

CONFIDENTIAL MEETING OF THE PORT PHILLIP CITY COUNCIL

10 DECEMBER 2025



17.1 THE AVENUE CHILDCARE CENTRE - APPOINTMENT OF BUILDER

EXECUTIVE MEMBER: PAUL WOOD, ACTING GENERAL MANAGER, CITY INFRASTRUCTURE

PREPARED BY: ANTHONY SAVENKOV, HEAD OF REAL ESTATE PORTFOLIO (DEVELOPMENT & TRANSACTIONS)

1. PURPOSE

- 1.1 To recommend awarding the tender for construction works at 39 The Avenue, Balaclava (occupied by The Avenue Children's Centre & Kindergarten) to builder Carelli Constructions Pty Ltd.

2. EXECUTIVE SUMMARY

- 2.1 Over the next four years Council is upgrading six children's centres it owns. This is to improve the functionality of those facilities and to ensure ongoing delivery of quality children's centres, and is in accordance with Council's resolution of 17 August 2022, and *Plan for Port Phillip 2025-35*.
- 2.2 The first of the developments scheduled for construction is 17 Eildon Road, St Kilda – occupied by Eildon Road Childcare and Kindergarten.
- 2.3 The construction work comprises demolition of the existing building and construction of a new childcare building, including all associated landscaping and services connections.
- 2.4 To procure the construction works, officers have undertaken a comprehensive, open market request for tender process, in accordance with Council's procurement policies, and supported by a specialist probity advisor.
- 2.5 The Request for Tender (000379, The Avenue Childcare) opened on 25 September 2025 and closed on 30 October 2025. It was advertised on Council's Tenders webpage, and on its procurement portal Tenderlink.
- 2.6 Twelve tenders were received and evaluated.
- 2.7 The Tender Evaluation Panel (TEP) determined that, following a comprehensive assessment as outlined in this report and detailed in Confidential **Attachment 1**, that the tender of Carelli Constructions Pty Ltd represents best value.
- 2.8 The works are to predominantly be delivered as a lump sum within the contract sum.

3. RECOMMENDATION

That Council:

- 3.1 Enters into Contract AS4000-2025 *General conditions of contract in connection with a childcare centre at 39 The Avenue, Balaclava* with Carelli Constructions Pty Ltd for the amount of \$3,167,415 inclusive of GST. This contract sum includes provisional sums of \$78,100 inclusive of GST.
- 3.2 Notes that additionally, the contract includes a performance linked financial incentive, detailed in Confidential **Attachment 1**.

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- 3.3 Notes the provisional sum oncosts and the contingency sum outlined in Confidential **Attachment 1**.
- 3.4 Approves the performance linked incentive, the provisional sum on-costs and the proposed contingency, which are not part of the award sum, but are included in the contract record internally for efficient delegated approvals of payment.
- 3.5 Authorises the Chief Executive Officer, or their delegate, to execute the Contract Document on behalf of Council.
- 3.6 Authorises the release of this report (without its attachments) following execution of the contract.

4. KEY POINTS/ISSUES

- 4.1 The Request for Tender 000379 The Avenue Childcare was advertised on Tenderlink from 25 September 2025 and closed on 30 October 2025. The following is a summary of the procurement process with the detailed Tender Evaluation Report provided as Confidential **Attachment 1**.
- 4.2 The conditions of contract are based on the AS4000-2025 Construct Only Contract published by Standards Australia and modified by City of Port Phillip.
- 4.3 The request for tender process has been conducted in accordance with the provisions of the *Local Government Act 2020 (Vic)* (the Act) and Council's Procurement Policy and is part of broader program of governance that includes the Children's Facilities Project Control Group (PCG).
- 4.4 In accordance with the Procurement Policy, City of Port Phillip appointed an independent probity advisor for the procurement. Council has abided by the ethics and probity requirements of the Procurement Policy, including implementing an Evaluation Plan and Probity Plan.
- 4.5 As part of preparations for the release of tender, a comprehensive technical review was carried out of the tender documentation.
- 4.6 A Tender Evaluation Panel (TEP) was convened to undertake the evaluation of the tenders against the established evaluation criteria. The composition of the TEP is included in Confidential **Attachment 1**.
- 4.7 All TEP members signed the declaration forms and confirmed that they would keep the tender information confidential. Any potential conflicts were reviewed by the probity advisor who undertook a risk assessment and provided agreed mitigations.
- 4.8 Prior to the tenders being advertised, the evaluation criteria and weightings were established. The details are shown in Table 1 (below).

Mandatory Criteria	
Building Practitioner Registration, either: <ul style="list-style-type: none">• Commercial Builder (Unlimited); or• Commercial Builder (Limited to the construction of medium rise building work); or	Pass/Fail

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• Commercial Builder (Limited to the construction of low-rise building work).	
Carried out or managed the building of a childcare or early education facility in Victoria within the past ten years.	Pass/Fail
An established Occupational Health & Safety Management system.	Pass/Fail
Weighted Criteria	% Weighting
Financial offer	50%
Other commercial terms	15%
Methodology	15%
Capacity & resourcing	10%
Relevant experience	10%

Table 1 – Mandatory and Weighted Criteria

4.9 In accordance with Council's Procurement Procedures, additional Commercial Criteria were included to manage risk associated with tender submissions.

4.10 The Commercial Criterion were evaluated through the evaluation process, as per the Procedures and as outlined in the tender Conditions of Participation. These are detailed in Table 2 (below).

Criterion	Assessment
Insurance in accordance with the Response Schedules	Acceptable or Not Acceptable
Corporate Social Responsibility	Acceptable or Not Acceptable
Third-Party Financial Assessment	Acceptable or Not Acceptable

Table 2 – Commercial Criteria

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- 4.11 Twelve tenders were received in response to RFT000379.
- 4.12 Ten tenders met the mandatory criteria. It was unclear whether two tenderers met the mandatory criterion of "Construction of childcare in the last 10 years". The TEP decided to proceed with the evaluation of all tenders and seek clarification from these tenderers if they were to be shortlisted.
- 4.13 Following an initial review, ten tenderers achieved a rating of acceptable in relation to each commercial criterion. A further tenderer had answered "N/A" in response to the corporate social responsibility response, but later provided a more detailed and acceptable response. Another's insurances were to be considered further by the TEP if that tender was shortlisted.
- 4.14 Following detailed evaluation, the TEP shortlisted two tenderers. As well as achieving relatively high total scores, the shortlisted tenderers were the only ones that had received a score corresponding to a rating of "Adequate" or higher – that is, a score no less than 6 out of ten – for each of the criteria: Capacity & Resourcing; Relevant Experience; and Methodology.
- 4.15 The TEP determined that the third-party financial assessment for both of the shortlisted tenderers was acceptable, and did not result in revised consensus scores.
- 4.16 The TEP then sought further clarification from the remaining shortlisted tenderers. Following this, the consensus score for the shortlisted tenderers was as follows:-

<i>Tenderer (overall score – highest to lowest)</i>	<i>Financial offer score (out of 50)</i>	<i>Qualitative score (out of 50)</i>	<i>Overall score (out of 100)</i>
A	22.0	38.8	60.8
B	23.4	32.3	55.7

- 4.17 The shortlisted tenderer with the highest overall score was Tenderer A, Carelli Constructions Pty Ltd.
- 4.18 Following a Best and Final Offer process, the TEP recommended the selection of Carelli Constructions Pty Ltd as the preferred tenderer.

5. CONSULTATION AND STAKEHOLDERS

- 5.1 In reviewing the specification and contract, Council officers engaged subject matter experts to provide documentation review.

6. LEGAL AND RISK IMPLICATIONS

- 6.1 Provide details of collaborative opportunities sought in this process. In accordance with the Act and Council's Policy, opportunities for collaborative procurement for this Request for Tender were considered but deemed not practicable due to the specific nature of the works being procured coupled with the priority to release the tender to the market.
- 6.2 The Procurement Policy allows for a total 15% maximum variation delegation for foreseeable events. Any variations above this would require further Council approval.
- 6.3 A performance security is required to the value of two bank guarantees 5% of contract value covering defaults by the contractor. The recommended tenderer has agreed to provide the required surety.

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- 6.4 As part of the procurement process, tenderers' compliance or degree of acceptance of Council's draft contract conditions was factored into the assessment. The recommended tenderer has no proposed departures from Council's proposed contract conditions.
- 6.5 The tendering process was conducted according to the provisions of the Act and Council's Procurement Policy and was overseen by probity specialist Scott Schlink from Holding Redlich. A copy of the probity report is appended to this report as Confidential **Attachment 2**.
- 6.6 The probity report notes an anonymous complaint received by City of Port Phillip relating to the procurement process, which was referred to the probity specialist and investigated by them, and recommends that that the complaint be dismissed.
- 6.7 The contractor is only paid for the work completed to the contracted standard. Any non-conformances identified by the third-party superintendent will result in the contractor not being paid for the work until it is completed to the service standards outlined in the contract. This process mitigates the risk of contractors not performing works to the contracted standards.

7. FINANCIAL IMPACT

- 7.1 The proposed Contract Sum is \$3,167,415 inclusive of GST.
- 7.2 The contract value, plus associated costs detailed in Confidential **Attachment 1**, is within budget for the The Avenue Children's Centre project.

8. ENVIRONMENTAL IMPACT

- 8.1 The contractor is required to perform its obligations under the contract in a manner to support the project objectives, including to minimise any negative impact on the environment, and to minimise the carbon footprint, both in construction and for its operation.
- 8.2 Tenderers' compliance or degree of acceptance of such contractual requirements were factored into the assessment.
- 8.3 The preferred tenderer has no proposed departures from these proposed contract conditions.

9. COMMUNITY IMPACT

- 9.1 Following a comprehensive review of childcare facilities in 2019 and subsequent community consultation in 2021, Council took onboard feedback from the community and committed to partnering with the Victorian Government to redevelop six children's centres it owns to make them fit for purpose now and for future generations of children.
- 9.2 Aided by the Victorian Government's pledge to provide funding support to assist Council in bringing these facilities up to standard, Port Phillip is investing in substantial upgrades to these facilities.
- 9.3 The redevelopment supports the Best Start Best Life reforms that will see an increase in demand for kindergarten places that will increase to 30 hours of free kindergarten education in the year before school for all 4-year-old children.
- 9.4 The award of this tender will deliver an upgrade to The Avenue Children's Centre and Kindergarten for the ongoing provision of childcare and kindergarten.

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- 9.5 To support the ongoing operation of the service during the upgrade, from 2027 it will be temporarily relocating its programs from 39 The Avenue, Balaclava to the North St Kilda Children's Centre at 71 Argyle Street, St Kilda.
- 9.6 The Avenue Children's Centre and Kindergarten will continue to operate independently during this time, offering education and care to all their families.
- 9.7 The Committee of Management at The Avenue Childcare and Kindergarten are working with Council to ensure all families are supported in this relocation.
- 9.8 The contractor is required to perform its obligations under the contract in a manner to support the project objectives, including to conduct the project in a manner that is respectful of neighbours and others in the vicinity, to ensure all conduct on and around the project is professional, courteous and respectful, and to minimise any negative impact on the amenity of the surrounding area.
- 9.9 As with environmental impact, tenderers' compliance or degree of acceptance of such contractual requirements were factored into the assessment.
- 9.10 The preferred tenderer has no proposed departures from these proposed contract conditions.
- 9.11 Additionally, tenderers were required to disclose their dealings with and involvement in specific industries – including tobacco, gambling, offshore detention, armaments, and entertainment involving animals, including horse and greyhound racing. The acceptability of responses was assessed for their lack of involvement with such industries.

10. ALIGNMENT TO COUNCIL PLAN AND COUNCIL POLICY

- 10.1 The proposal to award this tender aligns to the following Council Plan Strategic Directions and Council Policy:
 - 10.1.1 *A healthy and connected community*: this tender supports Council's priority to upgrade six children's services centres to improve functionality and ensure ongoing delivery of quality services.
 - 10.1.2 *A trusted and high-performing organisation*: this tender enhances the condition, functionality, sustainability, accessibility, and safety of a Council building to meet customer and compliance requirements.
 - 10.1.3 *Every Child, Our Future Children's Services Policy (2020)*: this tender supports the delivery of and investment in children's services.

11. IMPLEMENTATION STRATEGY

11.1 TIMELINE

- 11.2 City of Port Phillip has appointed a project manager and superintendent to manage the works contract.
- 11.3 Key milestone timelines for the works project are as follows:

Date	Activity
December 2025	Contract execution
February 2027	Default Commencement Date

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10 months from the Commencement Date	Practical Completion
18 months after Practical Completion	Defects liability period complete

11.4 COMMUNICATION

11.4.1 All tenderers have been informed that this matter is being considered by Council. Subject to the decision of Council, all tenderers will be informed of the outcome and, as per Council's procurement practice, those that are unsuccessful will be granted the opportunity to debrief with the panel.

12. OFFICER MATERIAL OR GENERAL INTEREST

12.1 No officers involved in the preparation of this report has declared a material or general interest in the matter.

ATTACHMENTS

1. Tender Evaluation Report (including appendices)
2. Probity Report