



Ordinary Council

LATE REPORTS

Business Paper

date of meeting: Wednesday 16 September 2015

location: Council Chambers
17 Burrawan Street
Port Macquarie

time: 5.30pm

Note: Council is distributing this agenda on the strict understanding that the publication and/or announcement of any material from the Paper before the meeting not be such as to presume the outcome of consideration of the matters thereon.



**PORT MACQUARIE
HASTINGS**

Council's Vision

A sustainable high quality of life for all.

Council's Mission

To provide regional leadership and meet the community's needs in an equitable and inclusive way that enhances the area's environmental, social and economic qualities.

Council's Corporate Values

- ★ Sustainability
- ★ Excellence in Service Delivery
- ★ Consultation and Communication
- ★ Openness and Accountability
- ★ Community Advocacy

Council's Guiding Principles

- ★ Ensuring good governance
- ★ Looking after our people
- ★ Helping our community prosper
- ★ Looking after our environment
- ★ Planning & providing our infrastructure



**PORT MACQUARIE
HASTINGS**

How Members of the Public Can Have Their Say at Council Meetings

Council has a commitment to providing members of the public with an input into Council's decision making. The Council's Code of Meeting Practice provides two (2) avenues for members of the public to address Council on issues of interest or concern at the Ordinary Council Meeting. These are:

Addressing Council on an Agenda Item:

If the matter **is** listed in the Council Business Paper, you can request to address Council by:

- Completing the *Request to Speak on an Agenda Item at a Council Meeting*, which can be obtained from Council's Offices at Laurieton, Port Macquarie and Wauchope or by downloading it from Council's website.
- On-line at <http://www.pmhc.nsw.gov.au/About-Us/How-Council-Works/Council-Committee-Meetings/Request-to-speak-on-an-Agenda-Item>

Your request to address Council must be received by Council no later than 4:30pm on the day prior to the Council Meeting.

Council's Code of Meeting Practice sets out the following guidelines for addressing Council:

- Addresses will be limited to 5 minutes.
- If you wish any written information, drawings or photos to be distributed to the Council to support the address, two (2) copies should be provided to the Group Manager Governance & Executive Services prior to the commencement of the meeting.
- Where speakers wish to make an audio visual presentation, a copy is to be provided to the Group Manager Governance & Executive Services by 4.30pm on the day prior to the Council Meeting.
- Council will permit only two (2) speakers "Supporting" and two (2) speakers "Opposing" the *Recommendation* contained in the Business Paper. If there are more than two speakers supporting and opposing, the Mayor will request the speakers to determine who will address Council.

Addressing Council in the Public Forum:

If the matter **is not** listed in the Council Business Paper, you can request to address Council by:

- Completing the *Request to Speak in the Public Forum at Ordinary Council Meeting*, which can be obtained from Council's Offices at Laurieton, Port Macquarie and Wauchope or by downloading it from Council's website.
- On-line at <http://www.pmhc.nsw.gov.au/About-Us/How-Council-Works/Council-Committee-Meetings/Request-to-speak-in-a-Public-Forum>

Your request to address Council must be received by Council no later than 4:30pm on the day prior to the Council Meeting.

A maximum of eight (8) speakers will be heard in the Public Forum. Each speaker will be limited to 5 minutes. Council may ask questions of speakers but speakers **cannot** ask questions of Council.

Council will not determine matters raised in the Public Forum session, however may resolve to call for a further report, when appropriate.

Speakers will be allowed to address Council in the Public Forum on the same issue no more than three (3) times in each calendar year. (Representatives of incorporated community groups may be exempted from this restriction).



**PORT MACQUARIE
HASTINGS**

Ordinary Council Meeting

Wednesday, 16 September 2015

LATE REPORTS

Items of Business

Item	Subject	Page
	Planning and Providing Our Infrastructure	<u>5</u>
13.09	Port Macquarie Indoor Stadium Expansion - Project Update (PIN56563).....	<u>6</u>
13.10	Tender T-15-23 Town Beach Marine Rescue & Kiosk Update	<u>15</u>



**PORT MACQUARIE
HASTINGS**

Planning and Providing Our Infrastructure

What are we trying to achieve?

Our population growth is supported through public infrastructure, land use and development strategies that create a connected, sustainable and accessible community.

What will the result be?

- Supported and integrated communities.
- Infrastructure provision and maintenance that respects community expectations and needs.
- A natural environment that can be accessed by a network of footpaths, cycleways, coastal and hinterland walkways.
- Accessible, convenient and affordable public transport.
- Employment and population growth that is clustered within urban centres.

How do we get there?

- 5.1 Create and maintain integrated transport system that eases access between population centres and services.
- 5.2 Ensure transport options are safe, functional and meet access needs across the Local Government Area.
- 5.3 Develop and enhance quality open space and recreational facilities.
- 5.4 Plan settlements to accommodate a range of compatible land uses and projected population growth.

Planning and Providing Our Infrastructure

Item: 13.09

Subject: PORT MACQUARIE INDOOR STADIUM EXPANSION - PROJECT UPDATE (PIN56563)

Presented by: Community & Economic Growth, Tricia Bulic

Alignment with Delivery Program

5.3.1 Plan, investigate, design and construct open spaces and recreational facilities.

RECOMMENDATION

That Council:

1. Note that the Police Citizens Youth Club (PCYC) did not meet Resolution one (1) from the meeting of Council in July 2015, where the PCYC were requested to provide detailed design drawings to assist in the assessment of the costs of the proposed revisions.
2. Adhere to Section one (1) under the Design and Construction issues of the Heads of Agreement (HoA) between the PCYC and Port Macquarie Hastings Council (PMHC), where any design revisions are to be acceptable to Council.
3. Reject the proposed revisions put forward by the PCYC to the original Indoor Stadium Expansion designs due to the significant financial and reputational risk to PMHC.
4. Proceed with the original designs for the expansion of the Indoor Stadium and allow construction to commence upon finalisation of negotiations with the preferred tenderer, noting that this may revert back to a three party management arrangement for the facility.

Executive Summary

This report to Council seeks to provide an update on the progress of the Indoor Stadium expansion as reported to the meeting of Council in July 2015.

The resolution from the July 2015 Council meeting is outlined below and all previous reports and resolutions since September 2012 relating to the expansion of the Indoor Stadium and inclusion of a PCYC are attached over three attachments. One attachment is titled *Resolutions from Council meetings since 5 September 2012*, another attachment is titled *Port Macquarie Indoor Stadium Expansion - Ordinary Council* and includes all related reports as reported to open meetings of Council. The other two attachments are confidential in that they detail all confidential reports to Council and related attachments. *Please refer to the confidential attachment titled 'Port Macquarie Indoor Stadium Expansion - Confidential Attachments to Ordinary Council Reports' and 'Port Macquarie Indoor Stadium Expansion - Confidential Committee of the Whole Reports' which contains information that relates to information that would, if disclosed, confer a commercial advantage on a person with*

Planning and Providing Our Infrastructure

whom the Council is conducting (or proposes to conduct) business. Local Government Act 1993 - Section 10A(2)(c).

15.04 PORT MACQUARIE INDOOR STADIUM EXPANSION

RESOLVED: Levido/Intemann

That, bearing in mind Council's:

- (a) co-ordination, implementing and finalisation of detailed community consultation from September 2012 to March 2015;
- (b) establishment of the Port Macquarie Indoor Stadium Steering Group which finalised, in consultation with the Architect nominated by PCYC NSW, the Port Macquarie Indoor Stadium expansion plans and specifications, the preparation of the Development Application, Construction Certificate Application and Tender documents;
- (c) lodgement of the Development Application and the obtaining of conditional development approval from the Joint Regional Planning Panel;
- (d) lodgement of the Construction Certificate Application and obtaining approval from an independent certifier;
- (e) putting the Project out to tender including receiving and processing the Tenders received;
- (f) being in a position to award the Tender (providing for immediate commencement of construction) on Wednesday 18 March 2015; and
- (g) dealing with PCYC NSW as to "changes" requested by PCYC NSW in late March 2015 without adequate or satisfactory response from PCYC NSW since then,

Council:

1. Seek completed detailed designs from PCYC NSW for any changes to the approved plans to upgrade/expand the Port Macquarie Indoor Stadium.
2. Note that as a substantial funding contributor and owner of the facility, Council must agree to any changes as per the signed Heads of Agreement document.
3. Ensure that any agreed PCYC NSW revisions that require modification of the development consent do not trigger, due to pressing time constraint issues, further public exhibition, unnecessary delay or additional cost to Council.
4. Request the General Manager report progress to the September 2015 meeting of Council.

CARRIED: 7/1

FOR: Besseling, Griffiths, Intemann, Levido, Roberts, Sargeant and Turner

AGAINST: Cusato

It should be noted that there has been a significant cost to Council in applying a high level of due diligence to the available documentation in order to attempt to establish projected cost implications for Council.

It should also be noted that Council staff sought the input from the preferred tenderer in this process especially to assist with advice regarding the "value management" approach suggested by the PCYC in maintaining a "cost neutral" stance.

Council staff has arrived at the position that given the level of ongoing uncertainty surrounding the final building layout / scope of works, various finishes and impact on

Planning and Providing Our Infrastructure

existing users, it would be very atypical to enter into a lump sum Construction Contract at this time with this level of uncertainty. The level of aforementioned uncertainty concerning scope of works and other details is more aligned with a Design and Construct Contract whereby the risks would be apportioned between Council (setting the performance outcomes/deliverables) and the builder (taking the construction/financial risk). Unfortunately, as the project currently presents, these risks lie primarily with Council and the community.

For context, if Council were to enter into a construction contract for the expansion of the Indoor Stadium to incorporate a PCYC as currently being considered, this project (relative to the more than \$50 million in other Infrastructure Delivery construction contracts currently underway) would present as one of the highest risks in relation to not being delivered within the project budget, due primarily to the lack of clarity around final scope of works, finishes and community/user impact.

Discussion

The following section will examine the risks identified by Council staff in consultation with the preferred tenderer, Quantity Surveyor and existing user groups.

1. Construction

The key risk to Council associated with this project is cost. The Heads of Agreement (HoA) provides an upper limit of expenditure for PCYC but there is no such upper limit for Council so any escalation or additional costs beyond current budgets will be borne by Council. There is significant missing detail in the plans that have been provided to Council which has been identified by Council staff and the preferred construction tenderer for the project.

The Quantity Surveyor (QS) who was engaged by the PCYC to review the proposed PCYC design provided a report which includes a list of excluded costs, some of which are presumably identified as such due to the lack of design detail. The PCYC has consistently maintained its original funding commitment of \$2.5m (received from the State Government) along with an additional contribution of \$750k to secure sole management rights and assist with a funding shortfall in the original costing.

Despite Council staff raising the issue of financial risk over and above the original design and associated with the proposed revisions, the PCYC confirmed the above-mentioned finite funding in correspondence received dated 4 August 2015. *Please refer to the confidential attachment titled 'PCYC Letter dated 4 August' which contains information that relates to information that would, if disclosed, confer a commercial advantage on a person with whom the Council is conducting (or proposes to conduct) business. Local Government Act 1993 - Section 10A(2)(c).* The PCYC stated that they would not provide detailed designs as per the resolution of Council in July without a firm commitment to proceed to construction by PMHC.

The concerns of staff as a result of insufficient design detail include:

- The provisional sum items that PCYC staff was to confirm including sums / rate items for sports equipment fit out, joinery, signage, tile supply & kitchen fit out, should be specified correctly so that a dollar figure can be obtained during the tender negotiation process.

Planning and Providing Our Infrastructure

- Hardware supply - a revised hardware schedule has not been provided to reflect the revised drawings.
- The revised drawings do not take into account what effect the total demolition of the existing service area of the building will have on the operation of the existing sports courts and gymnasium. The approach of how to operate this facility whilst construction is undertaken needs to be confirmed. The Bill of Quantities (BOQ) excludes all costs associated with temporary access and providing services to maintain the operation whilst construction is underway. The service drawings do not show details on how to maintain these services, therefore obtaining a value for money price from a builder would be difficult without a clear scope. Existing fire services, water, power, telephone and sewer would all need to be maintained during the build phase of the project but the majority of these services run through the existing building which is now to be demolished. A clear scope on how to achieve this is required and the costs to do so need to be factored into the estimated cost.
- The BCA compliance (section J) has not been re-visited as a result of changes to the ceiling linings and floor finishes changes. The polishing of concrete and the removal of ceilings to a large portion of the building may cause issues with regards to noise radiation, energy efficiency, and overall comfort for end users.
- The changes to floor finishes and ceiling removal is listed in the BOQ, but not detailed in any of the floor plans, reflected ceiling plans, Architectural specification, finishes schedule or any sections except for drawing A701.D section 3. To enable the changes to be accurately re-priced by a builder, the drawings and specifications would require a final revision and coordination. The ability to achieve these finishes also requires further resolution - for example:
 - The quality of the existing building slab is unknown. Given the age of the building, it would be unlikely that once all the walls come down that the existing slab will be completely level, crack and penetration free and ready to polish. It is likely ardots / topping slabs will be required for wet areas where there are set downs and other imperfections. The rate applied in the estimate for the existing slab polishing is the same as the new building works. There are also concerns on the appropriateness of the specification of this finish.

The redesign process has delayed commencement of works for a significant period. During this period building construction costs directly attributed to the original designs have escalated. Council has discussed this with the preferred construction tenderer who has estimated that the build cost associated with the previously approved and tendered design has increased by approximately \$200,000 since last year's tender process. Again, Council would be burdened with this increase in cost as per the HoA with PCYC.

There is potential for further escalation in cost resulting from required statutory approval modifications triggered by PCYCs revised design.

2. Access and facility function

The continued access to, and function of, the facility during the construction phase of the project has been a key concern of facility users. As mentioned above, the revised design includes demolition of a significant section of the non-court space within the

Planning and Providing Our Infrastructure

existing facility which will require facility shutdown for a period of at least one month, but could be as long as three months depending on the construction approach. This could have a significant impact on a number of recurrent seasonal programs. This would impact on income generation for existing users for this period, and may result in some participants transitioning to other sports.

Staff have discussed with the preferred tenderer the potential to minimise the length of facility shutdown. Their advice was ‘...that without maintaining the existing concrete roof to the old facility, it makes it very cost prohibitive to undertake the works whilst maintaining access to an existing facility.’

3. Facility maintenance

Council staff are concerned that some of the modifications proposed to bring the project estimate within available budget will create a higher asset renewal and maintenance burden for council and PCYC. Under the HoA, Council and PCYC are required to contribute to a sinking fund for replacement of capital items, structural and capital works. The use of less durable materials will reduce the period of time before capital and structural works will be required such as the use of structural ply and framing, instead of the concrete panel walls. This was proposed by the preferred tenderer as a means of value managing down to the available budget. Another value management consideration was to reduce the thickness of asphalt or provide an application of a two-coat seal to car park areas which will increase required maintenance.

As stated above and with regard to Resolution 1 from the July 2015 Council meeting, staff have repeatedly requested for PCYC to complete the revised detailed designs. These requests were made by email and in writing. *Please refer to the confidential attachment titled ‘PCYC Letter dated 4 August’ which contains information that relates to information that would, if disclosed, confer a commercial advantage on a person with whom the Council is conducting (or proposes to conduct) business. Local Government Act 1993 - Section 10A(2)(c).* Some examples of the significant detail that is missing from the plans, such as issues included within the Project Risks section of this report, was included in email to PCYC. At the time of writing this report, PCYC have not provided the requested completed detailed designs based on their proposed facility modifications.

Given the project risk identified above, staff are not satisfied that the project can be delivered within the existing budget. The PCYC response to this concern has been that when appointed the construction contractor can Value Manage the project to ensure its delivery within available budget.

The PCYC has maintained the position that applying a value management approach to potential cost increases will result in savings and have publicly stated that these savings could amount to \$100k. Despite significant testing of this assertion, Council has been unable to realise anything but an increase in cost especially in light of poor attention to design detail, additional cost in temporary services and the existing cost escalations due to progressing with the PCYC proposed revisions.

Following on from the July meeting of Council, Council staff took the decision to rigorously test the PCYC assertion of a cost saving and also to attempt to gain

Planning and Providing Our Infrastructure

certainty of what the cost implications maybe with the available but limited documentation.

On this basis, and to better understand whether staff concerns are valid, the preferred construction tenderer was asked to review the PCYCs revised designs. The tenderer has subsequently reviewed the revised design and has identified a range of Value Management options that could see the project delivered within available budget.

The Value Management considerations include:

- The design discrepancies in the specifications would need to be agreed and reverted or modified to the lowest cost outcome.
- The concrete roof would not be removed, but instead underpinned by steel columns and beams, if necessary a soffit lining provided to the underside of the slab.
- The existing viewing platform would be retained in its current state.
- The concrete wall panels would be required to be replaced with structural ply and framing to be agreed with the Structural Engineer
- The lower floor concrete panels should be replaced with removable panels on frames, cladding to be agreed.
- Provision of alternative light fittings, tap ware and fixtures for approval as equivalent
- Consideration of alternative concrete pads in lieu of screw piers to the sports floor.
- Consideration of alternative roof framing system over the existing concrete roof area.
- The polished concrete floor would be a grind and sealer on the concrete and the builder would take no responsibility for the aesthetic of the outcome – this would not be a polished flooring system, as the BOQ fails to take into account the special mix concrete for polished concrete floors.
- Consideration of alternative asphalt thickness, i.e. thinner AC or even a two-coat seal system.

Council planning staff have advised that the plans are unlikely to trigger further public exhibition, however, staff have advised that further public exhibition may be required if some of the Value Management suggestions put forward by the preferred construction tenderer are supported. For example, use of ply walls in lieu of concrete panel walls.

A representative Council technical team was then assembled in late August which included the Group Managers of Recreation and Buildings, Infrastructure, Planning, engineering staff and members of the Executive, to collectively understand the position faced by Council in this matter. Upon review of all of the available information including the concept plans, QS report (provided by the PCYC), Acoustic report (provided by the PCYC), feedback from the preferred tenderer, user group feedback and Council's own technical expertise, it was unanimously agreed that if Council were to enter into a construction contract for the expansion of the Indoor Stadium based on the current information, it would present as one of the highest risks in relation to not being delivered within the project budget, when compared to the millions of dollars of other capital projects currently being delivered by Council. This is due to the lack of clarity around final scope of works, finishes and community/user impact.

Planning and Providing Our Infrastructure

Options

The options presented have arisen from assessment of all of the available evidence, direct consultation with the preferred tenderer and the PCYC.

1. PMHC proceeds with the expansion to the Indoor Stadium with the associated PCYC proposed revisions and absorbs all risk associated with additional construction cost. The PCYC have clearly stated throughout this process of introducing revisions to the original design, that they will not be funding any additional cost. This was confirmed in writing via email and in correspondence received in August (see attached).
- 1.
2. PMHC aligns with the Heads of Agreement and determines that the proposed revisions and associated risk “are not acceptable to council” and takes the decision to revert back to the original tender design. This may also have the flow on effect of re-establishing a three party management agreement and the potential withdrawal of the \$750k that was put forward by the PCYC to secure sole management rights of the facility. This option is the recommendation as included in this report.
- 2.
3. PMHC continues its attempts to negotiate an outcome to the current situation therefore risking a breach to the federal funding agreement through delays in the process. Council staff has been providing regular updates to the federal funding body including the risks that maybe incurred. At this point, the funding body has been sensitive to Council’s position and continues to offer support. The funding body are advocating strongly for a final position and commencement of construction.

Community Engagement & Internal Consultation

Existing user groups

There are a number of sporting groups that regularly utilise the existing stadium facility. The main users include Port Macquarie Basketball Association (PMBA), Australian Futsal Association and Hastings Valley Netball Association. The Port Macquarie Gymnastics Club (PMGC) is the other key user group impacted by the expansion of the indoor stadium. Although they will retain tenure over the gymnastics facility, post expansion their access will be gained through the upgraded facility.

Staff have met with these users on a number of occasions to date to ensure they are kept informed about this project. All of these groups have expressed significant concern about the PCYC being involved with the management of the expanded facility. Concerns of these groups include:

- Being granted continued access to the expanded facility
- Fees imposed on these groups for the use of the stadium
- Potential for PCYC to establish competitions that compete with existing user competitions
- A reduction in facility maintenance standards from those currently being provided by IFMG

Planning and Providing Our Infrastructure

- Reasonable access beyond regular competition allocations is required to support higher level events
- The requirement for all users to become a financial member of PCYC.

In regard to these issues:

1. It is the expectation of council that the standards of facility maintenance will not be reduced as a result of PCYC managing the facility. Standards of maintenance will be agreed by council and PCYC and will be included in the lease for the facility. The lease document is currently being prepared.
2. Fees and charges for use of the facility will be established by council and PCYC and will be formally adopted by council annually through the Operational Planning process.
3. Council understands the concerns of existing users about having reduced facility access post expansion. This is to be addressed within the lease agreement for the facility.
4. The HoA identifies that PMGC members are not required to become members of PCYC. Other user groups are expected to become members of PCYC.
5. The HoA recognises that the facility will host events. The agreement gives council the right to have access to the facility to hosts events each year. The number of occasions that council will have access to the facility to hosts events each year is yet to be clarified but will be addressed in the lease agreement for the facility.

PMBA has advised staff that they have met with PCYC representatives to discuss their needs after the facility has been expanded. Beyond raising some of the issues included above, PMBA representatives advised staff that:

- PCYC had offered them an office within the expanded facility
- They have no problem with PCYC running one-off basketball events in the facility.

PMHC have expressed concerns about the impact of the facility expansion on direct access to their facility. The expansion of the facility will direct PMGC members through the PCYC facility. As per the HoA between council and PCYC, PMGC will be expected to contribute utilities and cleaning associated with their access through the expanded facility.

Planning & Policy Implications

There are no direct policy implications as a result of this report.

Should PMHC decide to proceed with the PCYC proposed revisions, these designs will be subject to the Council statutory approvals process.

Should the application of value managing these revisions be undertaken, there may be a requirement to seek community feedback through public exhibition, especially where issues of noise may be identified.

Financial & Economic Implications

Planning and Providing Our Infrastructure

As detailed in this report there are anticipated significant financial implications due to the lack of required detail in the revised plans. This is contrary to the position taken by the PCYC however, in the absence of such detail, it is impossible to cost with any certainty.

The above position has been supported by Councils preferred tenderer who remains committed to the project.

It is anticipated that the escalation costs through construction delay, due to attempts to accommodate the PCYC revisions, may increase by an estimated \$200k. This figure, coupled with the additional costs associated with relocation of services; the provision of temporary access to the facility; and the other identified risk items covered in the body of this report may see the cost to Council rise another \$500k above the escalation of \$200k.

Further delays attributed to possible approvals processes could increase this escalation beyond the estimated additional cost.

The closure of the indoor stadium and uncertainty as to when the upgrade will commence, may see a loss of income attributed to sports tourism especially regarding the elite level basketball tournaments. The ability to also recover an event to this area may also impact heavily on future potential in this domain.

Attachments

- 1 [View](#). Port Macquarie Indoor Stadium Expansion - Ordinary Council Reports
- 2 [View](#). Port Macquarie Indoor Stadium Expansion - Confidential Attachments to Ordinary Council Reports (Confidential)
- 3 [View](#). Port Macquarie Indoor Stadium Expansion - Confidential Committee of the Whole Reports (Confidential)
- 4 [View](#). Resolutions from Council meetings since 5 September 2012
- 5 [View](#). PCYC letter dated 4 August (Confidential)

Planning and Providing Our Infrastructure

Item: 13.10

Subject: TENDER T-15-23 TOWN BEACH MARINE RESCUE & KIOSK UPDATE

Presented by: Infrastructure & Asset Management, Jeffery Sharp

Alignment with Delivery Program

5.3.1 Plan, investigate, design and construct open spaces and recreational facilities.

RECOMMENDATION

That Council notes the information contained within this report with regard to time delays and cost escalations and requests the General Manager implement the resolution of Council from 12 August 2015 for Tender T-15-23, awarding the contract the NACE Consulting Pty Ltd for construction of the Town Beach Marine Rescue Kiosk.

Executive Summary

At the 12 August 2015 Extra Ordinary Council meeting, it was resolved:

RESOLVED: Levido/Cusato

That Council:

- 1. Accept the revised tender from NACE Consulting Pty Ltd for the Town Beach Marine Rescue and Kiosk upgrade for \$299,349.00 (ex GST).*
- 2. Accept the Schedule of Rates from NACE Consulting Pty Ltd for potential variations to the project.*
- 3. Affix the seal of Council to the necessary documents.*
- 4. Maintain the confidentiality of the documents and considerations in respect of Tender T-15-23.*

CARRIED: 7/1

FOR: Besseling, Cusato, Griffiths, Hawkins, Intemann, Levido and Turner

AGAINST: Roberts

Shortly after the resolution, a number of representations were made to Council from stakeholders and this report seeks to provide an update on the matters discussed.

Discussion

Following further representations from the Commissioner for Marine Rescue NSW (MRNSW) Mr Stacey Tannos, Member for Port Macquarie the Hon Mrs Leslie Williams MP, and the Minister for Emergency Services Hon Mr David Elliott MP, about the functionality of the proposed refurbishment, Council staff have been investigating the opportunity to redesign the building to incorporate external stairs accessing the Radio Base, the now current desire of MRNSW.

Planning and Providing Our Infrastructure

The proposal recently presented by MRNSW includes the provision of external stairs on the eastern side of the building, accessing the upper level from the south. Internal modifications with respect to the toilet amenities and wet areas are also requested and further modification to the storage areas would be required due to the new access proposal. Given the modifications to the roof lines and internal walls, these changes would impact on the structural assessment.

To progress this matter and for the further consideration of Council, staff have been in contact with the Architect of the proposed building, Chris Jenkins Design Architects Pty Ltd, who have confirmed that they are unable to look at any additional work until the end of November 2015 at the earliest, but more likely to be early in 2016, due to other commitments.

This scenario is far from ideal due to the tender validity period being a standard 90 days, which would have the pricing held until 23 October 2015. Staff has also been in contact again with the preferred builder who has indicated that whilst the firm is very keen to work on the project, they will reserve the right to look at pricing if the validity period is exceeded.

If the request is supported and the stairs are to be moved externally, the additional design delays will clearly impact on the tender validity period. There is also the potential for any Development Application modification to require future public exhibition, thus causing further delays.

In their response to the request from staff to undertake further design work, Chris Jenkins Design Architects Pty Ltd provided further commentary, highlighting their reluctance to make further changes to the design and drawings given the number of changes previously made, and risks associated with the fact that construction costs are increasing exponentially due to the current construction boom.

This further redesign investigation was commenced on the thought that any cost escalation (both design and costs associated with the stair modifications) would be paid for by MRNSW, noting the current construction budget of Council has been capped at \$300,000.

Councillors will recall that the development of the refurbishment of the Marine Rescue Radio Base has been a long and drawn out affair, with the project most recently re-commencing in 2013. At that time Council resolved to provide a like for like replacement of the Radio Base with external stairs, as well as including building modifications to construct a community meeting room and an area for Council's Lifeguard services. Following representations at that point from the Local Unit Commander of MRNSW, the design was changed to incorporate internal stair access. It should be noted that the current approved and tendered design has internal stair access to the upper level.

Further design modifications to the building would result in delays and no doubt escalation of costs, which cannot be estimated at this point.

When initially raised at the meeting with the Commissioner for MRNSW and State Ministers, there was a clear reluctance on behalf of MRNSW to cover construction cost escalations across the board, thus leaving staff to infer that any additional cost escalations were to be met by Council.

Planning and Providing Our Infrastructure

Clarification about this financial aspect, i.e. cost escalation, was recently sought from Commissioner Tannos, at which point he confirmed that MRNSW will commit to meeting the costs of the construction of an external stairway, any redesign and internal modification works associated with and as a result of the relocation of stairs from internal to external. Commissioner Tannos also confirmed MRNSW will not commit to meeting escalation costs, as they feel it is not their responsibility.

As previously identified, staff have confirmed with the Architect that it is not possible to undertake this work within the 90 day validity period, due to other work commitments.

Given the advice received from MRNSW and the fact that Council has a valid tender and approved design for these works, staff consider the existing design and tender should be constructed.

Ongoing negotiations with MRNSW caused this report to be presented to Council as a late report, to allow every opportunity for full consideration of the issues by both Council and MRNSW.

Options

Council has the option to either accept this update and continue with awarding the tender or not accept the report and resolve an alternative direction.

Community Engagement & Internal Consultation

There has been significant and ongoing consultation on this matter in getting to this point with this project. PMHC staff worked in consultation with MRNSW in developing the currently adopted design.

MRNSW volunteers, Council Staff, members of the NSW State Government and the Community have all had the opportunity to comment on the currently adopted design through the public exhibition process associated with the development application.

The building designs have been on exhibition twice as part of the development application assessment, originally between 2 January 2014 and 3 February 2014 and then again between 13 May 2014 and 26 May 2014. During the exhibition period there were 29 submissions and whilst one was not received from MRNSW at the time when the building DA was reported to Council, the then Local Unit Commander Mr Peter Ellison spoke in support of the development application and building design.

Planning & Policy Implications

There are no planning or policy implications associated with this report.

Financial & Economic Implications

Depending on the resolution of Council in relation to this issue, there could be significant financial implications for this project. The extent of these financial implications are unknown at this stage, however it is likely that this will further impact on Council's contribution required to complete any revised works. Should Council continue on with the previously adopted position, a budget exists for the completion of the approved project within the current 2015/16 Operational Plan.

Planning and Providing Our Infrastructure

Attachments

Nil