

4.2 PROJECT C09431 – INTERSECTION MODIFICATIONS: O’SULLIVAN ROAD KINGSWAY /SNEDDEN DRIVE, GLEN WAVERLEY – PROJECT BUDGET VARIATION EXCEEDING CEO DELEGATION

Responsible Officer: Jarrod Doake, Director City Services

RECOMMENDATION*

That Council:

- 1. Approves a budget increase of \$60,000 for Project C09431 – Intersection modifications- O’Sullivan Road/Kingsway/Snedden Drive, Glen Waverley;*
- 2. Notes that the original project budget was \$100,000; and*
- 3. Notes the required project budget to enable successful delivery is \$160,000 inclusive of contingencies and all project delivery fees.*

*(*Please note that all dollar figures are GST Exclusive unless stated otherwise)*

BACKGROUND

O’Sullivan Road was modified to operate in one direction, west bound between Kingsway and the laneway east of 52-54 O’Sullivan Road, as part of the redevelopment works undertaken over the last few years to the Vicinity Shopping Centre and retail/residential development at 52-54 O’Sullivan Road. A closure of the right turn lane in Kingsway preventing traffic from entering into O’Sullivan Road was installed at the commencement of these works using temporary barriers.

This project will replace the temporary installation, modify the existing layout of the intersection to prevent illegal movements at the intersection and reinforce the permitted “left turn only” arrangement from O’Sullivan Road into Kingsway South bound with permanent construction.

There has been an increased number of reports of illegal turning movements at this intersection and near misses which could potentially result in serious accidents. To address this issue the works will include:

- Extending the Kingsway traffic island at O’Sullivan Road
- Removing the right turn lane in Kingsway (currently temporarily blocked).

The construction tender was advertised on 4 March and closed on 29 March 2023. The evaluation panel has completed their review of submissions with the preferred and most cost-effective contractor identified. Both submissions received came in over the adopted Project Budget of \$100,000.

In order to proceed with awarding the project and enable delivery to commence, an additional \$60,000 is required.

DISCUSSION

The 2022/23 budget was prepared commencing October 2021 with bids based upon officer's estimates, awarded contracts for similar works previously delivered and allowing for reasonable CPI increases forecast at the time.

The estimates and final budget allocations were further reviewed and confirmed to be reasonable at the time of preparation for adoption of the draft budget (April 2022). Tenders/quotations for other projects received in early 2022 did not show a major increase in costs beyond what may reasonably be expected.

The increased cost of \$60,000 for this project is reflective of construction industry wide escalation in costs being experienced across Australia. There have been significant increases in raw materials, longer manufacturing lead times, fuel/energy cost increases, skilled labour supply shortages and cost increases which have all impacted project costs.

This construction contract has been tendered and the increase in required funding has been competitively determined from costs received from the current market.

The tender is ready for awarding subject to formal Council approval to increase the Project Budget. Approval for this project budget increase exceeds the CEO's delegation of 10%.

The preferred project delivery timeframe is May to June 2023 to enable the works to be completed while the weather is still favourable.

Should this variation be approved at the 26 April 2023 Council Meeting the awarding of the construction contract will be actioned with works commencing May 2023.

FINANCIAL

In line with Council's Financial Delegation Limits (Item 4.1 Delegation Manual), Council must approve variations to Projects that are greater than 10% of the adopted budget.

Additional funds of \$60,000 is required to be funded by Council.

CONCLUSION

That Council approves the recommendations contained within this report.