



KEMPSEY
Shire Council

DIRECTOR SHIRE SERVICE'S REPORT

13 September 2005

DSS11 CUSTOMER SERVICE CENTRE BUILDING
FILE: C05-218 JM

SUMMARY:

Reporting on the tenders for the construction of the Customer Service Centre Building.



The assessment of Tender C05-218 was reported at the Ordinary Meeting of Kempsey Shire Council on 9th August 2005. A copy of that report is attached at [Appendix D](#). Council resolved to award Trade Wind Constructions the contract to construct the new building for a lump sum cost of \$590,364 which included the provisional sum of \$74,000 for inclusions.

On 12th August Council's Engineering department gave notice to Trade Winds Constructions of their success and invited Trade Winds to a pre-construction meeting. On the 15th August 2005, notice was received from Trade Wind Constructions of their intent to "withdraw from the tender due to under estimation of the lump sum total costs".

O'Donnell and Hanlon Pty Ltd submitted a tender in the amount of \$718,719 (excluding GST) which was the second lowest tender received. In a post-tender meeting held on 18th August 2005 between Council and O'Donnell and Hanlon, some construction savings were identified with O'Donnell and Hanlon revising their tender price to \$706,907 (excluding GST).

Based on the tender assessment reported to the Ordinary Meeting of Council on 9th August 2005, the next preferred tenderer is O'Donnell and Hanlon.

In addition to the tender price, Council will incur additional costs in relation to this project. Table 1 provides a summary of all the estimated costs associated with the project.

Table 1 – Summary of Project Costs

Work Task	Estimate Total (ex. GST) (ex GST)
Building	
Building Construction	\$718,719
Deductions	(\$11,812)
Subtotal	\$706,907
Ancillary Costs	
Architectural and management	\$74,000
Demolition	\$25,479
Temporary staff facilities	\$19,098
Car park adjustments	\$12,400
Furnishings	\$23,408
Subtotal	\$154,385
Project Costs	\$861,292

REPORT IMPLICATIONS:

- ***Environmental***

There will be no environmental implications as all work associated with the project will be undertaken meeting current environmental guidelines and practices.

- ***Social***

The construction of the Customer Service Centre building will enable Council to increase the level of service to the community by the provision of the new "one stop shop" facility.

The customer First building is a much-needed extension to the Civic Centre where staff are working in cramped conditions. By centralising and focusing the customer service staff, space will become available in each wing of the existing building to accommodate staff and provide some relief to this over crowding.

- ***Economic (Financial)***

The sum of \$706,907 will need to be made available for capital works expenditure in 2005/6 for the construction of the Customer First Centre Building.

In addition to the tender price, Council will incur additional costs in relation to this project in the amount of \$154,385 bringing the total project cost to \$861,292. Further funds will need to be expended in reorganising the layout of existing

office spaces following the establishment of the Customer First centre.

An amount of \$200,000 has been provided in the 2004 / 2005 budget for Office Reorganisation and a further \$800,000 in 2005/2006 for Civic Centre Upgrade.

- *Policy or Statutory*

Tenders have been called and assessed in accordance with Council's Policy M10.5 for "Purchasing of Goods and Services to the value of \$100,000"

- *Director's Review*

The Customer First building is the first step in a much needed Civic Centre extension and upgrade and Council is asked to support the recommendation.

RECOMMENDATION:

That the tender submitted by O'Donnell & Hanlon Pty Ltd, in the amount of \$706,907 (excl. GST), for the construction of the Customer First Centre Building be accepted.

.....
K J Finnie
DIRECTOR SHIRE SERVICES