

## **21 REPORT - OFFICE RELOCATION INVESTIGATION (BIRIPI WAY, TAREE)**

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**File No. / ECM Index** Commercial Industrial Premises: Cnr Manning River Drive and Biripi Way  
**Date of Meeting** 20 December 2017

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### **REPORT SUMMARY**

The purpose of this report is to summarise the arrangements proposed for preliminary investigations into the feasibility of the newly acquired site at 2 Biripi Way, Taree for the purposes of the possible centralisation of administrative functions of Council into one site.

### **SUMMARY OF RECOMMENDATION**

That Council note and endorse the Gateway Process outlined in the Report.

### **FINANCIAL/RESOURCE IMPLICATIONS**

On 2 November 2017, Council resolved to acquire the former Masters site at 2 Biripi Way, Taree (**Biripi Way Site**) for a purchase price of \$7 million (plus GST) and that sale was completed on 4 December 2017.

Council has engaged a number of external consultants including quantity surveyor, business analyst and qualified valuer to undertake preliminary investigations for the purposes of preparing a costs benefits analysis in relation to possible use of the site as Council headquarters (administration only).

Council has also formed an internal project team to provide instructions and all necessary data to the external consultants and ensure that internal process and procedures are adhered to. This internal project team meet on a weekly basis and meeting minutes are provided to Councillors at the conclusion of each meeting.

### **LEGAL IMPLICATIONS**

A Contract for Sale has been completed for the acquisition of the Biripi Way Site.

Consultancy agreements have been entered into with various external consultants on a restricted scope basis.

A Request for Tender has been issued for the overall management of the project (including design, construction, fit out and change management (optional) elements).

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### **BACKGROUND**

On 2 November 2017, Council resolved to acquire the Biripi Way Site and requested that a business case be prepared to assist Council identify the likely costs and benefits of fitting out and relocating staff to a single site rather than refurbishing the existing four buildings and operating on a 'campus' (multi-site) model.

After entering into a Contract for Sale for the Biripi Way Site, a request for quotations was issued to a shortlist of consultants requesting submissions for the preparation of a high level business case.

Following that procurement process, Savills Project Management Pty Ltd was appointed as the successful consultant for this purpose and have been collating data from Council with a view to completing a high level business case by mid December 2017.

To inform the business case, First State Property Valuers was appointed to prepare five valuations (being the Biripi Way Site, the Water Services offices at both Taree and Forster and the existing main Council offices at both Taree and Forster).

In addition, Rider Levett Bucknall was appointed to provide a quantity surveyor report for the likely costs of fitting out and proposed refurbishment of the sites with two primary options, being centralisation at the Biripi Way Site and campus model utilising the four existing sites.

## **CURRENT STATUS**

Savills is very close to finalising its high level business case, and it is possible that it will be available for circulation prior to the meeting on 20 December 2017.

If the business case is available for that meeting, Council may choose to either assess the business case outcomes and make a determination in relation to the project at that meeting, or postpone its determination until the next available meeting date in 2018.

If the business case is not available for distribution prior to the meeting on 20 December 2017, then the matter will be held over for determination in the new year.

It is proposed that the project be undertaken in a staged gateway manner, which will assist with ensuring that optimal outcomes are achieved for Council and the community on time and on budget. This process will also provide the necessary control to ensure this project can be governed through a series of decision points.

The proposed Gateway Process comprises the following stages (also provided in Attachment A):

1. Initiation Stage focussing on the project concept: This stage would involve Council agreeing that the project is feasible (following consideration of the high level business case) and potentially affordable, subject to further investigation. Council would also be required to commit to resources to investigate concepts to inform the design and confirm feasibility. In addition, the design scope would need to be agreed and the funding strategy investigated and confirmed. This stage will be broken down into a number of decision points.
2. Ready to Design Stage focussing on design, costs and funding: Council would need to agree and specify updated and refined costs, benefits, risks, funding sources and project program. At this stage, resources would be committed to design and refine costs and schedule estimates.
3. Ready to Build Stage focussing on construction: This stage involves acceptance of the pre construction activities and project outcomes. Confirmation that stakeholders have been engaged and accept those outcomes. Procurement processes and tenders assessed and successful tenderer appointed. Construction undertaken in accordance with agreed project parameters and specifications to ensure that it meets required outcomes.
4. Ready to Occupy Stage focussing on occupation and operation: Agree that the solution provided meets the requirements and is ready to accept handover of the works and occupation.
5. Finalisation: Agree on costs, benefits and lessons learned

This process will be refined as the project parameters, scope and outcomes become more certain.

In addition, the Request for Tenders for the project management role is due to close on 15 December 2017. Following this, tenders will be assessed and a preferred tenderer identified. Any expenditure in connection with this appointment will only occur in alignment with decision points identified in the Gateway Process.

## **RECOMMENDATION**

That Council note and endorse the Gateway Process outlined in the Report.

## ANNEXURES:

### A. Proposed Gateway Process



## Purpose of gateway review

- Gateway helps our projects succeed on time, on budget and with the intended benefits achieved
- It involves a series of 'health checks' to provide all stakeholders confidence that projects are ready for the next stage
- It provides Councillors with the necessary control to ensure projects can be governed through a series of decision points.



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## Gateway process

Project Milestones	Phase	Description of milestone/phase
◆ Initiate		Agree that the project is feasible and potentially affordable, and further investigation is required.
◆ Ready to design	Concept	Commit resources to Investigate concepts to inform the design and confirm feasibility. Agree on the scope to be designed.
◆ Ready to build	Design	Agree and specify updated/refined costs, benefits risks and schedule Commit resources to design and refine cost and schedule estimate
◆ Ready to occupy	Construct	Accept solution and stakeholder acceptance, pre-tender estimate and procurement method, to proceed with tender(s). Construct the agreed project and ensure it meets project specifications.
◆ Finalise	Occupy & operate	Agree that the solution provided meets the requirements and is ready to accept and occupy Handover and acceptance of the project including operation and maintenance requirements.
		Agree on costs, benefits, and lessons learned



## Business case - Former Masters site

Council has been working closely with the business analyst (Savills) over the past four weeks with a view to providing a business case on the former Masters site for the 20 December Council meeting.

Over this time there has been extensive collection and analysis of data to prepare the report and to complete in such a short timeframe has been extremely ambitious.

All efforts (both internal and external) have been undertaken to work to the meeting timeframe.

We will continue to work on the report and as soon as available will place on the website with other business papers.