

Officer: Jeanette Allom-Hill
Direct telephone: (07) 5441 8688

22 February 2019

Mr Greg Smith
President
Organisation Sunshine Coast Association of Residents Inc.
PO Box 105
COOLUM BEACH QLD 4573

Email: president@oscar.org.au

Dear Mr Smith

**RE: SUNSHINE COAST CITY HALL COMMUNITY CONSULTATION AND
HIGH LEVEL PROJECT PLAN**

I refer to your letter of 7 January 2019 in which you raise a number of matters relating to Council's previous response to you on the High Level Project Plan for Sunshine Coast City Hall (SCCH).

Your letter expresses concerns about Council's ability to deliver large scale capital projects of this nature. I respectfully disagree. Not only does Council have a long history of delivering major capital works projects across the region as part of its \$370 million annual capital works program, but I would also draw to your attention to the following large scale, region-making projects which have either been delivered, or are being delivered, by this Council on behalf of the Sunshine Coast community:

- Sunshine Coast International Airport
- Sunshine Coast Solar Farm
- Sunshine Coast International Broadband Submarine Cable
- Maroochydore City Centre

As you will note throughout this letter and as canvassed in the progress report that was considered by Council at its 31 January 2019 Ordinary Meeting, Council will also be joined in the development of SCCH by a range of expert partners who combined, have decades of experience in projects of this nature.

Your correspondence also asserts that the Brisbane Road carpark project is an example of a failed development. Again, I disagree. Council was not the developer on this project, nor was Council involved in the decisions made by an independent and private developer whose appetite to proceed with this development changed during the final stage of the contract negotiation process.

In response to your specific points raised in relation to the High Level Project Plan, I provide the following responses:

2.1 Background to Project

- a) John Holland Group (JHG) MOU: The decision by Council to fund and own the building allows Council to competitively tender for the design consultants and eventual building contractor for the development, thus providing the best value for money for Council and the Sunshine Coast ratepayers.
- b) Project Management Team: Council has continued its engagement with local project management firm, Project Urban (an experienced and credentialed planning and project management consultancy) as the core of the Project Management Team and as Project Director for the duration of the design phase of the SCCH project. The involvement of Project Urban augments the existing project management expertise available within Council.

Project Urban's involvement on the SCCH project commenced in late 2017 as both advisors and project managers for Council. Project Urban's long history and significant experience in the development of large-scale commercial developments not only on the Sunshine Coast but across Queensland, will assist Council to deliver the design and procurement phases of this significant project. Given Project Urban was selected as a result of a full competitive tender process conducted in 2017, I do not agree that the selection was "made quickly" as you have suggested.

- c) Project Brief or Base Building Brief: As noted within the published reports from the December 2018 Ordinary Meeting, Council has spent considerable time since 2017 defining key characteristics and commercial parameters for this project. With the assistance of both the project management team and appointed specialist consultants, Council is proceeding to develop an extensive and detailed brief for the building. This brief, and subsequent phases of the project will be benchmarked against relevant and comparable commercial developments across Australia to provide Council with greater certainty in achieving a value for money outcome.

2.3 Project Scope and Key Performance Indicators

- a) Carparking: The identified rate of car parking equates to a ratio of 1:60 square metres, which is consistent with the applicable planning scheme for the Maroochydore City Centre. This also reflects Council's long stated position on developing a vibrant and exciting City Centre supported by a multimodal transport solution including public transport. Are you suggesting that Council should be disregarding the requirements in the Maroochydore Priority Development Area Development Scheme?
- b) Budget: Council's position is to not disclose budgets for developments such as SCCH on the basis that our ability to negotiate the best possible price is undermined where the proponents are aware of Council's preparedness to allocate a specific budget. Council's objective for this project is (and always has been) to achieve the most cost-effective solution, which includes being able to negotiate the best possible prices. Any action that undermined Council's negotiating position would clearly be to the detriment of the ratepayers across the region.

2.4 Assumptions and Constraints

I contest a number of the procurement related points contained within your correspondence relating to Design and Construct (D&C) contracting.

By its very nature D&C contracting involves the Contractor assuming a degree of responsibility, and therefore risk, in so far as it relates to completing the design prior to construction. However the degree to which the design risk should lie with the Contractor can be variable. That is, there are many variations on a D&C contract.

Council, along with the Project Director, has considered all base procurement models and has settled on a D&C as being the most applicable base model. What is to be decided however, is the balance between cost, risk, time and quality when defining to what extent Council will maintain control over the design and at what stage the Contractor will assume the remaining design responsibility. Council's objective is to ensure it maintains both adequate control of the outcome as well as certainty of cost and time.

Similar procurement models are well known and utilised across the construction sector. Council, along with the support of the Project Management Team, will continue to monitor the risks associated with this and any other procurement strategy.

2.5 Third Party Interfaces

The statement referenced in your correspondence from the Project Plan relating to community engagement remains consistent with the outcome of the December 2018 Ordinary Meeting. In the agenda report, under the heading Community Engagement – “During the course of the project, community engagement will be incorporated into the evolution of the design and through construction updates.....”

3.1 Project Organisation Structure

I refer you to the response in 2.4 Assumptions and Constraints which identifies that a D&C process may include a situation where Council maintains control over the design team to a point of novation to a Contractor to finalise the detailed design for the project.

3.2 Roles and Responsibilities

SCCH Project Control Group: The statements made in your letter appears to show a lack of understanding the fact that many of Council's staff have a wealth of experience gained from working in the private sector before joining Council, coupled with the fact that Council is enhancing the talent pool which exists within the organisation by augmenting its project management resources where specific specialist skills sets are required. The Project Control Group will perform a project governance and monitoring role and I am confident that it will have the requisite skills and resources to undertake that task.

Project Management Team: In appointing a Project Management Team, Council recognises that any successful project is delivered by a broader group of individuals with relevant and specialised skills. The need and demand for certain specialised skills and capabilities will arise at different times throughout the lifecycle of a project such as SCCH and will be introduced when required, to augment and complement those of the balance of the team. Furthermore,

Council also recognises that at times these skillsets may reside within Council, which will provide an opportunity for Council's staff.

4.1 Scope

As referred to in the reports from the December 2018 Ordinary Meeting and in the response above in 2.1 (d), the Project Management Team and broader specialists are working to finalise the Project Brief.

4.2 Work Breakdown Structure (WBS)

I refer you to the response in 2.4 Assumptions and Constraints. The stage at which a Principal elects to novate the design can and does occur at various stages in the documentation phase. I therefore disagree with the statements made in your correspondence. Council has a clear understanding of the available procurement options (as I have indicated above) and the opportunities and risks associated with each.

5.2 Cost Planning and Development

The statement made at the end of your paragraph in part responds to your concern in that, as you rightly identify, there is an ongoing role for a Quantity Surveyor engaged by Council for the duration of the project. Council's engagement of a highly qualified Quantity Surveyor will result in due process auditing of both the projected and eventual actual costs for the entire duration of the project.

7.1 Risk Management

As noted in the reports from the December 2018 and January 2019 Ordinary Meetings, the risk management plans and register are being developed.

We thank you for your comments on this important project.

Yours sincerely



Michael Whittaker
CHIEF EXECUTIVE OFFICER