

**ADELAIDE HILLS COUNCIL
SPECIAL COUNCIL MEETING
Tuesday 8 June 2021
CONFIDENTIAL AGENDA BUSINESS ITEM**

Item: 8.1

Responsible Officer: Renee O'Connor
Coordinator Sport & Recreation
Infrastructure & Operations

Subject: Heathfield Oval Change Rooms Tender

For: Decision

1. Heathfield Oval Change Rooms Tender – Exclusion of the Public

Pursuant to section 90(2) of the *Local Government Act 1999* the Council orders that all members of the public, except:

- Chief Executive Officer, Andrew Aitken
- Director Infrastructure & Operations, Peter Bice
- Director Development & Regulatory Services, Marc Salver
- Director Corporate Services, Terry Crackett
- Director Community Capacity, David Waters
- Executive Manager Governance & Performance, Lachlan Miller
- Governance & Risk Coordinator, Steven Watson
- Coordinator Sport & Recreation, Renee O'Connor
- Manager Open Space, Chris Janssan
- Manager Civil Services, Ashley Curtis
- Manager Financial Services, Mike Carey
- Civil Projects Coordinator, Oliver Pfueller
- Procurement Coordinator, James Greenfield

be excluded from attendance at the meeting for Agenda Item 8.1: (Heathfield Oval Change Rooms Tender) in confidence.

The Council is satisfied that it is necessary that the public, with the exception of Council staff in attendance as specified above, be excluded to enable Council to consider the report at the meeting on the following grounds:

Section 90(3)(h) of the *Local Government Act 1999*, the information to be received, discussed or considered in relation to this Agenda Item is legal advice that has been obtained by the Administration and is relevant to the conduct of the Heathfield Oval Change Room tender process.

Accordingly, on this basis the principle that meetings of the Council should be conducted in a place open to the public has been outweighed by the need to preserve legal privilege.

2. Heathfield Oval Change Rooms – Confidential Item

SUMMARY

As part of Council's Heathfield Oval Masterplan project, the upgrade of the change rooms and cricket nets located at the site were considered a high priority following consultation with the stakeholders. The existing change rooms and cricket nets at the Heathfield Oval site do not comply with relevant SANFL, SACA and local association standards; and as a result, Council has been working with the associated clubs to plan, fund and deliver a significant upgrade to the asset.

Council, in partnership with the stakeholder clubs, has submitted an application to Sport Australia's 'Move It AUS – Community Sport Infrastructure' grant program, and the Office for Recreation Sport & Racing's 'Grassroots Football, Cricket and Netball Facility'; and has been successful in receiving funding from both to deliver Change Room and Cricket Net upgrades.

Through various design and planning processes, costings were estimated at approximately \$1.4 million. The project and subsequent budget were contained in the 2020/21 Annual Business Plan and Budget.

Council called open tenders for the redevelopment of the Heathfield Oval Change Rooms in May 2021. The tender attracted six submissions, however, all tendered prices were above the allocated budget. The original prices and subsequent available funding was established prior to COVID-related Government stimulus packages. Since then, general current construction prices have increased significantly. Another flow-on effect of the increase in construction activity across SA is a shortage of materials such as timber, requiring more careful project management and scheduling.

Post-tender interviews with the two short-listed tenderers revolved around cost savings and program schedule.

To progress the delivery of the Heathfield Oval Change Rooms and its construction, this report recommends increasing the expenditure by up to an additional \$350,000. To expedite the process it is recommended to delegate to the CEO the authority to enter the construction contract with the preferred tenderer.

RECOMMENDATION

Council resolves:

- 1. That the report be received and noted**
 - 2. To approve an increase of an additional \$350,000 in expenditure for the Heathfield Oval Change Rooms.**
 - 3. To delegate to the CEO the authority to enter the contract with the preferred tenderer for the construction of the Heathfield Oval Change Rooms to a total contract value not exceeding \$1,623,664 plus contingencies.**
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1. GOVERNANCE

➤ Strategic Management Plan/Functional Strategy/Council Policy Alignment

Strategic Plan 2020-24 – A brighter future

- Goal 1 A functional Built Environment
Objective B4 Sustainable management of our built assets ensures a safe, functional and well serviced community
Goal 3 A prosperous Economy
Objective E3.3 Work with our local communities and businesses to create active, attractive and vibrant places.

➤ Legal Implications

Local Government Act 1999 s49—Contracts and tenders policies

(a1) A council must develop and maintain procurement policies, practices and procedures directed towards—

- (a) obtaining value in the expenditure of public money; and*
- (b) providing for ethical and fair treatment of participants; and*
- (c) ensuring probity, accountability and transparency in procurement operations*

To enable involvement from clubs and key stakeholders where appropriate, an independent probity officer has been engaged for the duration of the project.

Considering advice from the probity officer, and in alignment with Council procurement policy, stakeholders were excluded from the evaluation process given actual and perceived conflicts of interest present. It should be noted that due to these steps being taken, there was no impact on the tender evaluation outcomes.

Council is however currently seeking legal advice due to a perceived breach of confidentiality by a stakeholder and this will be discussed during Council’s consideration of this item.

➤ Risk Management Implications

Undertaking the upgrade of change rooms and cricket nets at the Heathfield Oval site will assist in mitigating the risk of:

Inadequately planned and managed community and recreation sites that don’t meet user needs, or require significant, unplanned asset management.

Inherent Risk	Residual Risk	Target Risk
High (4C)	High (4C)	Low

➤ Financial and Resource Implications

Through various design and planning processes, project costings were estimated at approximately \$1.4 million.

At its meeting of 25 August 2020, Council approved to an increase in the 2020-21 Capital Expenditure Budget of \$1,088,949, resulting in a total project cost of \$1,414,851, to be funded by \$1,088,949 in grants and associated contributions for the Heathfield Oval Change Room and Cricket Net Project, in accordance with the Funding Agreements, Contributions are outlined below:

Sport Australia	\$499,199
Adelaide Hills Council	\$20,000
Mount Lofty Football Club	\$20,000
SANFL	\$5,000
Total	\$544,199

Office for Recreation, Sport & Racing	\$490,000
Adelaide Hills Council	\$305,902
Mount Lofty Football Club	\$50,000 *\$30,000 of this contribution is 'in-kind'
Mount Lofty Cricket Club	\$3,000
Mount Lofty Community & Sports Club	\$21,750 *this contribution is 'in-kind'
Total	\$870,652

The total funding available for this project is:

Sport Australia Total	\$544,199
Office for Recreation, Sport & Racing Total	\$870,652
Total	\$1,414,851

This amount can be broken down into the following contributions:

Grant funding & other stakeholder contributions	\$1,088,949
Council contribution	\$325,902

Council called open tenders for the redevelopment of the Heathfield Oval Change Rooms in May 2021. The tender attracted six submissions, however, all tendered prices were above available budget.

Post-tender interviews with the two short-listed tenderers revolved around cost savings and program schedule.

To progress the delivery of the Heathfield Oval Change Rooms and its construction, this report recommends increasing the available expenditure by up to an additional \$350,000. To expedite the process it is recommended to delegate to the CEO the authority to enter the construction contract with the preferred tenderer.

➤ **Customer Service and Community/Cultural Implications**

If recommendations from this report are not accepted, this project will not be able to progress in its current state. Community implications as a result of this are significant, and would include significant reputational risk towards the Council, State Government, relevant sporting agencies and the sporting clubs involved.

Funding agreements with both State and Federal Governments would also not be able to be met.

➤ **Sustainability Implications**

Not applicable.

➤ **Engagement/Consultation conducted in the development of the report**

Consultation on the development of this report was as follows:

Council Committees: Not applicable

Council Workshops: Not applicable

Advisory Groups: Not applicable

Administration: Director Corporate Services
Director Infrastructure & Operations
Executive Manager Governance & Performance
Manager Open Space
Manager Financial Services
Civil Projects Coordinator
Procurement Coordinator
Coordinator Property Projects & Maintenance

External Agencies: Local Government Association Procurement
Beyond Ink

Community: Not Applicable

2. **BACKGROUND**

At the time of funding applications, the Mount Lofty Football Club, who utilise the Heathfield Oval site had the largest membership base and participation in the state. Existing facilities do not meet their needs, particularly in regards to female participation, accessibility and amenity for officials. Facilities have been deemed a priority for upgrade by both SACA and the SANFL.

The Masterplan for the Heathfield Oval site deemed change room amenity a priority for upgrade. The proposed facility has been designed to accommodate several teams simultaneously and will improve linkages with the adjacent Heathfield High School sport amenity.

Not redeveloping the building to meet several compliance issues would jeopardise the usefulness of the oval site.

Council's involvement in the project is of a strategic nature and has considered the following factors:

- Heathfield Oval is the 'Regional' site for the southern end of the Council region.
- The Masterplan, incorporating the adjacent High School facilities is seen as a key priority for funding and delivery in the region
- The size and scale of the project and associated project management requirements

Beyond Ink architects have been engaged to undertake both the detailed design process and project management oversight of the project, which also includes the upgrade of the adjacent cricket nets.

Final drawings demonstrate a two story construction including four unisex change rooms, two umpire change rooms and a fully accessible and flexible design that also accommodates for small community gatherings. Considering the sites 'regional' classification and the usage that the site receives on a weekly basis, the design is suitably justifiable.

The project has received planning approval, with building consent imminent.

At this point in time, approximately \$90,000 has been spent on planning and design works.

Funding agreements with both State and Federal Government call for the construction of the change rooms to be completed by 31 December 2021.

Throughout the planning and design process, the associated clubs have communicated that they would like the site to remain functional during construction, and that a temporary change room facility would be a necessary component to the project.

3. ANALYSIS

Council called open tenders for the redevelopment of the Heathfield Oval Change Rooms and Cricket Nets in May 2021. The tender attracted six submissions, however, all tendered prices were above available budget. The tender request structured the prices in the following categories;

1. Tender value for building works including CITB
2. Cricket Practice Nets
3. Walkway ramp and entry bridge, earthworks and construction
4. Temporary Change Room buildings, transport and connections
5. Soft Landscaping

Post-tender interviews were held during the week of 24 May 2021 with the two short-listed tenderers. Discussions revolved around cost savings and program schedule.

The original prices and subsequent available funding was established prior to COVID-related Government stimulus packages. Since then, general current construction prices have increased significantly. Another flow-on effect of the increase in construction activity across SA is a shortage of materials such as timber, requiring more careful project management and scheduling.

During the post-tender discussions with short-listed tenderers, constructability and cost saving options were discussed. The preferred tenderer proposed a steel based structure with columns throughout the building with beams and purlins to create the first floor, retaining the existing walls for infill. This method would still deliver the proposed design, but accelerate construction. Alternative design options were not further considered due to significant time loss in re-certifying.

Clubs associated with the site have requested the installation of temporary change rooms during the construction period. Costs associated with this are considered material, especially if they remain for the entire build. Tendered prices for the inclusion of temporary change

rooms averaged at over \$65,000. Council is currently exploring alternative options, including but not limited to, removing any temporary facilities at the end of the current football season, lowering the level of service to include only change room amenity and toilets – not showers, alternate locations on the site, or re-scheduling the remainder of football games to an alternate location.

With the above adjustments, the preferred tenderer's price totals at \$1,623,664, however, due to materials supply and sub-contractor uncertainties, contingency amounts have been applied in alignment with standard current practice project management measurement in building construction elements.

In line with Council's Financial Delegations, any contract to be entered into in excess of 1,000,000 (Exc GST) must come to Council for approval. This report seeks to provide the delegation for the CEO to finalise negotiations once the final quantum is known.

This authority would expedite the process, and provide the preferred tenderer with sufficient assurance to commence ordering materials and securing relevant sub-contractors. It would also ensure that construction adheres with relevant funding agreements.

4. OPTIONS

Council has the following options:

- I. Approve of additional funds to the project and delegate authority to the CEO to enter the contract with the preferred tenderer (Recommended)
- II. Do not increase the budget by the additional funds. This would cause the project not to proceed and leave the Heathfield Oval with non-compliant change room facilities. The sports ground would become not fit-for-purpose and Heathfield Sports Club might be required to move site. (Not Recommended)
- III. Approve of additional funds but not delegate authority to the CEO to enter the contract with the preferred tenderer. This option would jeopardise the timely delivery of the construction as tender evaluation and a separate council report (and meeting) would cause time loss for a project under a very tight timeframe, with subsequent risk of loss of funding. (Not Recommended)

5. APPENDICES

Nil

3. Heathfield Oval Change Rooms Tender – Period of Confidentiality

Subject to the CEO, or his delegate, disclosing information or any document (in whole or in part) for the purpose of implementing Council's decision(s) in this matter in the performance of the duties and responsibilities of office, Council, having considered Agenda Item 8.1 in confidence under sections 90(2) and 90(3)(h) of the *Local Government Act 1999*, resolves that an order be made under the provisions of sections 91(7) and (9) of the *Local Government Act 1999* that the report, related attachments and the minutes of Council and the discussion and considerations of the subject matter be retained in confidence until the execution of the contract for the Heathfield Oval Change Rooms but not longer than 31 August 2021.

Pursuant to section 91(9)(c) of the *Local Government Act 1999*, Council delegates the power to revoke the confidentiality order either partially or in full to the Chief Executive Officer.