

4.5 PROJECT C09456 – COLUMBIA PARK ELC EXTENSION – PROJECT BUDGET VARIATION EXCEEDING CEO DELEGATION

Responsible Officer: Jarrod Doake –Director City Services

RECOMMENDATION*

That Council:

- 1. Approves an increase to the Project Budget for Project C09456 – Columbia Park ELC Extension by an additional \$44,274;*
- 2. Notes that the current approved budget is \$176,243;*
- 3. Notes the revised project budget is \$220,517.*

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

BACKGROUND

In 2021, the Columbia Park Early Learning Centre applied for and was successful in obtaining funding from the Victorian School Building Authority (VSBA). The awarded grant amount was \$142,781. These funds are currently held in Columbia Park Early Learning Centre account.

The project will support the educators with their planning and programming for the children, by extending their staff and planning room and allowing more staff to access the room on their planning rosters, The office has two full-time coordinating staff working there, but with additional space available could allow for private parent meetings to take place.

The 2021/22 Early Years Reactive Projects budget funded \$36,750 towards the professional fees for the design element of the project.

Based on an opinion of cost an additional budget of \$33,462 was adopted via approved 22-23 capital works variation memo at Council meeting 29/11.

During the design phase, the appointed architects, identified value management opportunities to the original scope to bring the project within the allocated budget.

Project is intended to be completed by 28 June 2023 as per the funding agreement and the endorsed funding variation by the VSBA (approved 20 Jan 2023).

DISCUSSION

The detailed design was completed in January 2023. The project was released for public tender in February 2023 and three submissions were received, all of which were well over the allocated project budget.

The evaluation panel reviewed the tender submissions and identified value management opportunities and sought clarifications from the tenderers regarding pricing, however these reductions don't bring the project cost to within the available budget.

It is recommended that the project should be delivered with an increased adopted budget of \$220,517.

FINANCIAL

The final anticipated project expenditure for the full scope of works including project management fees and contingency is \$220,517 leaving a budget shortfall of \$44,274.

The original budget allocation was based upon a QS report completed September 2022 including constructions costs, contract contingency and professional fees.

The cost of materials and labour has increased substantially in the past two years due to the supply issues caused by the global pandemic and an increase of projects across the construction sector both public and private competing resources and labour.

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

The preferred project delivery timeframe is April to June 2023 to enable the works to be completed in this financial year. Subject to Council approval of the project budget increase, the awarding of the construction contract will be actioned with works commencing April 2023.

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%.

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.

It is recommended that the additional funds of \$44,274 required to deliver this project is approved by Council.

CONCLUSION

That Council approves the recommendations contained within this report.