

## 10.9. North Sydney Olympic Pool Redevelopment - Project Update

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<b>ATTACHMENTS</b>	1. 10.09 Confidential Memo NSOP [10.9.1 - 3 pages]
<b>CSP LINK</b>	2. Our Built Infrastructure 2.1 Infrastructure and assets meet diverse community needs

### PURPOSE:

The purpose of this report is to provide an update on the redevelopment of North Sydney Olympic Pool.

### EXECUTIVE SUMMARY:

- Construction work on the North Sydney Olympic Pool is anticipated to reach Practical Completion in May 2024.
- Total approved construction contract variations to date are \$4.8m. Council continues to assess variations and EOT claims.
- A Business Plan for the operation of the facility is currently being finalised and will be presented to Councillors at a briefing session in October 2023.
- Confirmation of final project forecasts continues, as outstanding claims continue to be assessed, and scoping for additional works are progressed.
- Should Council wish to discuss this report it is noted that the attached confidential document includes information that would, if disclosed, confer a commercial advantage on a person with whom the Council is conducting (or proposes to conduct) business. Further, release of the information would on balance be contrary to the public interest as publication of all tendered amounts would discourage potential tenderers from submitting commercial information in future and would affect Council's ability to obtain value for money services. As such should this matter be discussed it should be considered in closed session.

### RECOMMENDATION:

**1. THAT** Council read and note the report providing an update in relation to the North Sydney Olympic Pool Project.

**2. THAT** in accordance with section 55(3)(i) of the Local Government Act, Council authorise the General Manager to seek and enter a contract with APP Group for Project Management resources to provide project management services for the North Sydney Olympic Pool redevelopment, noting that due to the extenuating circumstances to undertake a Request for Tender process would not result in a satisfactory result.

**3.THAT** Council resolves that the identified attachment to this report is to be treated as confidential in accordance with section 11(3) of the Local Government Act for the following reasons under section 10A (2) of the Local Government Act:

*c) information that would, if disclosed, confer a commercial advantage on a person with whom the Council is conducting (or proposes to conduct) business and because consideration of the matter in open Council would be, on balance, contrary to the public interest as it would affect Council's ability to obtain value for money services.*

It is further noted that release of this information would on balance be contrary to the public interest as publication of all tendered amounts would discourage potential tenderers from submitting commercial information in future and would affect Council's ability to obtain value for money services.

## **Background**

Construction of the North Sydney Olympic Pool Redevelopment project commenced in March 2021, following the signing of construction contracts in December 2020. The last update report was provided to Council at its meeting of 26 June 2023. Councillors were also provided with an update on the project at a formal briefing session on the 21 August 2023.

## **Report**

### Progress to Date

Works onsite are continuing to progress, with the majority of structural works now complete. Preparation of the internal shells of the 25m and 50m program pools has commenced and the upper roof steel is scheduled to begin this month.

The following works have also been completed in July:

- Level 4 NE slab;
- Luna Park support structural steel;
- Subgrade and blinding slab for leisure pool base;
- 50m pool blanket boxes;
- Lift 1 shaft structure;
- Stair 13 steel staircase installed.

### Project Timeframe

Progress against the program is being monitored on an ongoing basis through formal site inspections attended by representatives from ICON, the Council, and Council's external Programmer. All parties agree on May 2024 as the current estimated date for Practical Completion. This date was extended by one month due to the resolution of several EOT (Extension of Time) claims.

As previously indicated, Council continues to work through outstanding EOT claims and project scope changes which may further impact the program timeframe.

### Project Budget

The total allocated budget for the redevelopment of North Sydney Olympic pool is \$85.87m. The forecast cost to completion for the project continues to be under review, however substantial progress has been made in the determination of variations and costs associated with extensions of time.

Details in relation to variations approved to date are provided in Table 1, with adjustments due to changes in scope detailed in Table 2.

Classification	Variations approved - reported 26 June 2023	Variations approved to 31 July 2023	Movement
	\$	\$	\$
Delays	1,068,765	1,068,765	Nil
25m Pool	285,884	287,290	1,406
Design finalisation	567,818	568,470	652
Early works/latent conditions	1,451,896	1,548,512	96,617
Hazardous substances	673,823	673,823	Nil
COVID delays	210,324	210,324	Nil
Services	253,695	308,937	55,242
Additional survey	13,195	13,195	Nil
Miscellaneous	118,518	304,187	185,669
Design Enhancements	6,616	6,616	Nil
Provisional sum adjustments - contamination	150,032	161,213	11,181
Previously excluded due to funding from other internal sources	152,978	153,809	831
<b>Total</b>	<b>4,953,544</b>	<b>5,305,142</b>	<b>351,598</b>

Table 1. Variations

Classification	Variations approved – reported 26 June 2023	Variations approved to 31 July 2023	Change
	\$	\$	\$
Provisional sum adjustment – scope changes	(356,353)	(397,533)	(41,180)
Children’s Play Equipment	154,539	154,539	Nil
Lift replacement	50,270	50,270	Nil
Deduction	(272,054)	(272,054)	Nil
<b>Total</b>	<b>(423,598)</b>	<b>(464,778)</b>	<b>(41,180)</b>

Table 2. Scope changes

The number of outstanding variations has reduced to 39 from 60 previously reported to the Council on 26 June 2023. The project team is continuing to work with an external programmer and Quantity Surveyor to assess variations.

### Operational Readiness

Progress towards operational readiness remains on track. The Manager Leisure and Aquatics continues to work closely with departments across Council to ensure resourcing, sustainability and strategic requirements have been considered and planned for.

Ongoing consultation with the Projects team continues relating to aspects of the build requiring operational input. Information Technology equipment needs are being finalised to ensure procurement meets the necessary timeframes and budget. Sustainability initiatives continue to be included where possible.

The Business Plan is nearing completion, with a clear image emerging of the programs, services, and pricing recommendations to deliver on community expectations when the complex opens. A proposed list of services along with the draft pricing policy will be presented at a Councillor Briefing on 4 September 2023.

### Progress Photos



*View from the Bridge 27/7/2023*





*The gym 27/7/2023*



*Western Stairs 27/7/2023*



*50 m pool 27/7/2023*



*Leisure Pool blinding slab 27/7/2023*



*Level 1 Amenities and Hall of Fame 27/7/2023*



*Under Western Stairs and Program Room 1 27/7/2023*



*Stairway to Gym 27/7/2023*



*Level 4 NW plant room 27/7/2023*



*Level 4 NE plant room 27/7/2023*





25m pool 27/7/2023

### Financial / Resource Implications

The redevelopment of North Sydney Olympic Pool will continue to put pressure on Council's budget and resources.

In response to project risks, in June 2023, a decision was made to contract external project management services for eight weeks to assist with the volume and complexity of variations and EOT claims and oversee independent program and peer reviews. This has been a valuable exercise and it is now recommended that Council engage external project management services to oversee the project to its final stages.

It is expected the value of these services will exceed the \$250K tender threshold. Based upon industry standards, a budget of \$650K is required. In making this recommendation, consideration has been given to future risks to time, cost, and quality for the project.

The Local Government Act (The Act) section 55 (1) requires that council must invite tenders before entering into contracts for goods or services over the amount of \$250,000 however under section 55(3)(g), this requirement does not apply to a contract for the purchase of goods, materials or services specified by the NSW (New South Wales) Procurement Board or Department of Administrative Services of the Commonwealth.

Section 55(3)(i) of the Act provides that a council is not required to call tenders for a contract where 'because of extenuating circumstances, remoteness of locality or the unavailability of competitive or reliable tenderers, a council decides by resolution that a satisfactory result would not be achieved by inviting tenders.

APP Group is a preapproved supplier on the NSW Government scheme SCN10611 for consultants in construction for projects above \$9M. Given the extenuating circumstances, with time being imperative, the significant history of the project to date and the existing

knowledge of the project held by APP Group along with their recent relevant expertise, it is recommended that Council not invite quotes for the provision of external project management services and instead appoint APP Group noting their prequalification under the NSW Government SCN10611 scheme.

In making this recommendation, it is noted that other service providers would require considerable time to become familiar with this complex project and develop the required understanding of systems and relationships. This would result in additional time and cost to the project.

It is recommended that the Council authorise the General Manager to seek and enter a contract with APP Group for Project Management resources for the North Sydney Olympic Pool redevelopment.

A confidential memo is attached to this report to assist Council with this decision.

It should be noted that the memo is classified confidential in accordance with the Local Government Act 1993, sections 10A (2) (c) as it contains information that could confer a commercial advantage.