



**Planning and Strategy  
Committee of the Whole**

**SUPPLEMENTARY**

**AGENDA**

**10 March 2021**

**Commencing at 5.30pm**

**Council Chambers  
253 Crawford St, Queanbeyan**

On-site Inspections - Nil

**SUPPLEMENTARY REPORTS**

- 8.4 Outcome of Contract Negotiations for Design Finalisation and Construction of Queanbeyan Civic and Cultural Precinct .....3

**LIST OF ATTACHMENTS –**

*(Copies available from General Manager's Office on request)*

**Open Attachments**

*Nil*

**Closed Attachments**

- Item 8.4 Outcome of Contract Negotiations for Design Finalisation and Construction of Queanbeyan Civic and Cultural Precinct
- Attachment 1 Tender Evaluation Report for C2020-31 - Design Finalisation and Construction of Queanbeyan Civic and Cultural Precinct (Under Separate Cover)*
- Attachment 2 Report to Planning and Strategy meeting on outcomes of negotiations for Contract C2020-31 for Design Finalisation of Queanbeyan Civic and Cultural Centre (Under Separate Cover)*
- Attachment 3 Information Paper on scope included in Queanbeyan Civic and Cultural Precinct (Under Separate Cover)*

**8.4 Outcome of Contract Negotiations for Design Finalisation and Construction of Queanbeyan Civic and Cultural Precinct (Ref: ; Author: Hansen/Damo)**

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**File Reference:** 100265-31-07

**Summary**

The Queanbeyan Civic and Cultural Precinct (QCCP) has been developed to be a transformational trigger for the rejuvenation of the Queanbeyan Central Business District.

The Business Case for the QCCP was prepared in 2019. It proposed that the new administration building for QPRC also contain the Queanbeyan Library along with three levels of office space for tenants.

Following acceptance of the Business Case, detailed design has progressed to a stage where it is ready to be finalised. In 2020 QPRC began the procurement process to select a contractor to deliver the project. Expressions of interest were sought from suitably qualified contractors. Six suitably qualified firms were selected to submit a tender for the design finalisation and construction of the QCCP.

Council received five tenders on 23 December 2020. Council resolved to decline to accept any of the tenders in accordance with Clause 178(1)(b) and negotiate with Tenderer 1 at its February 2021 meeting. Negotiations with Tenderer 1 have progressed to a point where the tender evaluation committee are now satisfied with the proposed contract.

The scope for Contract C2020-31 includes the design finalisation and construction of the Queanbeyan Civic and Cultural Precinct (QCCP) located at 257 Crawford Street, Queanbeyan. An information paper attached to this report further describes the QCCP project inclusions and exclusions.

Several workshops on the scope and finances of the project have been held with councillors and architects. Copies of previous reports and resolutions are available for Councillors if requested. A summary of the scope of the project and related plans have been made available for councillors.

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**Recommendation**

**That Council enter into a contract with Tenderer 1 for the Design Finalisation and Construction of the Queanbeyan Civic and Cultural Precinct for the lump sum of \$(insert) (excluding GST).**

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**Background**

The project includes the construction of two towers with connections to the existing Bicentennial Hall building and improved access to The Q Theatre. More specifically, it involves the construction of approximately 10,000m<sup>2</sup> of commercial and public buildings on the site of the former Council administration building at 257 Crawford Street Queanbeyan. This includes approximately 6,500m<sup>2</sup> of public space, 1,450m<sup>2</sup> of community areas, 2,050m<sup>2</sup> of commercial space, approximately 4,000m<sup>2</sup> of Council administration and library spaces, and basement car parking. The project is targeting 5 Star Green Star and 5 Star NABERS certification.

The development application for the project was approved by the Southern Regional Planning Panel on 27 November 2020.

#### 8.4 Outcome of Contract Negotiations for Design Finalisation and Construction of Queanbeyan Civic and Cultural Precinct (Ref: ; Author: Hansen/Damo) (Continued)

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Amendments to the public domain were presented to Council at a workshop on 10 February 2021, along with options to change the size of the basement. The workshop supported the option to reduce the area of the public domain, retain at grade parking and maintain the capacity of the basement car park. These design changes will be included in an amendment to the approved Development Application for the project.

The select tenders were called on 12 November 2020 for the Design Finalisation and Construction of the Queanbeyan Civic and Cultural Precinct Project (Project). Tenders closed on 23 December 2020. Five tenders were received by the closing time. The attached Tender Evaluation Report (TER) provides details of all the submissions received and scores associated with each tender. Tenderers were ranked as follows: first Tenderer 1; second Tenderer 5; third Tenderer 3, fourth Tenderer 4; and fifth Tenderer 2.

On the 24th February 2021 Council resolved (res 054/21) to:

*1 - Council decline to accept any of the tenders in accordance with Clause 178(1)(a) of the Regulation, as tenders are not advantageous to Council, having regard to all the circumstances.*

*2 - Council enter into negotiations with Tenderer 1 as the highest scoring tenderer in accordance with Clause 178(3)(e) of the Regulation.*

*3 - Should negotiations not achieve a favourable outcome with Tenderer 1, Council enter into negotiations with Tenderer 5 as the second highest scoring tender in accordance with Clause 178(3)(e).*

*4 - Council delegate to the Planning and Strategy Committee Meeting of the Whole, the authority to award the contract for the Design Finalisation and Construction of the Queanbeyan Civic and Cultural Precinct.*

Following the resolution above, items 1 and 2 have been substantially completed by the Tender Evaluation Committee. Contract negotiations were undertaken with Tenderer 1 through formal correspondence and a negotiation meeting held on 26 February 2021. The negotiation process was successful with agreement being reached on the majority of all points of discussion during the week following the meeting. As a result, this report is actioning point 4.

Item 3 was not required following successful negotiations with Tenderer 1.

#### **Implications**

##### ***Legal***

Tenders were called and assessed in accordance with the requirements of s55 of the *Local Government Act 1993* and Part 7 Local Government (General) Regulation 2005. Council resolved to enter negotiations with Tenderer 1 under Clause 178(3)(e) of the Regulation.

##### ***Policy***

Tenders were called in accordance with QPRC Procurement Policy.

#### 8.4 Outcome of Contract Negotiations for Design Finalisation and Construction of Queanbeyan Civic and Cultural Precinct (Ref: ; Author: Hansen/Damo) (Continued)

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##### ***Sustainability***

The QCCP project will comply with Council's Sustainable Design Strategy for Council Buildings which requires Council infrastructure with a cost of over \$2 million to achieve a minimum 5 star sustainability rating. Compliance with the Strategy will be achieved via a 5 Star Green Star Rating from the Green Building Council of Australia. The design brief also includes meeting a minimum NABERS 4 star rating for office buildings to meet the requirement of NSW government tenancy.

##### ***Asset***

The redevelopment of the old administration building is substantially a renewal of an existing asset, upgraded to accommodate additional council and agency staff, incorporating relevant sustainability elements. Further to the scope published in 2017, the project has added:

- government agency and commercial office levels and smart hub
- library
- basement carparking
- new public domain
- integration with the Bicentennial and the Q

The Property Council of Australia (PCA) A-grade standard will be targeted for the building, with the exception of a number of high cost items which are considered to only provide marginal improvements to the functionality of the building, such as a second chiller and distributed antenna system for in-building mobile phone coverage.

##### ***Social / Cultural***

The delivery of the project will provide improved connectivity between the old chambers, the Q Theatre and Bicentennial Hall which will increase the functionality of the conference, community and cultural spaces. The extensive public domain and forecourt will provide a beautifully designed space for both civic and less formal social events.

##### ***Economic***

Economic benefits of the project are described in the project Business Case October 2019.

##### ***Strategic***

A Development Application for the project was submitted to Council in December 2019. Council has referred the application to the Southern Regional Planning Panel (SRPP) for determination in accordance with State Environmental Planning Policy (State and Regional Development) 2011. Schedule 7 of this Policy categorises the development as a regionally significant development as it has a capital investment of more than \$5 million and Council is the applicant; the owner of the land on which the development is to be carried out; and the development is to be carried out by Council – consequently the assessment and determination are to undertaken independently of Council.

#### 8.4 Outcome of Contract Negotiations for Design Finalisation and Construction of Queanbeyan Civic and Cultural Precinct (Ref: ; Author: Hansen/Damo) (Continued)

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The Development Application was received, reviewed and deferred by SRPP pending receipt of further information from Council. A supplementary submission responding to the request for further information was provided to SRPP.

Approval for the Development Application was given by the Southern Regional Planning Panel was given on 27 November 2020.

There are a number of changes to the design at basement, ground and mezzanine levels that require an amendment to the approved Development Application. Documentation is being prepared to submit a Section 4.55 Modification Application (of the Environmental Planning and Assessment Act 1979). These include the most recent changes to the basement, public domain and surface car parking presented to Council on 10 February 2021.

The progress of this development is instrumental in implementing the ambitions of the QCBD Transformation Strategy and Masterplan.

#### ***Engagement***

Council placed the QCCP concept design and detailed Business Case on public exhibition between 28 October and 29 November 2019. During this period, a number of engagement activities were undertaken to promote the project. These were more fully described in the report on community and staff consultation in the QCCP Business Case presented to Council at the December 2019 Council meeting.

As part of the QCCP project team, a Change Manager has been engaged to assist staff to transition from their multiple and varied workplaces to a new workplace environment. The Change Management team has prepared a strategy for engagement with staff and the community which will be endorsed by Council's Executive prior to implementation.

When the Contractor is engaged more specific updates will be provided to the community with regards to the work and changes to parking in and around the Lowe Car Park.

A series of community information sessions for the Monaro Street Upgrade Project are planned at which Council will also provide updates on the QCCP Project.

#### ***Financial***

The project is included in the Long Term Financial Plan 2018-28 where it is noted Council resolved in 2018 that the cost of servicing debt for the new head office in Queanbeyan occupied by Council staff would be met by merger, building costs savings and service review savings. Estimates for QCCP include on-costs, professional fees and contingency. The contingency held within the budget will vary depending on the scope of the public domain adopted by Council.

**8.4 Outcome of Contract Negotiations for Design Finalisation and Construction of Queanbeyan Civic and Cultural Precinct (Ref: ; Author: Hansen/Damo) (Continued)**

The table below summarises the mix of capital directed to community, council and commercial purposes for the total project:

<b>QCCP Spaces:</b>	
Community	34,693,155
Council Administration	19,586,365
NSW Government Commercial	14,595,130
Commercial	5,972,234
<b>QA Estimate of Costs</b>	<b>74,846,884</b>

The Business Case for the project outlined the funding for the project. This included \$1.9m from grant funding, \$50.1m from borrowings and \$20.5m from property sales and related development proceeds.

The property sales component is now reduced to \$6.956m as the Government will be a tenant rather than purchasing a stratum in the development, and borrowings increase accordingly. Grants will be sourced to fit out the library and offset the cultural spaces integration. If that does not materialise in full, reserves (from property sales) would be raised for the balance.

Council’s Long Term Financial Plan (LTFP) has been modelled on the basis of the full loan amount being repaid over 20 years, rather than the initial proposal to make early repayments once property sales are realised. Accordingly, debt for QCCP increases to \$72.924 million, P&I debt servicing increases to \$4.5 million per annum, and lease revenues offset that increase by \$550,000 (estimate allowed for State Government rental). No amount has been borrowed for capital costs incurred to June 2020.

As reported previously, merger and building savings, together with lease returns, service the annual P&I. Further, the proceeds of sale of Rutledge properties of around \$6m are available to return working capital to sustainable levels, as outlined in the LTFP.

As referenced above, the NSW Government has announced it will establish the southern headquarters of Department of Regional NSW in the new QCCP building, taking up a tenancy to accommodate up to 100 staff comprising ~ 1650m2 GFA and approximately 20 car spaces.

Commercial terms and preparation of an agreement to lease is underway. The lease will contribute to servicing of the additional debt, designed to deliver cash-positive returns from year 10 (i.e. rent > P&I) for that proportional share of the debt.

The table below summarises funding sources for the \$74.847m project, inclusive of professional fees and contingencies.

Program Code	Expense Type	Funding source	Amount
	Capital	Debt	72.924
		Grant (culture/library)	1.923

**8.4 Outcome of Contract Negotiations for Design Finalisation and Construction of Queanbeyan Civic and Cultural Precinct (Ref: ; Author: Hansen/Damo) (Continued)**

**Resources (including staff)**

Internal staff resources will be required for the duration of the project to provide owner and occupant inputs to the detail design along with staff and community engagement.

The level of staff input to review the detail design as it progresses will be significant to maintain the project program. A change management process is in place to transition staff from 11 buildings in the CBD, into QCCP.

The Project Management Plan will further detail the level of staff involvement in the project. While APP were engaged to manage the project, oversight will continue with the Project Management Committee (executive and project support office).

**Integrated Plan**

The project business case outlines how the benefits generated by the project assist in meeting the objectives of Community Strategic Plan 2018-28

QPRC Delivery Program 2018-21: Council will undertake the design, planning approvals and construction tender during 2019-20, with construction expected to commence in 2020-21.

QPRC Operational Plan 2019-20 provides for the head office project as part of the QCBD Transformation as per below.

Queanbeyan CBD Transformation	Estimated Cost \$,000	2018-19 \$,000	2019-20 \$,000	2020-21 \$,000
The Queanbeyan CBD Transformation Strategy draws on previous work undertaken by Council, including the CBD Master Plan. It aims to increase the number of residents and workers in the CBD to increase patronage into the retail and lifestyle precincts. To build confidence in business to invest in the CBD, Council is proposing to initially bring all of its Queanbeyan office-based staff to a single building to enable the other 11 buildings and cottages to be vacated and redeveloped into a mix of residential, commercial and aged care developments by the private sector.	65,947	3,022	12,665	50,260
	<b>Source of funds</b>			
Improving the amenity and safety of the CBD involves centralising carparking into undercover decked carparks in Morisset and Crawford Sts, and converting part of the Rutledge, Lowe and Morisset carparks into public domain to act as green pedestrian corridors between the Queanbeyan parks and the River.		Asset sales Reserves Grants and contributions	Assets sales Loans	Loans
Individual projects include: Rutledge walkway, Smart City, Queanbeyan Head Office and Smart Hub, Civic plaza, Lowe St pedestrian corridor, Morisset St improvements and more.				

The Resourcing Strategy 2017-21 includes the action to provide a contemporary workplace. This project achieves this strategy by providing a new workplace at 5-star green star and PCA A grade facility.

The Operational Plan should be updated to reflect the tenancy rather than strata sale for the Government occupancy.

**Conclusion**

Negotiations undertaken since 26 February 2021 with Tenderer 1 on the issues identified during the tender period are substantially complete. As noted in Attachment 2 – *Report to Planning and Strategy meeting on outcomes of the negotiations* there remain a few outstanding contract conditions that required resolution prior to the contract award. The Tender Evaluation Committee advises that the final proposed Contract with Tenderer 1 will result in the best value for money outcome for Council with respect to tendered works.



#### 8.4 Outcome of Contract Negotiations for Design Finalisation and Construction of Queanbeyan Civic and Cultural Precinct (Ref: ; Author: Hansen/Damo) (Continued)

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Based on acceptable resolution of negotiations with Tenderer 1, the Tender Evaluation Committee, in accordance with the requirements of the Tender Evaluation Plan, recommend Council enter into a contract with Tenderer 1 to undertake Contract 2020-31 Design Finalisation and Construction of Queanbeyan Civic and Cultural Precinct following the successful finalisation of the Contract conditions noted in the Tender Evaluation Report.

#### **Attachments**

- Attachment 1 Tender Evaluation Report for C2020-31 - Design Finalisation and Construction of Queanebyan Civic and Cultural Precinct (*Under Separate Cover*) - **CONFIDENTIAL**
- Attachment 2 Report to Planning and Strategy meeting on outcomes of negotiations for Contract C2020-31 for Design Finalisation of Queanbeyan Civic and Cultural Centre (*Under Separate Cover*) - **CONFIDENTIAL**
- Attachment 3 Information Paper on scope included in Queanbeyan Civic and Cultural Precinct (*Under Separate Cover*) - **CONFIDENTIAL**