

Special Council Meeting

MINUTES

FOR THE MEETING HELD
WEDNESDAY 30 JANUARY 2019
IN COUNCIL CHAMBERS,
41 WALLCLIFFE ROAD, MARGARET RIVER
COMMENCING AT 2.00 PM

Meeting Notice

Dear Councillors

I advise that a Special Council Meeting of the Shire of Augusta Margaret River will be held in Council Chambers, 41 Wallcliffe Road, Margaret River on Wednesday 30 January 2019, commencing at 2.00pm for the purpose of receiving the report on the awarding of the Margaret River Main Street Redevelopment Tender.

Yours faithfully



DALE PUTLAND
ACTING CHIEF EXECUTIVE OFFICER

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Special Council Meeting

1.0 DECLARATION OF OPENING

The Shire President thanked all in attendance and declared the meeting open at 2.00pm

The Shire President gave an Acknowledgement of Country: I acknowledge the Wadandi people who are the traditional owners of this land and whose present and past elders are active on the land.

2.0 ATTENDANCE

2.1 Attendance

Shire President : Cr Pam Townshend

Councillors : Cr Ian Earl
Cr Naomi Godden
Cr Peter Lane
Cr Julia Meldrum
Cr Mike Smart

Acting Chief Executive Officer : Dr Dale Putland

Director Infrastructure Services : Mr Markus Botte

Acting Director Corporate and
Community Services : Mr Andrew Ross

Acting Director Sustainable
Development : Mr Nick Logan

Project Manager Asset Services : Dr Helen Whitbread

Governance / Council Support
Officer : Ms Megan Smith

2.2 Apologies

Councillors : Cr Pauline McLeod

2.3 Members of the public

8 members of the public were present

2.4 Members of the Press

Augusta Margaret River Times : Mr Warren Hately

2.5 Approved leave of absence

Nil

3.0 DISCLOSURES OF INTEREST

The Shire President noted that Cr McLeod was absent as she has a financial interest in the matter being discussed, which has been disclosed on this occasion and for other meetings prior to this one where the Main Street project has been discussed.

4.0 PUBLIC QUESTIONS

4.1 Public Question Time

Mr Peter Griffyn 29 Town View Terrace Margaret River

Mr Peter Griffyn asked the following questions.

Q1. Why has Cr McLeod had to declare a conflict of interest?

A1. The Shire President advised that it is up to councillors to decide that they need to declare an interest. The Acting CEO also advised that as Cr McLeod has a financial interest due to the fact that she owns a business on the Main Street, which is immediately adjoining where the works will be occurring, she cannot take part in any meeting or discussion relating to the matter. As such, Cr McLeod has not participated in any discussions or meetings relating to this prior to the Special Meeting being held.

Q2. Can Cr McLeod not even sit in the meeting and not vote?

A2. The Acting CEO advised that she could not.

5.0 SPECIAL BUSINESS

5.1 MARGARET RIVER MAIN STREET REDEVELOPMENT TENDER

5.1 Special Business

5.1 MAIN STREET REDEVELOPMENT PROJECT

LOCATION/ADDRESS	Bussell Hwy, Margaret River Bridge – Wallcliffe Road
APPLICANT/LANDOWNER	Shire of Augusta Margaret River
FILE REFERENCE	COR/368
REPORT AUTHOR	Helen Whitbread, Project Manager
AUTHORISING OFFICER	David Nicholson, Acting Director Infrastructure Services

IN BRIEF

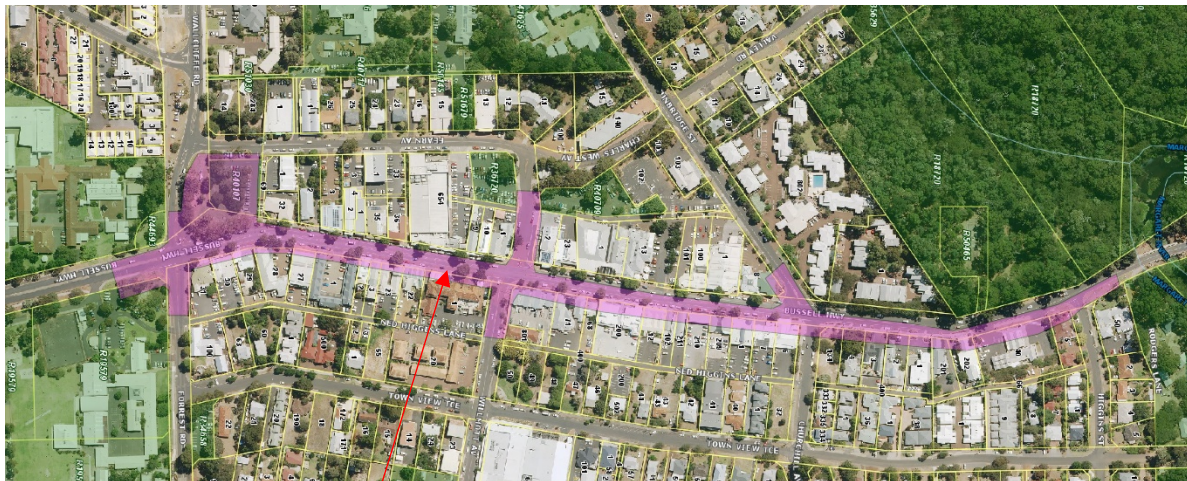
- Tenders were called for the provision of construction services for the Margaret River Main Street Redevelopment located on Bussell Highway, Margaret River.
- Three compliant tenders and two alternative tenders were received by the tender closing date.
- All tenders have been assessed by an evaluation panel made up of Shire officers and a recommendation prepared.

RECOMMENDATION

That Council:

1. Rejects all tenders on the basis that none of the prices tendered are within the project budget.
2. Authorises the CEO to investigate additional internal funding options for the project including, but not limited to, reallocation of funding from other projects and programs in the Long Term Financial Plan, the use of relevant reserves and new loan borrowings.
3. Authorises the CEO to investigate additional matching contributions to the budget shortfall from the State Government.
4. Authorises the CEO to enter into negotiations with Georgiou Group Pty Ltd outside of the tender process, as permitted for under r.11(2)(c)(i) of the Local Government (Functions and General) Regulations 1996) to negotiate adjustments to the project specification as outlined in the tender document with a view to identify cost savings to meet the Shire's financial requirements.

LOCATION PLAN



Extent of Shire's site works for Main Street Redevelopment

Figure 1 Project Site: Margaret River Main Street Redevelopment

TABLED ITEMS

Nil

BACKGROUND

The State Government, through the South West Development Commission, and the Shire of Augusta Margaret River, are jointly funding the Margaret River Main Street Redevelopment Project. The Project commenced in 2012 as part of a State Government Super Town Planning Program. The Project site comprises three precincts; the River, Festival and Hill precincts. Part of the River Precinct works were completed as Stage One of the Project in 2013.

The Shire undertook a public open tender process to appoint a suitable Contractor for the provision of construction services for the Margaret River Main Street Redevelopment. The scope of this tender included:

- Road pavement rehabilitation and upgrades;
- Stormwater drainage;
- New intersection treatments;
- New footpaths, cycle lane and pedestrian crossings;
- New lighting;
- Landscaping (soft and hard);
- Associated civil and electrical works; and
- Traffic management, signs and line-marking.

Thirty-nine contractors requested and were provided with a copy of the RFT documents.

A non-mandatory RFT briefing formed part of this tender process and was held at 11am on 29 October 2018 at the Margaret River Shire Offices. Eleven contractors attended this briefing. Eleven addenda were issued during the RFT Open Period and a number of clarifications were provided. Details of contractors provided with RFT documents, contractors who attended the RFT briefing, addenda issued and any clarifications sought were all recorded in an RFT Open Period Log.

The original Tender Deadline was extended by ten days, due to a request from a potential tenderer for an extension of time to enable tenderers sufficient time to receive prices back from sub-contractors.

Three tenderers submitted tenders. These tenderers, listed in alphabetical order, are:

1. Downer EDI Works Pty Ltd
2. Ertech Pty Ltd
3. Georgiou Group Pty Ltd

Two of the tenderers submitted both a Conforming and Alternative tender

All Tenders were received before the Deadline.

Each tender response was evaluated by an evaluation panel consisting of:

- Helen Whitbread Project Manager
- David Nicholson Acting Director Infrastructure Services
- Andrew Ross Acting Director Corporate and Community Services

The panel considered and assessed the tenderer's responses to the following compliance and qualitative criteria:

- Compliance Criteria – not weighted, assessed on a Compliant/Non-compliant basis
- Relevant Experience and Demonstrated Ability -25%
- Tenderer's Resources and Key Personnel Skills and Experience Tenderer's Resources -25%
- Demonstrated Understanding -30%
- Local Content Commitment-10%
- Occupational Safety, Health and Environmental Management – 10%;

Panel members did not access the tenderer's prices until after their assessments of the qualitative criteria had been completed. Pricing was considered along with risk and any other relevant factors as part of the overall Value for Money assessment of tenders.

CONSULTATION AND ADVICE

External Consultation

A public Local Project Local Opportunities information session was held on 26 September 2018 to inform local suppliers and subcontractors of opportunities to be involved in the Margaret River Main Street Redevelopment Project. The information session was held in conjunction with the South West Development Commission and attracted 52 attendees.

The RFT was advertised in the West Australian on 24 October 2018 in the Augusta Margaret River Mail on 26 October 2018, in accordance with *Local Government (Functions & General) Regulations 1996*. It was also displayed on the Shire's website from 24 October to 10 December 2018.

Internal Consultation

- Chief Executive Officer
- Project & Procurement Officer
- Director Infrastructure Services
- Manager Asset Services/Acting Director Infrastructure Services
- Manager Corporate Services/Acting Director Corporate and Community Services

DISCUSSION / OFFICER COMMENTS

An Evaluation Report for tenders has been prepared and a copy is attached as Confidential Attachment 1.

An assessment of the tenders was conducted, based on qualitative criteria and a reasonable application of pricing as outlined in the Confidential Evaluation Report. The outcome was that Georgiou Group Pty Ltd was the highest ranking tenderer.

None of the tenderer's submitted prices were within the approved construction budget. Therefore, in order to progress the project, a revised Main Street Redevelopment Project Business Case has been prepared outlining three possible options facing the project:

Option 1: Cancel the Project.

While there has been a gap of over six years between project inception and planned construction, the key project objectives of improved safety for all road users, serviceability, accessibility and economic viability for the Margaret River Main Street, have not changed and as such the purpose of the project remains viable. Furthermore, in addition to potential loss of brand value, cancelling the project has a high chance of creating a major reputational risk through damage to corporate goodwill between the Shire and its key stakeholders including the State Government and the local community.

Option 1 is not recommended.

Option 2: Partial Construction

Partial construction of the project will ensure key essential infrastructure upgrades are achieved and provide local employment. However, by not completing the amenity improvements the majority of the tangible and intangible social and economic benefits will not be realized. Partial construction will be viewed by stakeholders, in particular main street traders, as a major inconvenience with potential negative economic impacts, for no perceivable benefit. Partial construction will not mitigate the major reputational risk through damage to corporate goodwill between the Shire and its key stakeholders including the State Government and the local community.

Option 2 is not recommended.

Option 3: Fund the budget shortfall to complete the Project

Delivering the long awaited Main Street Redevelopment in its entirety, albeit with minor revisions, not only takes advantage of the current opportunity afforded by the State Government and Shire funding, but more importantly uses this opportunity to continue to position Margaret River as a vibrant town centre that complements the significant natural, cultural and resources of its region and will also ensure the benefits of the recently completed Margaret River Perimeter Road are delivered. The project will deliver key essential infrastructure upgrades and provide immediate and long-term local employment opportunities. Importantly, the inevitable inconvenience experienced by the community and visitors during the construction period will ultimately be compensated by a safer more attractive streetscape with increased public space for social interaction and increased economic vitality.

The financial risk to the Shire through exposure to additional borrowings has been significantly reduced through value management both during the design detail and tender stage, reducing the total estimated

project costs by over 8%. Moreover, completing the project mitigates the significant reputational risks for the Shire, key stakeholders and the brand, Margaret River. To that end additional external funding will need to be sought to ensure the Shire is not exposed to financial risk or rate increases. While it is expected that the Shire will need to fund 50% of the estimated \$1,966,945 shortfall, additional external funding would be sought from the State Government.

Option 3 is recommended. *A fully funded project (Option 3) which is contingent on sourcing additional internal and external funding and successful negotiations with the preferred tenderer, will support the transformation of Margaret River into a vibrant, self-sustaining regional town.*

Option 3 is expected to have a significant positive impact on the economic, social and community wellbeing of Margaret River (and the South West region), representing a net benefit for investment in the project through:

- Increases in tourism visitation to Margaret River and the region;
- Increases in economic activity (from tourism expenditure and enhanced commercial opportunities in the main street);
- Increases in brand value of Margaret River;
- Increases in the ability of Margaret River to attract future residents and workers;
- Addressing critical infrastructure needs and supporting a safer pedestrian and cyclist environment;
- Ensuring full benefits of the Margaret River Perimeter Road are realised through a pedestrianised environment of the Margaret River Town Centre and associated shift of bypassing, in particular heavy vehicle traffic, away from the Town Centre; and
- Improved quality of life for local residents.

The development of the Project will have significant direct and flow-on economic impacts on the regional economy during both the construction and operation phases.

Based on the above considerations, it is recommended that Council rejects all tenders as insufficient funding sources have been identified for the Shire to be able to proceed with the project.

Under r.11(2)(c)(i) of the Local Government (Functions and General) Regulations 1996, tenders do not have to be publicly invited if, within the last 6 months, the local government has publicly invited tenders for the supply of goods or services but no tender was submitted that met the tender specifications or satisfied the value for money assessment.

It is therefore recommended that Council authorises the CEO to seek further funding to be able to proceed with the project, and in conjunction with this, enter into negotiations with Georgiou Group Pty Ltd to vary the tender to meet the Shire's financial requirements, based on the current budget and any additional funding secured.

STATUTORY ENVIRONMENT / LEGAL IMPLICATIONS

Section 3.57 of the *Local Government Act 1995*

Local Government (Functions & General) Regulations 1996

STRATEGIC PLAN / POLICY IMPLICATIONS

Community Strategic Plan 2036 (CSP)

Corporate Business Plan 2018-2022

Key Result Area 3 Ensuring Sustainable Development

Community Outcome 6: Connected and safe transport network

Strategy 2: Manage traffic flows, parking and pedestrian safety in town and village centres

Strategic Response: 3.6.2.1 Priority Project: Deliver the upgrade to the Margaret River Main Street

PLANNING FRAMEWORK

Nil

FINANCIAL IMPLICATIONS

Additional funding and/or cost savings will need to be identified and secured in order to proceed with the project. Funding options being considered include:

- Reallocating capital works funding for 2019-20
- Using relevant reserves such as the Parking Reserve
- Drawing down a loan
- Obtaining additional grants

SUSTAINABILITY IMPLICATIONS

Environmental

- Rain gardens included in Fearn Avenue Square;
- Verge gardens included in the Main Street;
- Increased tree planting will reduce the urban heat island effect and provide habitat for fauna;
- Cycle lanes and improved pedestrian environment with safer crossing points, which will help create a culture of alternative transport modes;
- Reduction in vehicle and traffic noise, vibrations and emissions due to realisation of full benefits associated with the new Margaret River Perimeter Road and shift of heavy vehicle traffic away from the town centre as a result of a low speed, pedestrianised Main Street environment;
- Reduced flood risk in the Main Street; and
- New energy efficient LED street lighting.

Social

- The curated streetscape will provide extensive opportunities for community engagement;
- A safe pedestrian environment will contribute to increased amenity;
- Improvements to the streetscape will provide a safer and more equitable pedestrian and cyclist environment; and
- Improved quality of life for local residents.

Economic

- A safe pedestrian environment will contribute to increased retail opportunities;
- Parklets and streetscape curation will provide opportunities for pop up shops and increased retail activity;
- Increases in tourism visitation to Margaret River and the region;
- Increases in economic activity (from tourism expenditure and enhanced commercial opportunities in the main street);
- Increases in brand value of Margaret River;
- Increases in the ability of Margaret River to attract future residents and employees;
- Reductions in street lighting operating and maintenance costs;
- Reduction in annual changeover costs of seasonal/promotional banners;
- Full realisation of travel time savings associated with the new Perimeter Road through traffic shift; and
- Increased development opportunities in the Main Street.

VOTING REQUIREMENTS

Absolute majority

RECOMMENDATION / COUNCIL DECISION

RECOMMENDATION

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ADVICE TO APPLICANT / PROPONENT

Nil

ATTACHMENTS

1. Confidential Attachment 1 – Margaret River Main Street Redevelopment RFT 03-19 Evaluation Report

RECOMMENDATION / COUNCIL DECISION

CR EARL, CR LANE SM2019/01

RECOMMENDATION

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CARRIED 6/0

6.0 CLOSURE OF MEETING

The Shire President closed the meeting at 2.09