

7.6 Contract no. 2018/99, Balwyn Park Tennis and Community Facility Redevelopment Works - Contract Variation Delegation and Budget Variation

Abstract

Approval is being sought to increase the budget allocation for the Balwyn Park Tennis and Community Facility project by \$590,000 and to extend the Chief Executive Officer's authorisation to approve contract variations for Contract 2018/60 - Balwyn Park Tennis and Community Facility which is currently under construction to the value of \$425,000 approx (excluding GST).

During the early stages of construction a higher value of variations and associated costs than anticipated was incurred. These variations are associated with the removal and disposal of contaminated soil, latent conditions and revised arrangements for power to the overall site.

Officers' recommendation

That Council resolve to:

1. Approve an increase of \$590,000 in the budget allocation for the Balwyn Park Tennis and Community Facility project which will be referred to the 2018/19 September Amended Budget for consideration.
2. Authorise the Chief Executive Officer or such other person that the Chief Executive Officer selects for the purpose of giving effect to this resolution to approve additional variations of \$425,000 (excluding GST) for Contract No. 2018/60 - Balwyn Park Tennis and Community Facility - Redevelopment Works.

**Responsible director: Shiran Wickramasinghe
Acting Director Environment and Infrastructure**

1. Purpose

The report seeks Council's approval to increase the budget allocation for the Balwyn Park Tennis and Community Facility project by \$590,000 and to extend the Chief Executive Officer's authorisation to approve contract variations for Contract No. 2018/60 - Balwyn Park Tennis and Community Facility - Redevelopment Works, by \$425,000.

2. Policy implications and relevance to community plan and council plan

The Council Plan 2017-21 includes the following themes which are relevant to this project:

- Strong and engaged communities
- Enhanced amenity
- Quality facilities and assets
- Responsible management

3. Background

The Balwyn Park Tennis and Community Facility site is located at 206A - 206B Whitehorse Road, Balwyn. The project scope includes the construction of four new tennis courts and a new tennis clubhouse, development of a new community building which will be used by the Balwyn U3A during the week and for other community uses over weekends. The facility is also available to the Balwyn Football and Cricket Clubs for training evenings and weekends.

On 27 November 2017 Council awarded Contract 2018/60 - Balwyn Park Tennis and Community Facility - Redevelopment Works to S J Higgins Pty Ltd for the total (adjusted) lump sum price of \$5,920,726.00 (excluding GST). The Chief Executive Officer has delegated authority to vary this Contract by up to \$592,073.00.

4. Outline of key issues/options

Contract works on site are approximately 30% complete with the project's adjusted completion date currently being 8 February 2019.

Approved contract variations to date total \$581,174.71 (excluding GST) and can be summarised as follows:

Latent Condition	\$45,866.65
Contaminated Soil	\$390,771.08
Electrical Supply	\$115,375.48
Other variations	\$29,161.50

Latent Condition

There are currently 10 approved latent condition contract variations that principally involve the removal of asbestos fragments that were not identified or were inaccessible when the Division 6 Contamination Report was undertaken. Several unforeseen retaining walls and kerbs were also unearthed during early site works further resulting in these latent condition cost variations.

Contaminated Soil

The project scope involved the construction of four new tennis courts over the top of the disused bowling greens. In this approach, major earthworks were not expected and a detailed ground contamination report not warranted. The overlaying of the new courts did however involve the removal of a 50 mm organic top layer of soil which was subsequently found to be a Cat C contaminated material and relatively unstable in terms of both compacting the ground for the tennis courts and removing all of the infiltrated organic matter. This instability and the reworking of the substrate has contributed to the removal cost of Cat C material.

The western side of the Balwyn Park oval further appears to be constructed of a deep level fill material and a significant amount of contaminated ground has been identified under the existing building and abutting the retaining walls when the building was demolished. The existence of this contaminated material could not be identified during the design and documentation stage of the project.

As a consequence of these emerging costs, a percentage of Cat C material has been (safely) redistributed on site and testing of soil has been ongoing in order to identify and manage this component cost. To date, there have however been some 2,922 tonnes of Cat C removed from site with a further anticipated final amount to be removed from the northern entry step and new retarding basin area over coming weeks.

Electrical Supply

The project's services consultant (Irwinconsult Pty Ltd) has been in regular contact with CitiPower on their reticulation requirements during the design and documentation process. Citower have however (re)reasoned the totality of power to Balwyn Park and determined (post contract award) that the Balwyn Park site and all of its buildings and infrastructure should have a maximum of two street supply points. This change has necessitated a review of power supply options to the site along with a resultant cost impact for revised reticulation to this project and nearby existing facilities.

Documentation Change

These are miscellaneous works associated with the adjustment to services and works.

Given this additional expenditure under the main building contract, the total variation expenditure for this contract is now expected to exceed the Chief Executive Officer's current authorisation level. It is therefore proposed to extend this authorisation by approximately \$425,000. This will provide sufficient capacity to cover any further contamination costs along with other potential variations leading to the finalisation of the project.

The total project cost is also anticipated to have a budget shortfall of \$590,000.

5. Consultation/communication

A Project Control Group of key staff was originally established to oversee this project.

A Project Working Group (PWG) has more recently been established for the construction phase of this project. The PWG is regularly updated on the progress of the project.

Stakeholder groups were consulted about the requirements for the project which are consistent with the intent of the facility identified by the Service Department. Regular project updates have been provided in line with the project communication plan.

6. Financial and resource implications

Details of the overall project costs and budget are outlined below.

Total Project Budget	\$6,930,850.00
Less:	
Consultancy Costs	\$ 461,084.00
Levies and Charges	\$ 122,405.00
S J Higgins – Awarded Contract Sum	\$5,920,726.00
S J Higgins – Contract Variations to date	\$ 581,174.71
S J Higgins – Anticipated additional Variations	\$ 435,000.00

Budget Shortfall	\$589,539.71
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The \$590,000 (approx) sought for additional contract variations and non building contract costs will be referred to the 2018/19 September Amended Budget for consideration.

The 2018-19 Budget and Long Term Financial Strategy has identified that there is \$5.129M unallocated funding available in 2019-20. The additional required funds for this project can be obtained from that source noting the reduced capacity for other as yet unidentified projects in the 2019-20 Budget.

7. Governance issues

The implications of this report have been assessed in accordance with the requirements of the Victorian Charter of Human Rights and Responsibilities. The officers responsible for this report have no direct or indirect interests requiring disclosure.

8. Social and environmental issues

It is envisaged that there are no issues relevant to these project variations and proposed budget increase.

9. Conclusion

This report seeks Council approval to extend the Chief Executive Officer's authorisation to approve additional variations for Contract No 2018/60 - Balwyn Park Tennis and Community Facility - Redevelopment Works and seeks approval to increase the project budget allocation for this project.

Manager: Charles Turner, Projects & Strategy

Report officer: Warwick Tempny, Coordinator Building Assets