

ITEM-67 **CCL 29/06/21 – TENDER REPORT – PROVISION OF DEMOLITION SERVICES FOR CAR PARK, 92 KING STREET, NEWCASTLE – CONTRACT 2021/688T**

REPORT BY: **INFRASTRUCTURE AND PROPERTY**
CONTACT: **ACTING DIRECTOR INFRASTRUCTURE AND PROPERTY / ACTING MANAGER ASSETS AND PROJECTS**

PURPOSE

To accept a tender for the demolition of the seven-storey car park at 92 King Street, Newcastle, and associated works, in accordance with Contract No. 2021/688T.

Due to the estimated total value of the contract exceeding \$1 million, the Chief Executive Officer's delegation requires a resolution of Council to accept the tenders.

REASON FOR CONFIDENTIALITY

The confidential attachments have been classified confidential in accordance with the provisions of the *Local Government Act 1993 (Act)* as follows:

- Section 10A(2)(d) of the Act provides that Council can close a meeting to consider commercial information of a confidential nature that would if disclosed prejudice the commercial position of the person who supplied it.
- Section 10B(1)(a) and (b) of the Act provides that the discussion of the item in a closed meeting must only:
 - (a) include as much of the discussion as is necessary to preserve the relevant confidentiality, privilege or security, and
 - (b) occur if the Council is satisfied that discussion of the matter in an open meeting would, on balance, be contrary to the public interest.

GROUND FOR CLOSING PART OF THE MEETING

In respect to section 10D(2) of the Act, the grounds on which part of a meeting is to be closed for the discussion of the particular item must be stated in the decision to close that part of the meeting and must be recorded in the minutes of the meeting. Accordingly, an appropriate resolution to proceed is required first.

MOTION TO PROCEED

The discussion of the confidential attachments take place in a closed session, with the press and public excluded, for the following reasons:

- A The matter relates to tenders for Provision of Demolition Services for Car Park, 92 King Street Newcastle for Contract No. 2021/688T.

- B It is contrary to the public interest to discuss tenders in an open meeting because the information provided to Council by tenderers is provided on the basis that it will be treated by Council as commercial-in-confidence. A practice of disclosing sensitive commercial information to the public, including competitors, could result in the withholding of such information by tenderers. This would lead to a reduction in the supply of information relevant to Council's decision. A disclosure of confidential information by Council could result in Council being the subject of litigation for breach of confidence.
- C The closed session involves only as much of the discussion as is necessary to preserve the relevant confidentiality, privilege or security.
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RECOMMENDATION

- 1 At **Attachment A**.

KEY ISSUES

Tender

- 2 To engage a suitably licenced contractor to safely demolish the seven-storey City of Newcastle (CN) car park and ancillary structures at 92 King Street Newcastle, including the removal of hazardous materials, asbestos containing material, and demolition of concrete structures.

Contract Term

- 3 The contract period is four months.

Advertising of Tenders

- 4 The tender was advertised in the Sydney Morning Herald on Tuesday 20 April 2021, Newcastle Herald on Saturday 24 April 2021, and nationally on the Tenderlink website.

Tenders Received

- 5 Tenders closed at 2pm on the Tuesday 25 May 2021. Tender submissions were received from:
- i) Novacastrian Demolition Pty Ltd,
 - ii) Drumderg Services Australia Pty Ltd,
 - iii) Major Projects Group Pty Ltd,
 - iv) DECC Pty Ltd,
 - v) Kontro Group Pty Ltd,
 - vi) Delta Pty Ltd,
 - vii) AGH Demolition & Asbestos Removal Pty Ltd,

- viii) Industrial Demolition Services Pty Ltd, and
- ix) Beasy Pty Ltd.

Evaluation Process

6 The tenders were assessed against the following criteria:

- i) Tender Price 40%
- ii) Methodology 20%
- iii) Previous Relevant Experience 15%
- iv) WHS 10%
- v) Program 10%
- vi) Supplier Diversity 5%

7 The tenders were assessed by a Tender Assessment Panel consisting of the following CN officers: Contracts Specialist, Program Delivery Coordinator, and Project Manager.

8 An independent probity auditor was engaged to provide oversight of probity during the tendering and assessment process in accordance with CN's Procurement Policy.

Recommended Tenderer

9 The recommended tender submission demonstrated a thorough understanding of the construction requirements, demonstrated extensive suitable experience, and provided value for money pricing.

FINANCIAL IMPACT

10 Funding is from the 2021/22 Capital Works Program.

IMPLICATIONS

Policy Implications

11 This project aligns with the following Newcastle 2030 Community Strategic Plan direction:

- i) Vibrant, Safe and Active Public Places.

Environmental Implications

12 The recommended tenderer has an environmental management system certified to Australian Standards, holds a current SafeWork NSW Friable Asbestos Removal license, and has demonstrated an ability to construct the works in a manner utilising best environmental management practices.

- 13 The recommended tenderer will be required to implement strict environmental controls whilst engaged by CN. This includes control measures for the management of traffic, noise, dust, chemicals, air quality, risk, and waste management.

Social Implications

- 14 This project will safely remove a building with significant structural risk. Further, the demolition provides the opportunity for the redevelopment of the site through the previously publicly discussed Stairway to Heaven concept which if progressed will incorporate public car parking spaces.

Ecological Sustainability

- 15 The recommended tenderer does not have a specific ecologically sustainable development policy in place. Despite this, the recommended tenderer has not been prosecuted for environmental offences, nor is it involved in any of the prescribed activities such as uranium mining, wood chipping, nuclear energy, or timber harvesting.

IMPLEMENTATION

- 16 Delivery of this project will be managed by internal resources.

CONSULTATION/COMMUNICATION

- 17 The Council has been briefed on the necessity of the demolition of the car park in December 2020 and March 2021. Several public statements have also been provided by CN and the reasons have been widely reported in local media throughout the past six months.

BACKGROUND

- 18 CN commissioned a structural assessment of the car park in March 2020, following issues with concrete spalls falling from the building. The car park has been closed since March 2020 due to the safety issues.
- 19 It was noted at the Ordinary Council Meeting of 8 December 2020 that the car park was not intended to be reconstructed (refurbishing the current building) due to difficulties in making the building safe, compliant, and operational.
- 20 At the same meeting, Councillors endorsed the Stairway to Heaven concept and authorised a feasibility analysis. The feasibility analysis identified that CN would obtain better value for the land with the car park in a demolished state.
- 21 At the Ordinary Council Meeting of 23 March 2021, Council authorised the CEO to enter into a Heads of Agreement with Iris Capital to establish terms under which Iris Capital would incorporate the CN land on which the car park currently sits, into the initially titled Stairway to Heaven concept.
- 22 The calling of tenders was in accordance with the requirements of Section 55 of the Act. The process followed was in accordance with Part 7 of the Regulation. Council is required to accept tenders in accordance with clause 178 of the Regulation (see Options).

OPTIONS

Option 1

23 The recommendation as at **Attachment A**. This is the recommended option.

Option 2

24 Council defers a decision at this time to allow further consideration of the tenders received. This is not the recommended option.

Option 3

25 Council resolves not to accept any tender and invite fresh tenders. This is not the recommended option.

Option 4

26 Council resolves not to accept any tender and enter into negotiations with any party with a view to entering into a contract. Council must state a reason for this in its resolution. This is not the recommended option.

Option 5

27 Council resolves not to accept any tender and not proceed with the contract. Council must state a reason for this in its resolution. This is not the recommended option.

ATTACHMENTS

Attachment A: Confidential Recommendation

Attachment B: Tender Evaluation Matrix – Summary

(refer Confidential Ordinary Council Meeting Agenda 29 June 2021 for Item 67 Attachments A and B)