

10.17.North Sydney Olympic Pool Redevelopment - Project Update

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ENDORSED BY	Therese Cole, Chief Executive Officer
ATTACHMENTS	1. NSOP Redevelopment Report 28 Oct 2024 Confidential Attachment [10.17.1 - 4 pages]
CSP LINK	2. Our Built Infrastructure 2.1 Infrastructure and assets meet diverse community needs

PURPOSE:

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

EXECUTIVE SUMMARY:

- Construction activity across the site continues. The reinstallation of the structural steel roof over the 25-metre indoor pool hall roof commenced in August 2024 and primary and secondary steel components are now in place. Removal of temporary propping has now complete, and the framing is being prepared for roof sheeting.
- Council continues to work towards confirmation of delay timeframes associated with the structural steel issues. Once resolved, the outcome will result in an adjustment to the date for Practical Completion within the contract, which is currently May 2024.
- The contract date for practical completion may not equal the forecast date if the contractor is responsible for any delay.
- The current construction contract value is \$91.47m as of 30 August 2024 inclusive of all agreed variations outlined within this report.
- Council continues to receive variations associated with latent conditions, along with design and construction-related issues.
- Council is required to extend APP Pty Ltd for Project Management services due to the delays associated with the structural steel over the 25m indoor pool.

RECOMMENDATION:

1. THAT the meeting be closed to the public in accordance with Section 10A (2):

(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.

(g) advice concerning litigation, or advice that would otherwise be privileged from production in legal proceedings on the grounds of legal professional privilege 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 manage legal matters effectively and in the best interests of the community.

2. THAT the confidential report and related attachments be treated as confidential and remain confidential unless the Council determines otherwise.

3. THAT Council authorise the Chief Executive Officer to extend the agreement with the APP Group for Project Management resources by an additional \$400K for the North Sydney Olympic Pool redevelopment using the extenuating circumstances provisions within s55(3)(i) of the Local Government Act 1993.

4. THAT Council notes the contents of this report in relation to the redevelopment of the North Sydney Olympic Pool.

Background

Construction on the redevelopment of the North Sydney Olympic Pool commenced in March 2021. The last update regarding this project was provided to the Council meeting of 22 July 2024. A formal briefing on the project was provided to Councillors on the 14 October 2024.

Report

On-site Progress

The reinstallation of the structural steel roof over the 25-metre indoor pool hall roof commenced in August 2024 and primary and secondary steel components are now in place. Removal of temporary propping has now complete, and the framing is being prepared for roof sheeting.

Construction activity across other areas of the site is continuing with fit out works on Levels 1 and 2 progressing including installation of high-level and in-wall services, wall and ceiling framing and sheeting commencing. The fit-out of the plant rooms on Levels 1, 2 and 3 is also ongoing. The main electrical switchboards have been installed and in the process of being fitted off for connection to the new substation.

Restoration works associated with the southern external wall of the complex, completing a significant milestone in heritage restoration for the redevelopment.

Contract

Council continues to work towards confirmation of delay timeframes associated with the structural steel issues. Once resolved, the outcome will result in an adjustment to the date for Practical Completion within the contract, which is currently May 2024.

The contract date for practical completion may not equal the forecast date if the contractor is responsible for any delay.

It should be noted that Council will require between two and three months to operationalise the pool after handover.

Council's project team continue to receive and respond to Requests for Information (RFIs) from the Contractor related to latent conditions, design, and contractual issues. A total of 42 RFIs have been submitted over the period of August 2024, taking the total of RFIs received on the project to 1,552. 30 RFIs were in the process of being addressed as at end of August 2024.

Council has received 10 additional variations over the period of August 2024, which are being assessed in relation to contractual entitlement and value. A detailed summary of these variations is provided within the confidential attachment to this report.

The Revised Contract Sum is \$91,47m, which includes 13 variations that have been agreed since the report to Council on 12 June 2024. Further details of these variations are contained in the confidential attachment to this report.

Council's project team continue to resolve design and construction issues. These, along with latent conditions not identified prior to construction, are continuing to generate variations.

The table below summarises variations that have been assessed and approved since the last report to Council on 22 July 2024.

Variation Number	Description	Assessed Amount
319	Western Stairs - Aqua Dining Strengthening Works (latent conditions)	\$36,366.36
356	Lane line reel installation (client direction)	\$16,147.66
393	Southern Brickwork Cracking Window (latent conditions)	\$23,715.85
396	Aqua Dining Western Wall Heritage Works (provisional sum adjustment) - not proceeding	\$0.00
399	Upper roof Pool Hall P2 Purlin (design change)	\$82,819.57
416	Southern Wall brickwork remediation (latent conditions)	\$35,701.53
418	Lead Paint Removal Southern Heritage Wall (latent conditions)	\$2,110.36
420	Electrical - Steam and Sauna Coordination (design issue)	\$6,066.70
421	Steam and Sauna Coordination (Mechanical & Hydraulics) (design issue)	\$32,521.10
428	Wall Mounted Hand Basin Mock-Up (client direction)	\$4,371.38
438	Gelato Bar - DB location in joinery (design Issue)	\$3,832.02
440	East Stair Tower - Floor Tiles Replacement (latent condition)	\$4,133.41
441	Aquatic pipework fire rating to aqua dining kitchen (design issue)	\$6,009.59
Total Value of Assessed Variations (12/06/24 to 30/08/24)		\$253,795.53

Extension of Contract Management Services

At its meeting on the 27 May 2024, Council authorised the Chief Executive Office to extend a contract with the APP Group for Project Management services for the NSOP redevelopment project.

The agreement extended the services of APP till the end of October 2024, which was contingent on a Council's contractor meeting their indicated Practical Completion Date of December 2024. Delays associated with the structural steel have now extended Practical Completion into 2025. A budget of \$400k is required to extend this engagement with APP should Council wish to retain their services.

Council's Procurement Policy enables the procurement of goods and services from an approved panel or prequalified scheme developed in accordance with the Local Act 1993, Division 1 Tendering, s55, up to the value of \$1,000,000(incl GST). APP Group is a preapproved supplier on the NSW Government scheme (SCN10611) for consultants in construction for projects above \$9M. This panel complies with the requirements of s55 of the Act for prequalification.

Where it is anticipated that the value of these services will exceed \$1,000,000(incl GST), Council's Procurement Policy requires an open tender. The extension of APPs engagement would exceed this threshold, however, Council's Policy also notes "amounts over \$1,000,000 (incl. GST) maybe exempt from open tender subject to the provisions of the Local Government Act 1993, Division 1 Tendering, Section 55".

Section 55(3)(i) of the Act enables Councils to forego the requirement to tender in the event of "extenuating circumstances".

The introduction of APP into the project has added significant industry expertise and bolstered Council's capacity. This has resulted in a reduction in the number of Extension of Time claims and improved timeframes associated with processing Variations and Requests for Information, which have been significant on this project. More recently APP has been pivotal in assisting Council with advice and information to support its response to the Contractor adjudication submission under the NSW Building and Construction Industry Security of Payment Act 1999.

In addition, a senior representative from APP is now a member of Council's Project Steering Committee, providing construction management and contract advice in accordance with the Independent Project Review undertaken in December 2022.

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, it is recommended that Council not invite quotes for the provision of external project management services and instead authorise the Chief Executive Officer to extend the services of the APP Group accordingly.