

4.3 PROJECT C01592 – 2021-22 AVENDON ESTATE CYPRESS WINDROW REPLACEMENT PROGRAM STAGE 9 - PROJECT BUDGET VARIATION EXCEEDING CEO DELEGATION (C01592: KY)

Responsible Officer: Jarrod Doake – Director City Services

RECOMMENDATION*

That Council:

1. *Approves an increase to the Project Budget for Project C01592 – Avendon Estate Cypress Windrow Replacement Program Stage 9 in the amount of \$99,685;*
2. *Notes that the revised project budget will be \$209,000; and*
3. *Notes that the additional funding required for this project will be managed within delivery of the overall 2022/23 Capital Works Program.*

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

BACKGROUND

On 29 June 2021 Council adopted the 2021/22 Budget which included a Capital Works Program allocation of \$196,000 for Project C01592 – 2021-22 Avendon Estate Cypress Windrow Replacement Program Stage 9.

This project implements Council's Stage 9 management plan for the Avendon Estate Cypress Windrow replacement works. The scope of works includes civil works as follows:

- Earthworks
- Drainage works
- New concrete footpath construction
- Park furniture installation

A total of \$86,615 of the 2021/22 Stage 9 Project Budget allocation was expended for tree removal in the 2021/22 financial year. The balance of the budget (\$109,385) was assigned to deliver the civil works component of works which were planned to occur commencing May 2022. These works could not be completed last financial year due to un-seasonally wet weather and so funds have been carried over into the 2022/23 financial year to complete the civil works. Approval for this carry forward was reported to Council as part of the "2022/23 Financial Management and Capital Works Progress Report - First Quarter 30 September 2022" at the November 2022 Council Meeting.

DISCUSSION

Since adoption of the Budget for this project in June 2021 there have been significant increases in construction costs which are reflected in higher than expected tender price submissions received recently for tendered/quoted works.

The civil construction component of this project has been tendered and the increase in required funding has been determined from costs received from the market. Tenders received have indicated that the total cost to undertake civil works will be higher than the original allowances within the 2021/22 budget adoption.

Council officers have also looked at opportunities to value manage the project to reduce the cost however, there are only limited opportunities to achieve this as the extent and scope are required to meet project intent and safety compliance.

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%.

FINANCIAL

The cost of the 2021-22 Avendon Estate Cypress Windrow Replacement Program Stage 9 civil works component is anticipated to cost \$209,000 (GST Excl) resulting in a budget shortfall of \$99,685.

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.

The additional funding required for this project will be managed within delivery of the overall 2022/23 Capital Works Program.

CONCLUSION

That Council approves the recommendations contained within this report.