

**17.3 LATE ITEM - DAMPIER PALMS & HAMPTON OVAL REDEVELOPMENT**

|                                       |  |
|---------------------------------------|--|
| <b>File No:</b>                       | <b>CP.929</b>  |
| <b>Responsible Executive Officer:</b> | <b>Director Strategic Projects &amp; Infrastructure</b>  |
| <b>Reporting Author:</b>              | <b>Project Manager</b>   |
| <b>Date of Report:</b>                | <b>15 March 2019</b>   |
| <b>Applicant/Proponent:</b>           | <b>Nil</b>   |
| <b>Disclosure of Interest:</b>        | <b>Nil</b>   |
| <b>Attachment(s)</b>                  | <b>1. Plan indicating Alternate Design Locations</b><br><b>2. Confidential - Georgiou Group Cost Saving Opportunities</b><br><b>3. Confidential - Revised Project Budget</b> |

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**PURPOSE**

For Council to consider the tender for the Dampier Palms & Hampton Oval Redevelopment offered under RFT 11-18/19.

**BACKGROUND**

At the February 2019 meeting, Council resolved to:

1. NOTE that all tenders offered under RFT 11-18/19 Dampier Palms and Hampton Oval Construction significantly exceed the projected budget for the project;
2. AUTHORISE the Chief Executive Officer to enter into discussions with the tenderer that ranked highest in the Tender Evaluation Panel assessment, to explore opportunities to potentially reduce the price of the project; and
3. CONSIDER RFT 11-18/19 Dampier Palms and Hampton Oval Construction formally, at the March 2019 Ordinary Council Meeting.

The tender evaluation team recommended Georgiou Group as providing the best tender submission. Following Council's support at the February meeting, Officers met to review the scope of works and tendered prices to identify opportunities to consider project savings. A value management workshop was then conducted with City Officers, Cardno consultants (City's consultants for preparing the pre tender estimate) and representatives of Georgiou Group.

At this workshop a comprehensive list of cost saving opportunities were developed and evaluated. Cardno subsequently marked-up drawings to confirm the proposed changes to enable Georgiou Group to price them. The intent has been to focus on alternate materials, construction methodologies and modifications that maintain the functionality and aesthetics of the proposed development.

Since the workshop, Georgiou Group has liaised with their network of subcontractors and suppliers to cost the various options. The following table provides a number of alternate design options to be considered:

| No | Item   | Current Design  | Alternate Design  |
|----|--|---|---|
| 1  | Paving location  | Paving on the Boardwalk, around all sides of the oval, around car parks, throughout play areas and on The Esplanade.                                  | Delete footpath around the southern and eastern sides of Oval and eastern side of The Esplanade.<br>Provide stabilised limestone adjacent to northern side of the central carpark   |
| 2  | Paving Widths  | Various 4m, 3m paths on the Board walk, around the Oval, carparks etc.  | Reduce widths to 3.5m, 2.5m and 2m in various locations.  |
| 3  | Paving Finish and pattern                              | Exposed Aggregate to most internal paths, some coloured concrete and grey concrete adjacent to The Esplanade<br><br>Stone pavers around the Pavilion. | Exposed Aggregate to the Boardwalk only with simplified pattern / joints. Coloured concrete around car parks and playground areas with simplified design. Grey concrete to eastern area adjacent to central carpark<br><br>Replace stone pavers with coloured concrete around the Pavilion. |
| 4  | Lighting   | Bespoke pedestrian lighting around oval, on Board walk, in car parks and throughout the play areas  | Delete pedestrian lighting around oval where footpath is removed.   |
| 5  | Exercise Equipment                                     | 6 stations around the Oval  | Delete exercise equipment and associated soft fall.   |
| 6  | Car Parks  | Upgrade and extend Southern Car Park with gravel finish   | No works to southern car park   |
| 7  | Trees and Tree Wells in central and northern car parks | 28 proposed with trees  | 14 proposed with trees  |
| 8  | Bollards   | 125 Timber Bollards around the Oval   | Reduced Bollards with chain link at 3m spacings   |
| 9  | Stone pitching   | Multiple locations, some decorative and some for stabilisation  | Reduce the extent where not for stabilisation   |
| 10 | Mature Palms Transplant                                | 31 established palms transplanted on site   | 15 mature palms and 16 new palms dispersed throughout the development   |
| 11 | Trees and Plant stock                                  | Extensive Planting every 2/m2 in pots<br>Large Delonix to be relocated  | Planting every 3/m2 with Tube stock<br>Large Delonix to be retained in current location   |
| 12 | Turf   | Empire Zoysia   | Wintergreen Couch   |
| 13 | Play Equipment   | Tug boat, walkway structure and associated play equipment   | Consider alternative supplier for specified play equipment  |
| 14 | Street Furniture                                       | Includes all seating, basic shades, water and drinking fountains,   | Reduce 11 of 15 concrete bench seats and 5 of 7 small shade structures as significant shade structures retained over play areas   |
| 15 | Amphitheatre   | 3 step level retaining wall   | 2 step level retaining wall with turf on greater gradient   |
| 16 | Maintenance period                                     | 9 months landscape maintenance post practical completion  | City to maintain landscape post practical completion and 13 week defect maintenance period.   |

A copy of the latest advice from Georgiou Group detailing their workings for the alternate design opportunities is contained in a confidential attachment to this report.

Georgiou Group has agreed to ensure that local contractors and suppliers are given every opportunity to price the work packages.

### LEVEL OF SIGNIFICANCE

In accordance with Council Policy CG-8 Significant Decision Making Policy, this matter is considered to be of moderate significance in terms of social, economic, cultural & wellbeing issues.

### COUNCILLOR/OFFICER CONSULTATION

A series of community workshops were held in 2017 and 2018 with Dampier residents. The project team has responded to the feedback provided and made a number of improvements to the design as the project has evolved.

In addition to wider community consultation, Community Engagement officers attended Dampier Community Association monthly meetings to provide updates and collate feedback for technical officers to inform the design.

| Who   | How                                | When                             | What  | Outcome  |
|---|------------------------------------|----------------------------------|---|--|
| Dampier Community Association                       | Attendance at DCA Monthly meetings | Every month from 2017-present.   | Updates to the DCA and officers providing feedback to inform design   | DCA is supportive of the proposed works                    |
| Karratha/Dampier Residents (open invitation to all) | Community Workshop                 | 8 March 2017 and 6 December 2017 | The community workshops enabled local residents to input their ideas for the Dampier foreshore redevelopment. | Community provided input that informed the current design. |
| Karratha/Dampier Residents (open invitation to all) | Community Workshop                 | 19 September 2018                | To update the local community with the final plans prior to calling tenders.                                  | Community support for the proposed works                   |

### STATUTORY IMPLICATIONS

Tenders were called in accordance with section 3.57 of the *Local Government Act 1995* and Regulation 11 of the *Local Government (Functions and General) Regulations 1996*.

The land access agreement with Rio Tinto (RTIO) over the site of the works has been agreed and was executed by RTIO on 14 March 2018.

### POLICY IMPLICATIONS

Council's CG12 Purchasing and CG11 Regional Price Preference Policies are applicable.

### FINANCIAL IMPLICATIONS

The project budget is currently \$10.34M including an allowance of \$8,553,500 for this construction contract. Council has committed \$5.985M of its funds in the 2018/19 Council Budget however this is the subject of a Budget Amendment in this Agenda due to the delay in executing a contract.

RTIO has committed funding support of \$2.5M.

Officers have commenced discussions with Lotterywest regarding possible funding support for the project amounting to \$1M to \$1.5M.

The City's application to the Federal Building Better Regions Fund (BBRF) for a \$10M contribution to the Dampier Palms and Hampton Oval Redevelopment and the Dampier Marina has been unsuccessful. Approximately \$4m was to be allocated to the Foreshore Works.

The latest advice from Georgiou Group demonstrates that they are likely to achieve a cost saving on their Tender Bid submitted. Based on the alternate design options presented in this report the project budget would need to increase to \$13,502,600. Further alternate design options have been proposed and are currently being investigated (as contained in the Confidential Attachment) therefore it is possible that a revised project budget of \$13.243M may be achieved however significant reductions in scope would be required.

Officers note that a further \$100k is allocated in the project to the sand renourishment trial. Officers suggest that the timing of these works will be reviewed as the foreshore construction evolves.

Officers forecast the Dampier Palms and Hampton Oval Redevelopment including the pavilion, is estimated to cost \$320k plus utilities costs to maintain per annum.

### STRATEGIC IMPLICATIONS

This item is relevant to the Council's approved Strategic Community Plan 2016-2026 and Corporate Business Plan 2016-2021. In particular, the Operational Plan 2018-2019 provided for this activity:

|                    |           |   |
|--------------------|-----------|---|
| Programs/Services: | 1.a.2.5   | Strategic Project Management                                    |
| Projects/Actions:  | 1.a.2.5.8 | Design and commence construction of Dampier Palms Redevelopment |

### RISK MANAGEMENT CONSIDERATIONS

The level of risk to the City is considered to be as follows:

| Category             | Risk level | Comments  |
|----------------------|------------|---|
| Health               | N/A        | Nil   |
| Financial            | High       | The BBRF application has been unsuccessful. The only external funding for the project is RTIO - \$2.5M. Further discussions with LotteryWest is ongoing.  |
| Service Interruption | Moderate   | There will be disruption for users of Dampier Palms, the beach and the oval during the works. However works are proposed to proceed in separable portions to ensure access to part of the beach, oval and car parks is maintained at all times. |
| Environment          | N/A        | Nil   |
| Reputation           | N/A        | Nil   |
| Compliance           | N/A        |   |

### IMPACT ON CAPACITY

There is no impact on capacity or resourcing to carry out the Officer's recommendation.

### RELEVANT PRECEDENTS

Council has previously undertaken a number of similar foreshore improvements works at Dampier Shark Cage Beach, Karratha and Pt Samson Foreshores.

**VOTING REQUIREMENTS**

Simple Majority.

**OPTIONS:**Option 1

As per Officer's recommendation.

Option 2

That Council by SIMPLE Majority pursuant to Section 3.57 of the *Local Government Act 1995* RESOLVES to REJECT all tenders for the Dampier Palms & Hampton Oval Redevelopment and RETENDER with a modified scope of works.

Option 3

That Council by SIMPLE Majority pursuant to Section 3.57 of the *Local Government Act 1995* RESOLVES to:

1. CONFIRM GEORGIU GROUP ABN 82 073 851 948 as the preferred tenderer based on the assessment of the compliance criteria, qualitative criteria and pricing structures offered under RFT 11-18/19 Dampier Palms and Hampton Oval Construction Contract; and
2. FINALISE discussions with Georgiou Group on scope and cost reductions associated with their alternative tender submission with the aim of delivering the total project for a budget not exceeding \$13.243M;
3. SUBJECT to resolution of 2) above, AWARD RFT 11-18/19 Dampier Palms and Hampton Oval Construction Contract to Georgiou Group; and
4. NOTE that, assuming that the negotiations with Georgiou Group are successful, the total Project Budget would increase from \$10.34M to \$13.243M with appropriate adjustments being made in the 2019/20 Budget.

Option 4

That Council by SIMPLE Majority pursuant to Section 3.18 of the *Local Government Act 1995* RESOLVES to CONTINUE to undertake value management discussions with the Georgiou Group and present a report on the status of the negotiations to the April Council Meeting

**CONCLUSION**

Since the February 2019 Ordinary Council Meeting, City Officers have conducted a value management workshop with Georgiou Group and Cardno to identify acceptable cost savings opportunities to the project, without detracting from the quality development of the foreshore.

Georgiou Group have undertaken a substantial amount of work to cost these options and are currently completing their assessment of the total cost savings for consideration by the City.

Once this advice is received, the City will in a position to consider the cost reduction for the proposed changes to the design and the impact on the project cost.

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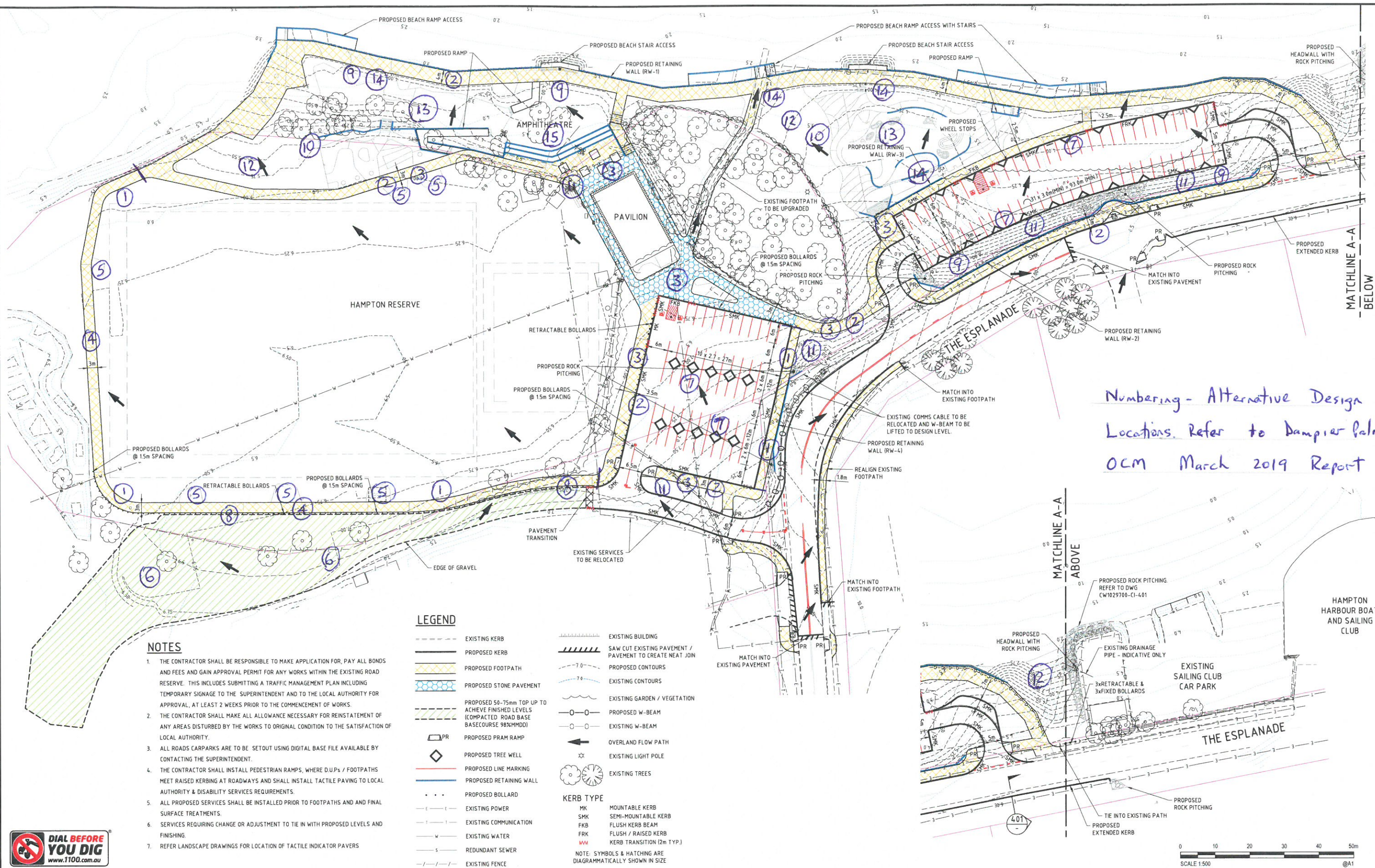
**OFFICER'S RECOMMENDATION**

That Council by SIMPLE Majority pursuant to Section 3.57 of the *Local Government Act 1995* RESOLVES to:

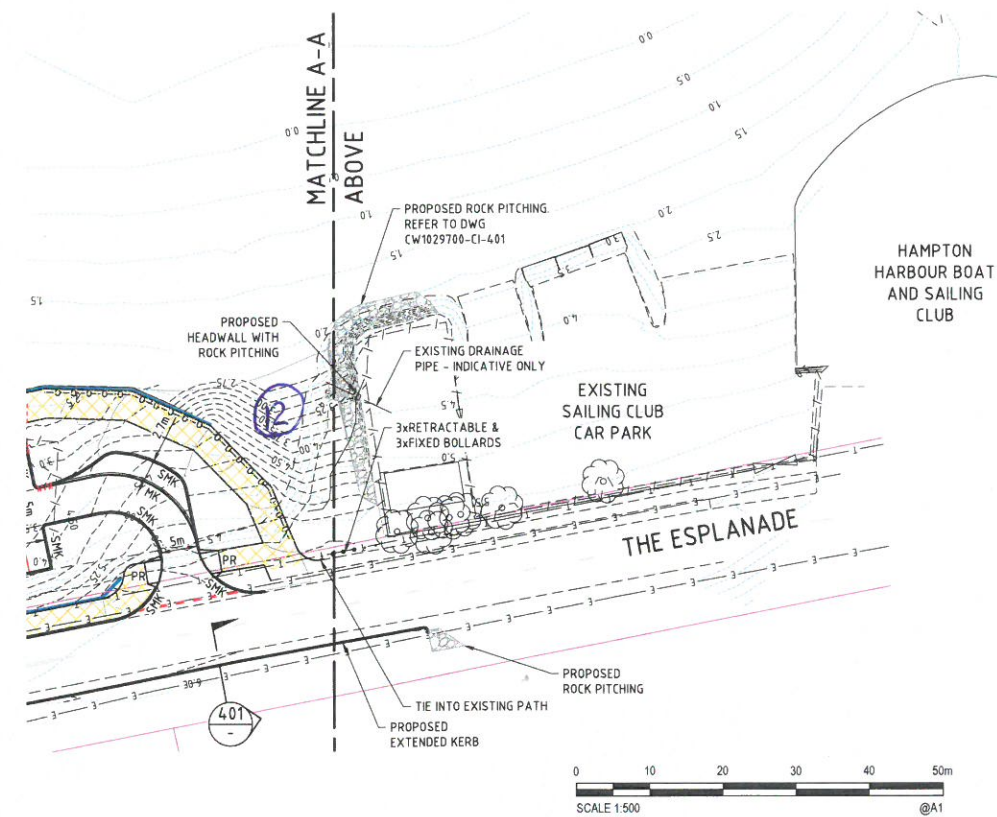
1. **NOMINATE** Georgiou Group ABN 82 073 851 948 as the preferred tenderer based on the assessment of the compliance criteria, qualitative criteria and pricing structures offered under RFT 11-18/19 Dampier Palms and Hampton Oval Construction Contract;
2. **FINALISE** discussions with Georgiou Group on scope and cost reductions associated with their tender submission, with the aim of delivering the total project for a budget not exceeding \$13,502,600;
3. **SUBJECT** to resolution of 2) above, **AWARD** RFT 11-18/19 Dampier Palms and Hampton Oval Construction Contract to Georgiou Group; and
4. **NOTE** that, assuming that the negotiations with Georgiou Group are successful, the total Project Budget would increase from \$10.34M to \$13,502,600 with appropriate adjustments being made in the 2019/20 Budget and funding proposed to be provided as follows:

|                  | ORIGINAL PROPOSAL   | REVISED PROPOSAL    |
|------------------|---------------------|---------------------|
| CITY OF KARRATHA | \$3,840,000         | \$9,502,600         |
| RTIO             | \$2,500,000         | \$2,500,000         |
| BBRF             | \$4,000,000         | \$0                 |
| LOTTERYWEST      | \$0                 | \$1,500,000         |
|                  |                     |                     |
| <b>TOTAL</b>     | <b>\$10,340,000</b> | <b>\$13,502,600</b> |





Numbering - Alternative Design  
Locations. Refer to Dampier Palms  
OCM March 2019 Report.

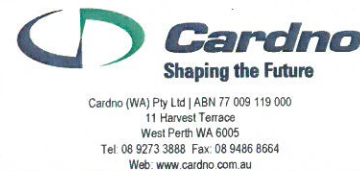


The Essential First Step

| Rev | Date       | Description                            | Des | Verif | Appd |
|-----|------------|--|-----|-------|------|
| D   | 07.11.2018 | MINOR AMENDMENTS, RE-ISSUED FOR TENDER | JY  | CB    | PW   |
| C   | 02.11.2018 | ISSUED FOR TENDER                      | JY  | CB    | PW   |
| B   | 10.08.2018 | AMENDED AS PER CLIENT COMMENTS         | JY  | CB    | PW   |
| A   | 25.05.2018 | ISSUED FOR DISCUSSION                  | JY  | CS    | PW   |



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|          |             |      |            |
|----------|-------------|------|------------|
| Drawn    | J. YANG     | Date | 18.05.2018 |
| Checked  | C. BENFIELD | Date | 25.05.2018 |
| Designed | J. YANG     | Date | 18.05.2018 |
| Verified | C. STEPHENS | Date | 25.05.2018 |
| Approved | P. WISEMAN  | Date | 25.05.2018 |

|         |                                       |
|---------|---------------------------------------|
| Client  | CITY OF KARRATHA                      |
| Project | DAMPIER FORESHORE<br>DETAILED DESIGN  |
| Title   | GENERAL ARRANGEMENT CIVIL LAYOUT PLAN |

|                |   |
|----------------|---|
| Status         | FOR TENDER ONLY<br>NOT TO BE USED FOR CONSTRUCTION PURPOSES |
| Datum          | A.H.D.  |
| Date           | MAY. 2018   |
| Scale          | 1:500   |
| Size           | A1  |
| Drawing Number | CW1029700-CI-001  |
| Revision       | D   |