



AGENDA

SPECIAL COUNCIL MEETING

Tuesday, 22 November 2022 at 6:00 PM

Disclaimer

The purpose of this Council meeting is to discuss and, where possible, make resolutions about items appearing on the agenda.

Whilst Council has the power to resolve such items and may in fact, appear to have done so at the meeting, no person should rely on or act on the basis of such decision or on any advice or information provided by a member or officer, or on the content of any discussion occurring, during the course of the meeting. Persons should be aware that the provisions of the Local Government Act 1995 (section 5.25 (e)) establish procedures for revocation or rescission of a Council decision. No person should rely on the decisions made by Council until formal advice of the Council decision is received by that person.

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CONTENTS

1	OFFICIAL OPENING	3
2	ACKNOWLEDGEMENT OF COUNTRY	3
3	ANNOUNCEMENT TO GALLERY	3
4	RECORD OF ATTENDANCE	3
4.1	ATTENDANCE	3
4.2	APOLOGIES	3
4.3	APPROVED	3
5	DISCLOSURES OF INTEREST	4
5.1	FINANCIAL	4
5.2	PROXIMITY	4
5.3	IMPARTIALITY	4
6	PUBLIC QUESTION TIME	4
6.1	PUBLIC QUESTION TIME	4
6.2	DEPUTATIONS	4
7	BUSINESS	4
8	MATTERS BEHIND CLOSED DOORS	11
9	CLOSURE	11

NOTICE OF MEETING

Elected Members

A Special Council Meeting of the Council will be held on 22 November 2022 at 6:00 PM in the Council Chamber, 135 Canning Highway, East Fremantle and your attendance is requested.



GARY TUFFIN
Chief Executive Officer
18 November 2022

AGENDA

1 OFFICIAL OPENING

2 ACKNOWLEDGEMENT OF COUNTRY

“On behalf of the Council I would like to acknowledge the Whadjuk Nyoongar people as the traditional custodians of the land on which this meeting is taking place and pay my respects to Elders past, present and emerging.”

3 ANNOUNCEMENT TO GALLERY

“Members of the gallery are advised that no Council decision from tonight’s meeting will be communicated or implemented until 12 noon on the first clear working day after this meeting, unless Council, by resolution carried at this meeting, requested the CEO to take immediate action to implement the decision.”

4 RECORD OF ATTENDANCE

4.1 ATTENDANCE

4.2 APOLOGIES

4.3 APPROVED

Cr L Mascaro

5 DISCLOSURES OF INTEREST

5.1 FINANCIAL

5.2 PROXIMITY

5.3 IMPARTIALITY

6 PUBLIC QUESTION TIME

6.1 PUBLIC QUESTION TIME

6.2 DEPUTATIONS

7 BUSINESS

Reports start on the next page

7.1 EAST FREMANTLE OVAL PRECINCT REDEVELOPMENT - GATEWAY 6 REPORT

Report Reference Number	OCR-1592
Prepared by	Gary Tuffin CEO
Supervised by	Gary Tuffin CEO
Meeting date	Tuesday, 22 November 2022
Voting requirements	Simple Majority
Documents tabled	Nil

Attachments

1. Site Possession Gateway 6 Report (DCWC) – (Confidential)
2. Subcontractor Recommendations (Confidential)
3. (RFT 01) Facility Operator tender - 5 Year Facility Operating Budget Summary Assessments (Confidential).

PURPOSE

To consider:

- the Gateway 6 Report recommending site possession of East Fremantle Oval be granted to Cooper and Oxley
- Subcontractor recommendations for trade packages

EXECUTIVE SUMMARY

Following the Award of Contract to Cooper and Oxley, the Trade Package pricing is now complete sufficient to allow site possession to be granted. The Gateway 6 Report sets out the processes undertaken and the pricing, including Value Engineering (VE), for endorsement allowing works to commence on site.

BACKGROUND

Within the MTT Contract are a series of Trade Package Allowances (TPA) that reflect the endorsed Cost Plan. As part of the TPA pricing, Cooper and Oxley have now confirmed that approximately 92% of the TPA's are fully priced as part of this process providing a high level of confidence.

Utilising the intent of the MTT process, direct subcontractor engagement was undertaken which identified VE achieving cost reductions without project scope impact.

Initially, this process did not resolve an outcome within budget and so further VE was identified by the project team some of which constituted scope departures. To ensure that these items were acceptable, the VE was presented to Council on 8 November 2022. The outcome of the Council presentation was that a projected budget overrun of circa \$450,000 was still anticipated and Council indicated that some works staging may have to be considered. Further work was undertaken including redesigns that remove some landscaping with limited impact, as well as improved pricing from electrical.

With the efforts of the team, the project construction cost is now within budget by \$41,759, including the unconfirmed Lotterywest funding \$970,000 and City of Cockburn contribution for the clean fill. In addition, there is the potential for additional requested LotteryWest funding of a further \$350,000 and further cost reductions.

CONSULTATION

Elected Members
DCWC

Paatsch Consulting
Cooper & Oxley

STATUTORY ENVIRONMENT

N/A

POLICY IMPLICATIONS

N/A

FINANCIAL IMPLICATIONS

The previous budget of \$32.5m has been updated to reflect funding changes since the last Gateway Report. The current budget is now \$33.2m. The Town has submitted a LotteryWest funding application of \$970,000 and has received very positive advice as to the likelihood of this being approved. On this basis, although this funding is not yet confirmed it has been included in the revised project budget. Further LotteryWest funding of up to \$350,000 (in addition to the \$970,000) is possible but no decision on this will be made until early 2023. As such, this funding has been excluded from the current budget.

Additionally, the City of Cockburn requires fill material for their BMX track development and offering material at half market cost would generate additional funding. The final arrangements for this funding are still being negotiated but based on the discussions to date, a contribution is likely.

Anticipated Funding Breakdown

WA State Government (DLGSC)	25,000,000
Town of East Fremantle (Cash)	2,200,000
Town of East Fremantle (Loan)	4,800,000
AFL/WAFC (confirmed)	250,000
LotteryWest (unconfirmed)	970,000
Other (unconfirmed)	100,000
Total	\$33,320,000

Value Engineering

VE across all areas resulted in a total reduction of \$4,811,565 of endorsed adjustments excluding budget adjustments.

This reduces the Tendered Costs down to \$28,158,241 which is \$41,759 within the revised budget allowance and represents an excellent outcome.

This VE includes:

Architectural

- Deletion of plasterboard ceilings to football club zones to be replaced with painted concrete and exposes services
- Deletion of imprint finish to precast concrete walls
- Deletion of some acoustic boards and pinboards

Landscaping

- \$505,000 for the removal of scope between the oval and Allen Street returning along Marmion. An aspect of this VE was rejected and has been reincorporated into the project. The amenity of this area can still be accommodated including the dog park and some footpaths which will be resolved.
- Change to pavement finish and scope
- Change from rockwork and sleeper edging to limestone

- Alternative street furniture and play equipment
- Reduction in planting size
- Revision of garden components
- Omission of temporary carpark

Electrical Engineering

- Works are continuing to confirm value savings which include alternative lighting and cable specification, alternative installation methods etc.

Mechanical Engineering

- Deletion of anti-corrosion treatment to condenser coils and castings.

Hydraulic Engineering

- Deletion of sewer pump station
- Supplier change for the cold water pressure pump
- Alternative poly fire tanks in lieu of galvanized steel tanks.

Budget adjustments have also been made including:

- Professional fees increased by \$100,000 for Value Engineering redocumentation
- FF&E reduced to account for transfer of kitchen costs to operator
- Public Art reduced to \$100,000 to align with the Town’s maximum contribution.

Contingencies

A revised construction contingency of \$1.42m (just over 5%) is now included in the revised budget.

In addition, the \$41,000 that the project now sits within budget can be added to the contingencies or utilised to reverse out VE at the appropriate time.

Updated Project Cost Breakdown

Item	Previous Budget	Revised Budget* ¹	Forecast Costs* ²	Variance to Revised Budget
Construction	\$26,570,000	\$28,420,000	\$28,158,241	\$ (261,759)
Headworks	290,000	0	0	0
Design Contingency	0	0	0	0
Construction Contingency	1,300,000	1,300,000	1,420,000	120,000
Professional Fees	2,900,000	2,900,000	3,000,000	100,000
FF&E	1,000,000	400,000	400,000	0
Public Art	240,000	100,000	100,000	0
Escalation	0	0	0	0
EFFC	200,000	200,000	200,000	0
TOTAL	32,500,000	33,320,000	33,278,241	(41,759)

*¹ Based on previous allowances updated to reflect the increased budget

*² Going forward the forecast costs will represent the budget breakdown for tracking purposes with the Construction variance being added to the Contingency

As a result of the Value Engineering process the kitchen fit out has been removed from the project budget, which was estimated to be in the order of \$350,000, as a number of items will be provided by suppliers. This cost will now be with the successful facility operator, who will recoup this investment over the term of the management agreement. The impact of this decision is not considered material and will not place any further financial burden on Council, as it will be treated as an operating cost of the facility. Please refer to Confidential Attachment (3) – (RFT01) 5 Year Facility

Operating Budget Financial Summary Assessments. This confidential attachment provides a summary of the tendered 5 Year operating budgets from the potential facility operators with and without the financing option of the kitchen fitout. The repayment calculation was based on the State Treasury loan calculator over a 10-year term, at the highest tenderer nominated interest rate.

Note:

All tenderers for the facility operator tender (RFT01 – 2022/23) were required to provide an Establishment/Business Plan as part of their tender submission, which included a requirement for a full 5-year operating budget.

STRATEGIC IMPLICATIONS

Strategic Community Plan 2020-2030

Strategic Priority 1: Social

1.1 Facilitate appropriate local services for the health and wellbeing of the community

1.1.1 Facilitate or partner to ensure a range of quality services are provided at a local level

1.2 Inviting open spaces, meeting places and recreational facilities

1.2.1 Provision of adequate facilities to support healthy and active lifestyles

RISK IMPLICATIONS

Budget remains the largest risk, however based on the work to date, this is now considered to have been mitigated. Ongoing vigilance will be required to monitor drawdown of contingencies and realisation of funding and other opportunities.

The VE process has created an element of risk in bringing the design to a fully documented construction set of documents. The mitigation is to ensure that all parties develop Issue for Construction (IFC) drawings that align with the assumptions made by the Contractor’s pricing in the VE schedule.

With the majority of the trade packages (circa 92%) having been priced and fixed, the remaining 5% poses a small but manageable risk.

The programme is now a key risk as further delays in the project could result in subcontractor withdrawal and cost escalation as a result. The mitigation is the endorsement of site possession allowing a 2022 construction start.

In the event that the unconfirmed funding from Lotterywest is not received, further VE will be necessary.

Risks

Risk	Risk Likelihood (based on history & with existing controls)	Risk Impact / Consequence	Risk Rating (Prior to Treatment or Control)	Principal Risk Theme	Risk Action Plan (Controls or Treatment proposed)
If no decision is made, it may result in further cost escalation 1% per month.	Likely (4)	Moderate (3)	High (10-16)	FINANCIAL IMPACT \$250,001 - \$1,000,000	Accept Officer Recommendation

Risk Matrix

Consequence		Insignificant	Minor	Moderate	Major	Extreme
		1	2	3	4	5
Likelihood						
Almost Certain	5	Moderate (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
Likely	4	Low (4)	Moderate (8)	High (12)	High (16)	Extreme (20)
Possible	3	Low (3)	Moderate (6)	Moderate (9)	High (12)	High (15)
Unlikely	2	Low (2)	Low (4)	Moderate (6)	Moderate (8)	High (10)
Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Moderate (5)

A risk is often specified in terms of an event or circumstance and the consequences that may flow from it. An effect may be positive, negative or a deviation from the expected and may be related to the following objectives: occupational health and safety, financial, service interruption, compliance, reputation and environment. A risk matrix has been prepared and a risk rating is provided below. Any items with a risk rating over 16 will be added to the Risk Register, and any item with a risk rating over 16 will require a specific risk treatment plan to be developed.

A full project risk register is provided in Appendix 4 – the Gateway 6 Report.

SITE INSPECTION

N/A

COMMENT

The functionality of the building has not been impacted by the Value Engineering (VE) process. The sustainability initiatives that have been built into the design to support the Town’s approach to embedded and operational energy, have not been impacted by the VE based on the strong views from Council that these are non-negotiable inclusions.

Whilst there has been a reduction in the external works (landscaping), significant landscaping works will still be undertaken in the high trafficable areas, such as the Northern Entry of Fletcher street, the two main carpark areas and around the precinct. The number of trees currently remains at 277, the only difference at this stage is the size (maturity level) of the trees has changed. Furthermore, it will be possible to add to the landscaping each year as general works.

CONCLUSION

It is recommended that Council;

1. endorse the revised project budget of \$33,320,000.00, including the unconfirmed Lotterywest funding.
2. adopt the Value Engineering as recommended in Appendix 5 of the Gateway 6 Report
3. adopt the trade packages as recommended by Cooper and Oxley in Confidential Attachment 2
4. agree that where additional funding or contingency availability exists, the Value Engineering (VE) list be provided to Council to further consider the reinstatement of any VE items
5. subject to converting at least 92% of the Trade Package Allowances to fixed lump sums, grant Cooper and Oxley site possession of East Fremantle Oval to allow the commencement of construction works.

7.1 OFFICER RECOMMENDATION / COUNCIL RESOLUTION

Council Resolution Choose an item. Click or tap to enter a date.

OFFICER RECOMMENDATION:

That Council:

1. endorse the revised project budget of \$33,320,000.00, including the unconfirmed Lotterywest funding.

WA State Government (DLGSC)	\$25,000,000
Town of East Fremantle (Cash)	\$ 2,200,000
Town of East Fremantle (Loan)	\$ 4,800,000
AFL/WAFC (confirmed)	\$250,000
LotteryWest (unconfirmed)	\$970,000
Other (unconfirmed)	\$100,000
Total	\$33,320,000

2. adopt the Value Engineering as recommended in Appendix 5 of the Gateway 6 Report
3. adopt the trade packages as recommended by Cooper and Oxley in Confidential Attachment 2
4. agree that where additional funding or contingency availability exists, the Value Engineering (VE) list be provided to Council to further consider the reinstatement of any VE items.
5. subject to converting approximately 92% of the Trade Package Allowances to fixed lump sums, grant Cooper and Oxley site possession of East Fremantle Oval to allow the commencement of construction works.

8 MATTERS BEHIND CLOSED DOORS

9 CLOSURE