

**13 July 2004**

**TENDER EVALUATION REPORT: EAST MELBOURNE  
LIBRARY AND COMMUNITY CENTRE**

**Division**      Design & Culture

**Presenter**     Rob Adams, Director Design & Culture

**Purpose**

1. To seek Council approval to award a contract to JA Dodd Ltd for the East Melbourne Library and Community Centre (Contract 59/3/8248B), which includes demolition of the existing East Melbourne Library and the construction of a new library and community centre facility.

**Background**

2. In February 2001, Council resolved to proceed with the construction of a new library and community centre facility to replace the existing East Melbourne Library. A design proposal was developed and lodged for planning approval. The initial scheme was not accepted by the community. A subsequent design was proposed and approved by Council, with the planning permit issued February 2003. Design development has been carried out, with ESD elements integrated into the building's design.
3. An Expression of Interest process has been completed with contractors short-listed in preparation for Tender. Budget has been approved for the first year of construction, with remainder of funding to be applied for remainder of works. In February 2003 the project cost was estimated at \$3.862m, and the project remains within this estimate despite cost escalation over the 1.5 years since this estimate. A temporary facility has been established at Trinity Hall in East Melbourne, which will operate for the duration of construction works.

**Issues**

4. The tendered program for works is shorter than originally anticipated which may present funding issues.
5. Contaminated soil exists on site, the extent of which has been determined as far as is able, however there is potential of further latent contamination which would require removal from site. This will have a cost penalty.

**Time Frame**

6. The leadership role that Council has taken in sustainability has necessitated revised design solutions that rely on a more passive heating and cooling system. This has delayed the project.

7. The following milestones have now occurred for the project:
  - 7.1. Expression of Interest      Called              22 November 2003;  
    Closed              26 December 2003;  
    Shortlisted        29 April 2004;
  - 7.2. Tender                              Called              29 April 2004;  
    Closed              3 June 2004; and
  - 7.3. Tender Interviews                              29 June 2004.
8. The duration for construction is anticipated to be approximately 1 year.

## **Tender Evaluation Process**

9. The Expression of Interest process yielded nine submissions, of which seven proceeded to Tender stage. Of the seven submitted tenders, six were deemed to be conforming. Cockram Builders were deemed to be non-conforming due the majority of tender schedules not having been submitted. They were also the highest tenderer by a significant margin. A summary of the tender prices can be found on the attached Tender Evaluation Spreadsheet.
10. An evaluation panel comprising three Council officers and an external consultant evaluated the tenders, with another Council officer acting as an advisor to the panel regarding the financial details of the shortlisted tenderers. These members were as follows:
  - Ian Winter, Manager – Design
  - Nathan Islip, Project Manager – Project Delivery
  - Garry Ormston, Senior Project Architect – Design
  - Russ McQueen – Whitefield McQueen Architects
  - (Advisory) Leigh Kelly, Commercial Investments Accountant - Finance
11. The assessment criteria were as follows:
 

11.1. Cost	75%
11.2. Experience and Capability	9%
11.3. Work Plan	12%
11.4. Occupational Health & Safety	2%
11.5. Quality Assurance	2%
12. As indicated, the primary assessment criteria was cost, with lesser consideration given to categories already assessed during the EOI. This narrowed the field to the two lowest tenderers by a margin of \$145,660 minimum, being JA Dodd Ltd (\$2,899,469) and Kane Constructions (\$2,955,673). The next lowest tender was ADCO Constructions (\$3,101,333) which was deemed to be too high for further investigation.

13. Interviews have been held with both contractors which demonstrated that Kane had some notable exclusions in their submission which would precipitate an increase in the tender sum. Subsequent submissions from Kane have further increased their tender price to \$2,985,581, with doubts still present regarding their site management plan and allowances for site facilities. The Tender Evaluation Panel have satisfied themselves that JA Dodd have adequately allowed for all key components of the project, and have submitted all requested information.
14. Financial checks of JA Dodd have shown that the company is stable and able to carry out the works.
15. The Tender Evaluation Panel has assessed the details of each tenderer and given a score for each category. Based on the weightings detailed in the tender documents, Kane were awarded a score of 886 and JA Dodd a score of 962. Refer to the attached Tender Evaluation Spreadsheet. It is therefore proposed to award the contract upon Council delegation approval. The estimated lead-time for commencement of works is approximately three weeks, with an estimated construction period of one year.

### **Pecuniary Interest and Probity Statement**

16. No member of the evaluation panel, its observer or technical adviser has a pecuniary interest in the tenders or contract.
17. The evaluation has fully complied with the Local Government Act 1989 and the Conditions of Tendering. All advice, written or verbal, provided to a respondent clarifying any aspect of the tender documents was also provided to the other shortlisted respondent. No tenderer was provided any advantage over other tenderers, and all were treated fairly and equally during the tender process. Information provided by tenderers which has been deemed confidential, has been protected, and will not be disclosed. A consistent standard has been used in assessing any request for confidentiality by a tenderer/s.
18. Tenderers were provided Council's Conditions of Tendering. These conditions state that canvassing of Councillors by any tenderer on any matter relating to the tender will result in automatic disqualification.

### **Relation to Council Policy**

19. The improved and expanded facility adopts a greater community focus, incorporating a dedicated community room and local history room, thereby responding to Council's policy of providing services and facilities that are 'Engaging and Inclusive'. It also takes a leading position on environmentally responsible development through the natural climate control and reduced use of natural resources and increased recycling, thereby reinforcing Council's policy of promoting Melbourne as an 'Environmentally Responsible City'.

### **Consultation**

20. Extensive consultation has been carried out with the East Melbourne community throughout the design process, and key stakeholders have been kept well informed on the status of works through a local newsletter, newspaper advertisements, public meetings and corporate fliers. Residents have expressed significant interest in the project and support the proposed works. The Project Control Group has two representatives from YMRL who regularly liaise with the existing library users.

## Finance

21. Funding arrangements are as follows:

2002/2003 Funding	2003/2004 Funding	<i>Expected progress at 30 June 2004</i>	<i>Forecast carry forward</i>	2004/2005 Funding	2005/2006 Funding
\$0.276m	\$2.0m	\$0.226m	\$1.9m	\$0.450m	\$1.136m

22. The project breakdown of costs is as follows:

22.1. building works	\$	2,900,000	(JA Dodd Ltd tender sum)
22.2. contingency	\$	200,000	
22.3. consultant fees	\$	460,000	
22.4. furniture & fitout	\$	200,000	
22.5. temporary facility	\$	70,000	
22.6. signage	\$	32,000	
22.7. total	\$	3,862,000	
22.8. budget	\$	3,862,000	

23. Exclusions:

- 23.1. computer equipment;
- 23.2. laneway works; and
- 23.3. cost escalation.

24. The furniture, fitout and equipment has been costed at \$200,000, which has an allowance to source recycled items, however additional funds may be required if this is unviable.

25. Computer equipment will be funded as a corporate IBS project.

26. The project scope does not include any remedial works to the adjacent laneway, which would form part of the ongoing ageing laneway improvements.

27. The current estimate is within the funding committed by Council for \$3.862m, and has absorbed any cost escalation since the February 2003 estimate.

## Legal

28. When the Council intends to enter into a contract for the purchase of goods or services or the carrying out of works valued at \$100,000 or more, section 186 of the *Local Government Act 1989* ("the Act") imposes a duty on the Council by public notice either to invite tenders or expressions of interest.

## **Sustainability**

### **Connected and Accessible City**

29. This project improves the connection between Council assets by upgrading the Building Maintenance System to be monitored and controlled off site, with significantly improved maintenance. It enhances the library network and provides facilities that support the local community. (Strategic Direction 1.2) It builds upon the local relationships, promoting social equity through improving the quality of publicly accessible facilities, and environmental quality. (Strategic Direction 1.3) It also sets a new quality and environmental benchmark for the service provider for the library network (Strategic Direction 1.4).

### **Inclusive and Engaging City**

30. The new library and community centre makes a significant contribution to Melbourne as a welcoming and inclusive city that engages all members of the community, expanding the capacity for involvement in community activities by providing a central venue for community activities and providing free access to improved library facilities (Strategic Directions 3.1 and 3.2). It enhances the local area as an attractive place to live, and enriches the cultural life of its residents. (Strategic Directions 3.3 and 3.4) It creates a new landmark that complements the local suburban character, and is contributing a building of architectural excellence in terms of aesthetics, technology and ecologically advanced systems that are cutting edge. (Strategic Direction 3.5 and 3.6).

### **Innovative and Vital Business City**

31. The proposed works respond directly to the development of Melbourne as a globally recognised, entrepreneurial and competitive 'knowledge city', breaking new ground in the provision of quality library facility that is progressive and ecologically responsible (Strategic Direction 2.1). It fosters a culture that encourages and supports innovation by verifying the viability of ESD principles (Strategic Direction 2.2).

### **Environmentally Responsible City**

32. One of the most significant aspects of the project are its highly developed and advanced environmental components. It significantly reduces greenhouse gas emissions by incorporating passive heating and cooling systems through natural ventilation and ground source heat rejection loops. Rainwater runoff is captured and recycled for use within the facility, and electricity consumption and lamp life is minimised by regulating artificial lighting levels based on sensor readings. This reduces waste and improves the efficiency of the use of resources (Strategic Directions 4.1 and 4.2). The landscaping design enhances the City's biodiversity (Strategic Direction 4.3) and most of all provides a sustainable built form for the City (Strategic Direction 4.5).

## **Recommendation**

33. That the Finance, Corporate Services and Governance Committee recommend that Council:
  - 33.1. award the contract to JA Dodd Ltd for the sum of \$2,899,469.00 (excl GST) for the 322 calendar day contract and otherwise in accordance with the negotiated terms and conditions of contract;
  - 33.2. by instrument of delegation sealed by the Council under section 98(1) Local Government Act 1989 ("the Act") delegate to the Chief Executive, or the persons from time to time acting in that position, the authority to enter into the contract and do all things incidental and ancillary to the same; and

- 33.3. under section 98(3) of the Act, authorise the instrument of delegation to the Chief Executive, or the person from time to time acting in that position, to empower him or her to delegate any power, duty or function delegated to him or her under the paragraph above, to a member of Council staff;
- 33.4. approve the pre-commitment of an allocation of \$1,119,000 from Council's 2005/2006 budget to allow completion of the project in that financial year and to make provision from unseen circumstances;
- 33.5. approve the carry forward of \$1,900,000 from the 2003/2004 budget of \$2,125,999 to the 2004/2005 financial year.

### Purpose

This following worksheet summarises the tender evaluation process for determining a Preferred Tenderer. The sheet contains the assessment details and the relative scoring of each tenderer against pre-determined **criteria**. The worksheet provides visibility of the evaluation process and conformance with the CoM Corporate Contract Management System (CCMS). The details demonstrate that the Preferred Tenderer is identified from the highest score determined after:

- \* **Weighting** each of the **criteria** (as included in the Procurement Plan prepared PRIOR to the advertising for tenders).
- \* **Rating** all tenderers against all elements of the evaluation **criteria** (as predetermined and stated in the Conditions of Tendering in the Invitation to Tender Document).

### Process

Each Tenderer is assessed and given a **Rating** out of **10** for each element of the evaluation **criteria**. This **rating** is determined from:

- \* information obtained from the completed **Tender Form** and **Schedules** submitted by each Tenderer, and
- \* discussions with Referees (as nominated by Tenderers on specific tender **Schedules**),
- \* and, where appropriate, other relevant sources.

The **Ratings** are valued according to the following considerations in the evaluation of each Tenderer's pricing and performance against the **predetermined criteria**:  
and are **valued from ZERO (0) to TEN (10)**

<b>10</b>	<b>to</b>	<b>9</b>	<b>Excellent</b>
<b>8</b>	<b>to</b>	<b>7</b>	<b>Very Good</b>
<b>6</b>	<b>to</b>	<b>5</b>	<b>Satisfactory</b>
<b>4</b>	<b>to</b>	<b>1</b>	<b>Unsatisfactory</b>
<b>0</b>			<b>in situations where NO DATA is provided with the tender</b>

The **Score** for each tenderer is obtained by summing the product of the **Weighting** and the **Rating** ie.  
**( Weighting x Rating ) = Score**

The Preferred Tenderer is the Highest Scorer who has an acceptable level of performance in all categories, and has the financial ability to satisfactorily undertake the works.

Note 1: Tenderers who neglect to furnish completed tender **Schedules** will be assessed accordingly ie. a **Rating of 0 (zero)** is given when no data is provided. For consistency and efficiency, no tenderer should be chased for information that was requested to be provided with the tender.

Note 2: The **Preferred Tenderer** is determined from the highest total score. The **Preferred Tenderer** must be able to demonstrate (by objective evidence, where necessary) that they have achieved a **Satisfactory Rating** of 5, for each of the primary **criteria**.

Note 3: When requesting Referees to provide an assessment (against the checklist of **criteria**) it is recommended that the Referee is asked to respond with the **Rating** description, above (ie. Excellent, Very Good, Satisfactory, etc.) rather than provide a numeric **Rating**. The Tender Assessment Officer will determine the numeric interpretations.

Note 4: For Lump Sum Contracts, the **Rating** (on the **Tender Price** component of the Cost Criteria) is established by fixed formula where the **Lowest Conforming Tender Price** obtains a **Rating of 10** and the others are calculated as a percentage of the **LCTP**, as shown in the following formula:

$$\text{Rating} = \frac{\text{LCTP}}{\text{TP}} \times 10 \quad \text{where LCTP represents the Lowest Conforming Tender Price and TP represents the individual Tender Price(s)}$$

This spreadsheet contains the appropriate formula(e) for calculating and summarising the Scores for each Tender.

**Please Note:** For better clarity on the monitor, please **ADJUST** viewing **SIZE** to 115%.

Tenders closed on - 03-June-2004		<b>Contract Name:</b> East Melbourne Library & Community Centre	<b>Contract No:</b> 59/3/8248B
	<b>Tenderers</b>	<b>Price</b>	<b>How to complete the spreadsheet</b> <b>1</b> Update the <b>standard weightings</b> to reflect those in the Procurement Plan. <b>2</b> Enter the Tenderer's name and Lump Sum Prices into the column(s), immediately on the left, in any order. Delete all other Tenderer references. <b>3</b> When the Tenderers' name is entered into the appropriate line of the Tenderers' column, that name automatically repeats in the lower columns above the <b>Rating / Score</b> and Referees' names columns. <b>4</b> Enter the <b>Evaluation Rating</b> in its designated column (shown in <i>Italic</i> , for ease of identification). <b>5</b> The spreadsheet automatically calculates and summates the individual and total Score(s). <b>6</b> Zeros (0) remain in unused boxes where Schedules do not need evaluating. <b>7</b> The <b>Preferred Tenderer</b> is the <b>Highest Scorer</b> who has an acceptable level of performance in all categories, and has the financial ability to satisfactorily undertake the works.  <b>Note:</b> Do not try to manually enter data into any <b>shaded or coloured</b> column(s). They are <b>locked</b> .
1	JA Dodd Ltd	\$ 2,899,469	
2	Kane Constructions	\$ 2,985,581	
3	ADCO Constructions	\$ 3,101,333	
4	DEVCO Projects & Constr.	\$ 3,155,904	
5	Hooker Cockram	\$ 3,284,864	
6	McCorkell Constructions	\$ 3,448,850	
7	Cockram Builders	\$ 3,804,460	
8			
9			
10			
11			
12			
Lowest Conforming Tender Price		\$ 2,899,469	

~ Tenderers 1 - 6 ~

EVALUATION CRITERIA		Weighting	JA Dodd Ltd		Kane Construction		ADCO Construction		DEVCO Projects & Constr.		Hooker Cockram		McCorkell Constructions	
			Rating	Score	Rating	Score	Rating	Score	Rating	Score	Rating	Score	Rating	Score
75	<b>Cost</b>													
	Break Down : Contract (lump sum)	70	10	700	9.71157	680	9.34911	654	9.18744	643	8.82676	618	8.40706	588
	Hourly rates for variations	5	9	45	5	25		0		0		0		0
9	<b>Experience &amp; capability</b>													
	Past Perform & Current Commit.	9	9	81	9	81		0		0		0		0
12	<b>Work Plan</b>													
	Proposed supervisory personnel	1	9	9	8	8		0		0		0		0
	Proposed subcontractors	1	8	8	0	0		0		0		0		0
	Construction tender program	5	9	45	8	40		0		0		0		0
	Construction methodology	4	9	36	6.5	26		0		0		0		0
	Technical & specialist application	1	8	8	8	8		0		0		0		0
4	<b>Occupational Health &amp; Safety and Quality Assurance</b>													
	Occupation Health & Safety	2	8	16	9	18		0		0		0		0
	Quality Assurance	2	7	14	9	18		0		0		0		0
100	<b>TOTALS</b>	100		962		904		654		643		618		588
<b>Financial Viability</b>														
Reports and Information			Pass	Y	Pass	Y	Pass	-	Pass	-	Pass	-	Pass	-
References														

~ continuation for Tenderers 7 -12

EVALUATION CRITERIA		Weighting	Cockram Builders	
			Rating	Score
60	<b>Cost</b>			
	Lump Sum Tender Price	40	7.62124	305
	or Sum. Rates for B. o. Q.			0
	or Schedule of Rates			0
	Unit rates	5		0
	Hourly Rates	10		0
20	Mat. & equip.	5		0
<b>Experience &amp; capability</b>				
	Past Perform & Current Commit.	20		0
<b>Time &amp; Work Plan</b>				
15	Supervisory	3		0
	Subcontractors	2		0
	Program	3		0
	Methodology	3		0
	Site & Traffic Management	2		0
	Specialist Application	2		0
<b>Occupational Health &amp; Safety and Quality Assurance</b>				
5	Occupation Health & Safety	2		0
	Quality Assurance	3		0
100	<b>TOTALS</b>	100		305
<b>Financial Viability</b>				
Reports and Information			Pass	-
References				



## **FINANCE ATTACHMENT**

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### **TENDER EVALUATION REPORT: EAST MELBOURNE COMMUNITY CENTRE AND LIBRARY**

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Funding of \$2.852Million has been provided in the 2002/03 to 2004/05 budgets for the East Melbourne Community Centre and Library. The details of these budgets are:

2002/02	\$ 276k
2003/04	\$2,000K
2004/05	\$ 450k

Additional funding required of \$1,136k in the 2005/06 will be subject to the normal budget processes.

**Kerrie Jordan**  
Acting Manager Finance Services

## **LEGAL ATTACHMENT**

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### **TENDER EVALUATION REPORT: EAST MELBOURNE COMMUNITY CENTRE AND LIBRARY**

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When Council intends to enter into a contract for the purchase of goods and services valued at \$100,000 or more, section 186 of the Local Government Act 1989, (“the Act”) imposes a duty on the Council by public notice either to invite tenders or to invite expressions of interest.

Where a Council seeks expressions of interest, the Council must, when ready to enter into the contract, invite tenders from some or all of those who registered their interest in undertaking the contract.

The Act does not require Council to accept the lowest tender.

**Kim Wood**  
Acting Manager Legal & Governance