

1.9 CONTRACT 2022057 – CONSULTANCY SERVICES (ARCHITECTURAL AND OTHER DESIGN SERVICES) – BOGONG CAR PARK EXTENSION PROJECT VARIATIONS EXCEEDING OFFICERS DELEGATION - NON-EXCEPTIONAL CIRCUMSTANCES

Responsible Director: Peter Panagakos

RECOMMENDATION

That Council:

- 1. Notes that the original value of Contract 2022057 Bogong Car Park Extension - Architectural and other Design Related Services (the Contract) was \$517,073 (or \$546,571 if novated to the builder) with a \$60,000 contingency.*
- 2. Notes that at the August 2022 Council meeting, Council approved a variation to the Contract in the amount of \$144,375 with a further contingency of \$65,000 providing a revised contract sum (including both contingencies) of \$786,448.*
- 3. Notes that the original \$60,000 contingency referred to in Item 1 above and the second approved contingency amount of \$65,000 referred to in item 2 has been expended on Contract variation claims to the extent that there are now insufficient contingency funds remaining to cover any further variation claims lodged under this Contract.*
- 4. Notes that Council approval is now required for any variations to the value of the Contract as the value of accrued variations to date exceeds 10% or \$100,000 of the original contract sum awarded.*
- 5. Agrees to approve an additional variation to the Contract of \$56,072.50 as detailed in Attachment 1 to this report.*
- 6. In light of the heightened risk of further contract variation claims as discussed in this report, approves an additional contingency sum of \$40,000 for the construction stage services component of the Contract.*
- 7. Notes that as a consequence of additional funds approved in August 2022 and proposed in Item 5 above the revised value of Contract 2022057 will be \$842,520.50 (Noting this amount does not include the proposed \$40,000 contingency referred to in Item 6 above).*
- 8. Notes that the current 2022/23 budget allocation for this Project can accommodate the additional funding variation request of Item 5 and additional contingency amount of Items 6.*

INTRODUCTION

The purpose of this report is to seek Council approval of a variation and additional contingency funds for Bogong Car Park, Design Services Contract 2022057.

BACKGROUND

At its meeting on 25 January 2022, Council approved the tender for contract 2022057 Bogong Car Park Extension – Architectural and other Design Related Services (Contract) with a lump sum price of \$517,073 (or \$546,571 if novated to the builder) and a contingency sum of \$60,000 totalling an available contract sum of \$577,073.

Subsequently, on 28 June 2022, Council resolved to support Schematic Design Option 2 being a 4-level extension to the Bogong Car Park that would provide an additional 518 car spaces (Project). That report also discussed that *“as the design evolves, the full cost will be known, and a further report will be provided to Council...”*.

A report to Council on 30 August 2022, listed variation claims from the design contractor related to the increased scope of services required under the Contract. Council approved a variation to the Contract in the amount of \$144,375 with a further contingency of \$65,000 totalling an available contract sum of \$786,448.

DISCUSSION**Project Progress**

Since Council’s decision on 28 June 2022 referred to above, Katz Architecture has advanced its obligations under the Contract through to lodging of the planning permit application and the detailed design in line with the timeframe to deliver the Project. Whilst progressing the design investigations, the following works were identified that fell outside of the initial scope of services of the Contract and which were funded from available contingency funds. These works included:

1. Engineering Report to Suburban Rail Loop Authority.

The Suburban Rail Loop Authority (SRLA) are a now a referral authority under the Planning and Environment Act 1986. The SRLA’s tunnel runs underneath the Bogong Car Park. Given this, additional structural engineering work was required to be completed and provided to the SRLA to confirm building loads from the proposed extension. This resulted in an increase to the scope of contract services and has been accommodated from the project contingency funds.

2. 3D point cloud survey

The structural engineer for the Project requested a 3D point cloud survey be conducted to determine the exact location and alignment of the existing

columns. This survey identified that columns were offset in both the east west and north-south alignments on the ground level and level 2.

The result of the mis-alignment was that a new grid alignment and layout had to be established to minimise loading eccentricities and adjust column sizes to maintain car space clearances. This re-design work is discussed further in this report.

3. Specialist Lighting

Following the concept plan for specialist lighting, the next stage is to finalise the lighting design for inclusion in the tender pack for construction. This is progressing.

4. Planning permit requirements

Preparation of a tree management plan and wind engineering report to satisfy planning permit requirements.

5. In ground service detection survey.

Given the previous extension to the car park, the exact location of the underground services was not clear. It was considered important to conduct this survey now to assist the design and to avoid potential delays or damage during construction.

As a result of funding these additional items there is now insufficient contingency remaining to fund any further variation claims that may be required to complete the Contract.

Increased Scope of Services – Design Alterations

Attachment 1 to this report lists the recent variation claims and their associated costs that have arisen due to either the identification of a latent condition and/or an increase to the scope of services. Additional funding is required to cover these variations being:

1. Structural

As noted above, the outcome of the 3D point cloud survey revealed that the existing columns on the ground floor and level 2 were mis-aligned. This is a latent condition which required the structural engineer to complete further investigations and prepare a strengthening design solution in order to proceed with the Project.

This is a significant identification which, if had not been identified now, would have caused a lengthy delay during construction and claims by the builder.

2. Safety by Design (Fall prevention)

The current design follows Safety by Design Principles and has included infill mesh between all upper levels and a façade of 2.4m (with non-climbable mesh) on the top level.

Whilst this design is consistent with the current Building Codes given increased awareness of the potential risks associated with multi deck car parks Officers have requested Katz Architecture to modify façade design with an additional 0.4m non-climbable mesh facade at an inwards 45° angle. This is change also requires a minor redesign on the façade structure at the top level.

3. Fire Rescue Victoria

As previously reported at the 28th June 2022 Council meeting, the selection of the 4-level extension triggered further consideration to the design work required to be compliant with current Building Code requirements, this includes regulatory items including fire engineering for the structure.

Katz Architecture submitted drawings to FRV in July 2022 showing the location of the fire hydrants and associated coverage. FRV responded in November 2022, advising that they did not support the proposed location of the hydrants due to a 1.2% shortfall in building coverage and

As a result of the shortfall, they would require fire sprinklers to be installed to achieve compliance. Katz Architecture and the sub-consultancy team were surprised with the requirement FRV has previously accepted similar minor shortfalls.

Katz Architecture reviewed the situation and had numerous discussions with FRV. Ultimately, FRV maintained their requirement for 100% coverage and the installation of fire sprinklers if a design solution could not achieve the required coverage..

Katz Architecture subsequently identified a design solution of relocating the core. This solution also provided a significant value management option. Instead of installing the fire sprinklers (at a significant cost of some \$2m), shifting the core slightly west will meet the 1.2% shortfall in fire hydrant coverage. This is considered a better option than funding installation of fire sprinklers.

Further Contingency - Risk items

As a consequence of the variations to date there is insufficient contingency for any future variations to design that may arise during the construction stage.

As a prudent project management response to this situation it is recommended to allocate a new contingency amount of \$40,000 to allow for unexpected items relating to design changes during the construction stage.

This contingency amount, although higher than previous requests, will not be applied to the value of the Contract until such time as a variation claim is made and is considered sufficient enough to avoid the need to report back to Council for additional variation approval (which could cause a delay to the construction program and claims for time from the builder).

FINANCIAL

In line with Councils Financial Delegation Limits (Item 3.5 Delegation Manual), Council must approve variations to Council Approved Contracts that are greater than 10% of the awarded sum including Contingency, or greater than \$100,000 of the original contract sum.

Council has allocated an amount of \$5,365,000 for this Project in this financial year. This amount covers the Contract value plus an allowance for progress payments once construction commences.

Council's appointed consultant quantity surveyor for the Project has reviewed and agreed with the variation request. It is recommended that this request for variations as listed in Attachment 1 and the allocation of an additional Project contingency of \$40,000 be approved.

CONCLUSION

The selection of the 4-level extension has triggered additional Contract works. In addition, the latent condition of the misaligned columns and the request to increase the height of the top level façade have resulted in additional project costs.

Whilst the relocation of the core will avoid the need to install fire sprinklers, it has required additional consultancy hours for which a variation claim has been made.

The additional work that forms part of this variation request is required to inform the detailed design to be included in the tender pack which is advanced and planned for release in early February.

It is recommended that Council notes and approves the variations and additional contingency as set out in this report.

ATTACHMENT 1**Variation Request*****Table 1- Increased Scope of Services I***

Item	Service	\$ (INC GST)
1	Structural - Additional structural engineering work as a result of the 3D point cloud survey confirming the mis-alignment of the existing columns.	\$27,500.00
2	Design alterations: <ul style="list-style-type: none"> • increased height of façade – suicide prevention • FRV requirement - Core relocation to avoid need for fire sprinklers 	\$12,430.00 \$16,142.50
	TOTAL NEW VARIATIONS	\$56,072.50
	Further contingency	\$40,000.00

All amounts are inclusive of GST