

CABINET

7 JULY 2015

GATEWAY 3 CONTRACT AWARD: ROCHESTER RIVERSIDE MULTI STOREY CAR PARK - CONSTRUCTION

Portfolio Holder: Councillor Rodney Chambers OBE, Inward Investment, Strategic Regeneration and Partnerships

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Summary

This report sets out the decision of the Monitoring Officer, in consultation with the Procurement Board, to award a contract (medium risk rating) to CS Spencer Ltd for the construction of the Rochester Riverside Multi Storey Car Park.

The report also asks Cabinet to recommend to Full Council that an additional £982,000 be allocated to the capital budget for professional fees and costed risks associated with the project.

At the Rochester Riverside Board Meeting of 16 March 2015 approval was given to commence the procurement of a contractor to deliver the design and construction of a new multi storey car park adjacent to the new Rochester Rail Station on the Rochester Riverside Development site. Members required that the car park should be operational by 16 December 2015.

This Gateway 3 Report had been approved for submission to Procurement Board after review and discussion by the Acting Director of Regeneration, Community and Culture and Assistant Director of Legal and Corporate Services.

1. BACKGROUND INFORMATION

1.1 Budget & Policy Framework

1.1.1 The contract for the multi storey car park will be funded through the Rochester Riverside Growing Places Funding (GPF). The Growing Places Fund is a programme of interest free loan funding, allocated via the South East Local Enterprise Partnership, to cash flow strategic investment in development opportunities. In October 2012 Full Council approved the

addition of £4,410,000 GPF to the Capital Programme for Rochester Riverside.

- 1.1.2 In addition to the contract price, an additional amount of £982,000 is required for professional fees and costed risks associated with the project. It is suggested that this additional amount is allocated to the capital budget, funded through prudential borrowing.
- 1.1.3 Rochester Riverside is designated as an Action Area for redevelopment in the Medway Local Plan (2003). Policy S7 of the Local Plan states that the comprehensive regeneration of the area will be sought in accordance with a development brief as approved by the Council.
- 1.1.4 In September 2014 Cabinet approved the adoption of the 2014 Rochester Riverside Development Brief and Masterplan as a Supplementary Planning Document to the Local Plan. The adopted Development Brief includes provision for a surface level car park adjacent to Gas House Road in Rochester, whilst acknowledging the potential to create a multi storey car park on the site if demand requires it.

1.2 Background Information

- 1.2.1 Rochester Riverside is the flagship project in Medway Council's regeneration programme. It falls within the government's Thames Gateway Growth Area and is being managed by the Council with its partner, the Homes and Communities Agency (HCA).
- 1.2.2 The site, jointly owned and managed by Medway Council and HCA, comprises 21 hectares (52 acres) of development land with a 2.5km river frontage. The Rochester Riverside Masterplan and Development Brief SPD (September 2014) states that the development will provide: up to 1400 new residential units, commercial office and retail space, a hotel, restaurants, primary school, community facilities and accessible waterfront.
- 1.2.3 A key part of the development proposals is the relocation of Rochester railway station to a new site at Corporation Street. The new Station will deliver a better railway experience for Rochester - longer trains and a more reliable service – and will provide a new 'gateway' linking the station and High Street to Rochester Riverside. The Station is due to open in December 2015.
- 1.2.4 The new station has been designed to accommodate an anticipated 30% growth in the number of rail passengers. It is expected that this growth in passengers will result in a significant increase in demand for passenger car parking. Studies have determined that the current parking demand at the existing station is 122 spaces – this will increase as passenger numbers at the new station grow.
- 1.2.5 The new station will also result in a reduction in parking capacity at the Council owned Corporation Street car park from 217 spaces to approximately 100 spaces - the new station is being built on part of the car

park, and once reconfigured, the car parking capacity will be significantly reduced.

- 1.2.6 Corporation Street car park is a well-used and popular car park with shoppers, visitors and retailers. Since Network Rail has taken occupation of the Corporation Street construction site there have been parking capacity issues in Rochester Town Centre. Complaints have been received regarding a lack of parking and car parks being full, including the Gas House Road temporary car park. This is likely to get worse when the new Station is open and passenger numbers increase.
- 1.2.7 There are also concerns that once the Station Quarter phase of the Rochester Riverside development is progressed (it is likely to be the next phase) the demand for visitor parking in the area will increase further. The Station Quarter includes a hotel and a concentration of commercial uses linked to the new station by the subway.
- 1.2.8 Given the parking demand at present, the likely demand in future, and the time limited availability of capital funding for Rochester Riverside through the Growing Places Fund, the council is seeking to construct a new multi storey car park at Rochester Riverside to coincide with the opening of the new station in December 2015. The car park will be linked to the station and Corporation Street via the new pedestrian subway that has been constructed by Network Rail.
- 1.2.9 The car park will need to reflect the Council's high aspirations for design across the wider development area. It will form the gateway into the wider Rochester Riverside development and will be the first structure that is seen upon entering the site. It is anticipated that the structure will be concrete with a lightweight cladding to provide screening and interest as well as admitting natural daylight into the car park structure.
- 1.2.10 The overall design will be coherent and clutter free, easy to maintain, accessible to people of all ages and abilities, welcoming and safe.

2. PROCUREMENT PROCESS

2.1 Procurement Process Undertaken

- 2.1.1 The procurement process followed an open procedure (non-OJEU) via the Kent Business Portal, in line with the Council's Contract Procedure Rules and the Public Contract Regulations 2015.
- 2.1.2 The ITT was published on the portal on 17 April 2015 and 2 submissions were returned on 1 May 2015. 15 contractors originally expressed an interest in the opportunity. The main reasons for not responding were contractors' existing workload being too high owing to the buoyant construction market in the southeast region and the specialised nature of the project not being suitable for their business.
- 2.1.3 Following review of the two tenders received, clarifications were sought from both contractors. Responses to the clarifications were received on 8 May

2015, and, in addition, one of the contractors submitted two further alternative tenders.

2.1.4 Details of the final bids are set out in the Exempt Appendix for Cabinet's information.

2.2 Evaluation Criteria

2.2.1 The evaluation criteria set was Most Economically Advantageous Tender (MEAT), based upon a mixture of quality and price. 60% of the weighting was given to quality.

2.2.2 The criteria evaluated the design and technical quality of the submissions as well as the contractors' ability to deliver similar projects and evidence of previous working relationships with Network Rail.

2.2.3 The quality criteria assessed included:

- Design and technical proposals, particularly with regard to car park construction
- Programme and delivery proposals, particularly with regard to working in close proximity to the railway
- Quality and suitability of the team

2.2.4 40% of the weighting was given to price.

3. BUSINESS CASE

3.1 Delivery of Procurement Project Outputs / Outcomes

3.1.1 The following procurement outcomes/outputs identified as important at Gateway 1 to the delivery of this procurement requirement have been appraised in the table below to demonstrate how the recommended procurement contract award will deliver said outcomes/outputs.

Outputs / Outcomes	How will success be measured?	Who will measure success of outputs/ outcomes	When will success be measured?	How will recommended procurement contract award deliver outputs/outcomes?
1. Appointing a contractor for the works who will deliver quality products within the timescales required and within the given budget.	Successful completion of the building works within the timescales which will be measured through the tender process	Project Team; Category Management	Monitored throughout the programme by monthly site visits and contractor reports.	The preferred contractor has provided a programme to fulfil the authority's requirements for delivery of the car park. The quality will be monitored by the Project Team and the Employer's Agent
2. Appointing a contractor for the building works who has experience of working in close proximity to the railway.	Successful procurement of the contractor within the specifications contained within the tender process	Project Team; Category Management	Monitored throughout the programme by monthly site visits and contractor reports.	The preferred contractor has significant experience of working in close proximity to the railway. They have proposed health and safety strategies to ensure safety on site
3. Appointing a contractor who has approval from Network Rail to work on the site, which is currently leased to and managed by them.	Written approval from Network Rail prior to the appointment of the contractor	Project Team; Category Management	Before the start of the project	The preferred contractor has demonstrated they have been authorised to access and work on the Network Rail compound

4.Sustainability and Environmental	Monitoring of Site Waste Management Plan at monthly meetings	Project Team	Monitored throughout the programme via monthly meetings and contractor reports	The proposed contractor's Environmental Management Plan Supports the Council's corporate sustainability plan by aiming to achieve recycling targets of 90% throughout the contract term.
5.Final Design	The design proposed will satisfy the planning application and deliver the high quality look specified	Project Team	Monitored throughout the programme via design and construction meetings and contractor reports	The preferred contractor has demonstrated they have experience of delivering similar structures and have a full understanding of Medway's requirements for the design
6.Local Labour	Employment Training Plan at monthly Meetings	Project Team	Monitored throughout the programme via monthly meetings and contractor reports	<p>Increased levels of employment in Medway</p> <p>Support to Employ Medway</p> <p>Support to local apprenticeship framework</p> <p>Development of local business through use of local supply chain</p>

4. RISK MANAGEMENT

4.1 Risk Categorisation

1. Risk Category: Project Delivery	Likelihood: A	Impact: II
Outline Description: Completion of works by December 2015.		
Plans to Mitigate: The contractor has included a plan to achieve the delivery date of 15 th December 2015. However, due to the very tight timescales involved there is a risk that the car park will not be operational by the target date. Any unforeseen disruptions will have a significant impact on the delivery of the 'fast track' programme. Progress of the works including design will be monitored against contract programme, and mitigation measures put in place. Contingency plans will also be drawn up for temporary car parking to serve the new station should the permanent car park not be open in time.		
2. Risk Category: Financial	Likelihood: B	Impact: II
Outline Description: Budget increases. Unforeseen costs – ground conditions, service connections, design issues - will bring the project over budget.		
Plans to Mitigate: The design will be developed with the contractor to provide cost certainty. The risk register will be monitored by the project team on a weekly basis. Income – may need to consider alternative funding methods.		
3. Risk Category: Delays to Planning Approval	Likelihood: B	Impact: II
Outline Description: Delays to approval of Reserved Matters Application = delays to completion date.		
Plans to Mitigate: Contractor to prioritise submission of reserved matters application as soon as contract awarded. Key stages to be identified early where decision/approval is required.		
4. Risk Category: Health and Safety	Likelihood: D	Impact: II
Outline Description: Construction works in close proximity to the railway.		
Plans to Mitigate: Contractor to provide clear and concise health and safety procedures. CDM co-ordinator to review measures taken, and review with Network Rail.		

5. CONTRACT AND QUALITY MANAGEMENT

5.1 Post Procurement Contract Management

- 5.1.1 The contract management of this project post award will be resourced through the Building and Design Services Team, the Rochester Riverside Project Team and the Employer's Agent. The team will undertake full management and monitoring of the project, including regular inspections of the site, to ensure the work is progressing on time, within budget and providing quality assurance for all stages of the process, from design development to site inspections and final sign off and handover.
- 5.1.2 Outputs of this process will include regular meetings with the contractor, project reporting, monthly valuations, strict change control processes and risk reviews with progress reports going to the Rochester Riverside Board.
- 5.1.3 As part of the contract conditions STG Building Control will carry out the building regulations function.

6. PROCUREMENT BOARD

- 6.1 The Procurement Board considered this report on 13 May 2015 at which the Monitoring Officer, in consultation with the Procurement Board, awarded the contract (medium risk) to CS Spencer Ltd for the construction of the Rochester Riverside Multi Storey Car Park (Option 1).
- 6.2 The Procurement Board referred the report to Cabinet regarding the costings, the source of additional funding required and the payback period because whilst funding is in place for the project itself, a further sum of £982,000 of capital funding is required to provide provision for professional fees and a costed risk allowance. This information is set out in paragraph 7.1 below.

7. SERVICE COMMENTS

7.1 Financial Comments

- 7.1.1 The approved contract price (Option 1) is very close to the project budget and does not include any allowance for costed risks or for internal and external professional fees.
- 7.1.2 It is therefore recommended that an additional amount of £982,000 be allocated to the capital budget for professional fees and costed risks, to be funded through prudential borrowing.
- 7.1.3 The additional borrowing will be repaid through anticipated additional income from the multi storey car park, once running costs have been accounted for.

7.2 Legal Comments

- 7.2.1 This procurement has been categorised as Medium Risk procurement so the decision to undertake the procurement is a decision for the Monitoring Officer in consultation with Procurement Board and is not reserved to Cabinet.
- 7.2.2 The Council has power to enter into contracts pursuant to the Local Government Contracts Act 1997 and the general power of competence in the Localism Act 2011.
- 7.2.3 The value of this contract is below the OJEU threshold so a full EU procurement is not required. The Public Contracts Regulations 2015 require the Council to treat economic operators equally and without discrimination and to act in a transparent and proportionate manner when procuring the works.

8.3 Procurement Comments

- 8.3.1 As per the Contract Procedure Rules under section 3.3.1: 'All requirements above £100K must be advertised on the Council's Website, the Kent Business Portal and in the OJEU (where above the EU tender thresholds for goods, services or works).'
- 8.3.2 This procurement was carried out via an open procedure (non-OJEU) via the Kent Business Portal to comply with these rules, and to support the Council's procurement strategy to provide best value.

9. RECOMMENDATIONS

- 9.1 The Cabinet is asked to note the contents of this report and to agree that any spend against the Risk Allowance is approved by the Assistant Director, Legal and Corporate Services in consultation with the Portfolio Holder for Front Line Services.
- 9.2 The Cabinet is asked to recommend to Full Council that an additional sum of £982,000 is added to the Capital Programme, funded by prudential borrowing.

10. SUGGESTED REASONS FOR DECISION

- 10.1 This proposed project would deliver a high quality multi storey car park to coincide with the opening of the new rail station at Rochester in December 2015.

LEAD OFFICER CONTACT

Name Title

Department Directorate

Extension Email

Name Title

Department Directorate

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BACKGROUND PAPERS

Rochester Riverside Masterplan and Development Brief (Final SPD),
September 2014

<http://democracy.medway.gov.uk/mglIssueHistoryHome.aspx?Ild=12797>