

**4.13 PROJECT C01530 – SAMADA STREET RESERVE IMPROVEMENTS – PROJECT BUDGET VARIATION EXCEEDING CEO DELEGATION**  
(C09298: AA)

Responsible Director: Jarrod Doake

**RECOMMENDATION\***

*That Council:*

1. *Approves an increase to the Project Budget for Project C01530 – Samada Street Reserve Improvements by an additional \$113,000;*
2. *Notes that the current approved budget is \$126,564;*
3. *Notes the revised project budget is \$239,564.*

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

**BACKGROUND**

Samada Street Reserve Improvements is a Councillor Nominated project for minor infrastructure improvements within the reserve following the upgrade of the playground completed in 2018. Council adopted the 2021/22 Budget which included a Capital Works Program allocation of \$110,000 for Project C01530 Samada Street Reserve Improvements to be undertaken in Notting Hill.

This project aimed to provide improvements to the reserve through minor infrastructure works including three key elements: installation of interpretative signage, path lighting and a picnic shelter.

A concept design was developed and community consultation was conducted in February and March 2022; noting that the engagement was delayed due to Covid 19 restrictions during the second half of 2021 and an inability to undertake meaningful community engagement.

Unspent funding was carried forward into the 2022/23 Financial Year providing a total construction budget of \$126,564 for this project in line with officer's opinion of cost for these works.

**DISCUSSION**

The detailed design was completed in September 2022. The project was released for public tender in October 2022 and two submissions were received, both of which were well over the allocated project budget.

The evaluation panel reviewed the tender submissions and identified value management opportunities that would reduce the project cost to within the available budget, however this would significantly reduce the overall scope & outputs of the project.

The revised project scope affordable within the allocated budget excluded the following elements:

- Path lighting; and
- A portion of the landscaping.

Whilst this proposed approach will deliver works within the available budget this financial year, exclusion of these elements would compromise the expected community outcome of the project and hence all elements of the project should be delivered.

Options considered included delivery of the project:

- in two stages across this and next financial year
- deferring the project to next Financial Year
- seeking additional funding to deliver the project now.

Council officers considered the alternative options, the risks involved, the increased disruption to the community from a split delivery approach, the reduced efficiency and increased overall costs of delivery in two stages and / or deferral of part or all of the project until next financial year. It is recommended that the full scope of the project should be delivered at one time as an integrated project with delivery to occur in 2022/23 as an increase in the construction cost is inevitable if the works are delayed until 2023/24.

**FINANCIAL**

The final anticipated project expenditure for the full scope of works including project management fees and contingency is \$239,564 leaving a budget shortfall of \$113,000.

The original budget allocation was based upon officer's estimates, quotes and previous awarded contracts for similar works and was confirmed to be reasonable at the time of tendering.

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 March 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 March 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 \$113,000 required to deliver this project is approved by Council.

***CONCLUSION***

That Council approves the recommendations contained within this report.