Works commenced on site 14 June 2017 and was due for completion 14 November 2017.

The contractor completed detailed documentation for construction certificate whilst the demolition of the existing buildings was being undertaken. The design team were not novated to the builder however the builder engaged the architect to prepare Construction Certificate drawings, the builder engaged its own engineer and services consultants. The project suffered extensive delays throughout its delivery due to inadequate resourcing of sub-trades. Despite this, through intensive contract administration effort by Council the project reached Practical Completion 22 June 2018.

Apart from the delays to completion, the project has been a success in meeting the service need objectives and has been delivered within the approved budget. The facility officially opened on the 15 September 2018 and is occupied by the RFS and is in operation.

DISCUSSION

The project review has been undertaken across the whole lifecycle of the project from initial scoping to practical completion.

Governance

The governance for the project consisted of a joint project working group between Council staff and RFS representatives which performed well to guide and control the delivery of the facility. The team developed the detailed scope of the project and undertook design reviews in conjunction with the architect.

Procurement

Council has a strong track record of successfully delivering a number of such RFS facilities in recent years. The delivery approach adopted reflects that of a proven model whereby an external architectural design consultant (Webber Architects) was engaged to take the design to DA stage after which a Design & Construct (D&C) contractor (Camporeale Holdings) was engaged to complete the detailed design, secure the construction certificate and undertake the building works. This approach again worked well ensuring that good control was maintained in developing up the design and scope of the project then providing the builder latitude to engineer elements to best suit his preferred methodology for delivery.

Procurement was undertaken in accordance with Local Government regulations and Council's policy. An open quotation process was undertaken to secure the lead designer (4 submissions) while an open tender was utilised to identify the principal contractor (4 submissions).

The tender evaluation process was robust with the panel reviewing capability statements, financial capacity (Corporate Scorecard) and reference checks undertaken. While Camporeale had not previously undertaken work for Council the referees were considered to be reliable and the contractor was subsequently deemed suitable for undertaking a project of this scale. There was no evidence of any poor performance by the contractor.

Design

In order to enable delivery of the design Council staff undertook a range of due diligence including Geotech investigations, utility services search, RFS specifications and standards and a HAZMAT report (Asbestos). The Architect was required to undertake Disability Discrimination Act (DDA) accessibility assessment as well as Section J requirements. The architect while not directly novated, was engaged by the builder to complete the design process for CC.

In order to meet program a concurrent Development Application (DA) and tender process was undertaken which carries the inherent risk of changes being required to a design that has already been priced up. This was indeed the case with Sandy Point where DA conditions necessitated a change to the roof design as well as some smaller design changes. This was successfully addressed by undertaking changes through the construction Certificate stage.

Schedule

The originally contracted works were due to be completed by 14 November 2017 however this was not achieved until 22 June 2018. A number of difficulties were encountered by the builder primarily related to sub-contractor resourcing issues which hampered their ability to develop momentum throughout the project.

By February 2018 the works were at approximately 90% and on the cusp of completion however progress had dramatically slowed. The contract afforded a potential remedy against the contractor for the delay through the application of liquidated damages, for commercial reasons this was not exercised by Council to ensure the contractor did not go into default on overall delivery in favour of working with them to achieve completion of the works. This enabled progress to completion and avoided the risk of a protracted legal dispute with the likely result of compounding financial loss by all parties and operational impacts on RFS.

Council excised some minor works for separate delivery to minimise the remaining scope and the final claim for the builder remains outstanding. The circumstances of the project required a significant contract administrative effort by the project manager who did an outstanding job of achieving completion under extremely difficult circumstances.

RESOURCING STRATEGY IMPLICATIONS

The project was managed by Council's Project Services Unit. Due to the protracted nature of the project this has required intense in-house project management and contract administrative effort to manage progress and avoid default by the builder. This has impacted on the project manager's availability for other projects.

Performance Against Budget

The Project Budget was allocated across two phases, that being design and construction. The table below depicts the budget and expenditure figures for the relevant phases and financial years.

Project cost against budget						
	Design		Construction		Total Project	Variance
Budget	\$ 46,880		\$ 1,573,800		\$1,620,680	
Expenditure	\$ 32,199		\$ 1,505,667*		\$1,537,866	-\$82,814
*Note: final claim reconciliation to complete for 2019						savings

There are some minor works outside the contract to complete. The budget is expected to be expended completing these works. These include some scope items which were missed in the original brief, such as slope stabilisation at the rear of building due to a latent condition and some landscaping works.

As noted, the contractor's final claim is outstanding and Council staff are in discussion with the contractor regarding some disagreement with some of the values claimed by the contractor, once discussions have met a satisfactory conclusion the final claim can be submitted and processed.

COMMUNITY ENGAGEMENT

There has been no direct community engagement in the delivery of this report however there have been numerous communications with external stakeholders including the principal contractor, sub-contractors and RFS.

STRATEGIC ALIGNMENT

The construction of the fire station is aligned to the Community Strategic Plan by supporting the RFS to fulfil its role in protecting the community.

Community Strategic Plan Strategy	Delivery Program (2017-2021) Deliverables
2.4 Understand and manage our environment and climate risks and impacts.	2D Participate in the development and implementation of the Sutherland Shire Local Emergency Management Plan.

POLICY AND LEGISLATIVE REQUIREMENTS

The contract has been managed in accordance with the conditions within the executed contract and the statutory requirements including:

- Australian Standards Contract for Design and Construction AS4902 including annexures Parts A,B,C,D, and E as amended by Sutherland Shire Council
- Building Construction Industry Security of Payments Act
- Contractors Debt Act.

CONCLUSION

The construction of the new Sandy Point RFS was occupied on 22 June 2018 and the RFS are successfully operating from the facility. The project delivery was delayed however due to the issues encountered with the Principal Contractor. This report has provided a detailed review of all aspects of the delivery of the project.

RESPONSIBLE OFFICER

The officer responsible for the preparation of this Report is the Manager – Project Services, Veri Emers, who can be contacted on 9710 0232.

File Number: 2017/269034

CONFIDENTIAL REPORTS FROM OFFICERS

In accordance with Section 10A(1) of Local Government Act 1993, the following matters will be considered in the Closed Session:

INF011A-18 CONTAINER DEPOSIT SCHEME - VISY DEED OF AGREEMENT**Section 10A(2)(d)(i) Commercial Information of a Confidential Nature:**

This matter is being considered in Closed session as it relates to commercial information the disclosure of which would be likely to prejudice the commercial position of the person, company or tenderer who supplied it. On balance, the public interest in preserving the confidentiality of information provided by persons, companies or tenderers outweighs the public interest in maintaining openness and transparency in council decision-making because the disclosure of this information could reveal information that is commercial in confidence and the release of which could damage the commercial position of the person, company or tenderer who supplied it.