

4.5 **ATHERTON ROAD OAKLEIGH – STAGE 2 ROAD RECONSTRUCTION & STREETScape ENHANCEMENT**

(JK: File No. CF 2018193)

Responsible Director: Ossie Martinz

EXECUTIVE SUMMARY

The purpose of this report is to inform Council of a major variation associated with the contract awarded to Ace Landscape Services Pty Ltd (ACE) for the Stage 2 Reconstruction & Streetscape Enhancement of Atherton Road, Oakleigh and increase in project costs for a range of items including service alteration works, additional traffic signal upgrade works and supply and planting of advanced replacement trees where existing plane trees had to be removed.

KEY CONSIDERATIONS/ISSUES

A contract was awarded at the July 2018 Council Meeting to Ace Landscape Services Pty Ltd for the Lump Sum Price of \$4,773,843.32 (GST Incl) or \$4,339,857.56 (GST Excl) for the above mentioned works.

Council approved an overall project expenditure amount of \$5,816,000 (GST Excl.) or \$6,397,600 (GST Incl.) for these works. This included an allowance of \$1,476,142.40 (GST Excl) for project costs outside the contract for service alterations, project management fees & manufacturing and supply of geotextile root barrier. Included within this budget allowance was a contingency amount of \$830,608.02 (GST Excl).

During the delivery of the works various problems have been encountered that have led to variations resulting in the full contingency amount being expended. The main variations were due to:-

- investigation and removal of a large number of additional plane trees,
- delay costs,
- asbestos pipe removals,
- night works,
- additional bluestone edging works,
- communications & electrical conduits for smart city integration,
- root barrier & strata vault installations
- drainage alignment alterations &
- associated traffic management costs in delivering above

Additional project costs have also been incurred primarily being the renewal of the traffic signals at Atherton and Atkinson Street intersection. Allowance was made to modify the signals however, following further detailed assessment including advise from VicRoads it was determined that the signals are at end of life and require full replacement.

FINANCIAL IMPLICATIONS

The variations to the contract are summarised below with funding to be managed within the 2019/20 Capital Works Program.

Initial CEO approval was sought and granted under Council's Procurement Policy (exceptional circumstances clause 2.4.2.2) which allowed for construction works to continue to deliver the project and to ensure claim payments could be made to ACE as required.

CONCLUSION/RECOMMENDATION**That Council:**

1. *Acknowledges and approves the variation of \$358,846.21 to the Council approved contract CF2018193 (Stage 2 Reconstruction & Streetscape Enhancement of Atherton Road, Oakleigh).*
2. *Notes the revised estimated contract amount for ACE Landscape Services Pty Ltd of \$6,046,358.23 for Contract No. 2018193 (Stage 2 Reconstruction & Streetscape Enhancement of Atherton Road, Oakleigh).*
3. *Notes the anticipated overall project expenditure of \$7,293,593.69 which includes revised contract amount for ACE Landscape Services Pty Ltd, additional project construction costs outside of the contract, project management fees and contingency.*

(Please note all dollar figures are GST inclusive unless stated otherwise)

4.5 **ATHERTON ROAD OAKLEIGH – STAGE 2 ROAD RECONSTRUCTION & STREETScape ENHANCEMENT**

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RECOMMENDATION

That Council

- 1. Acknowledges and approves the variation of \$358,846.21 to the Council approved contract CF2018193 (Stage 2 Reconstruction & Streetscape Enhancement of Atherton Road, Oakleigh).*
- 2. Notes the revised estimated contract amount for ACE Landscape Services Pty Ltd of \$6,046,358.23 for Contract No. 2018193 (Stage 2 Reconstruction & Streetscape Enhancement of Atherton Road, Oakleigh).*
- 3. Notes the anticipated overall project expenditure of \$7,293,593.69 which includes the revised contract amount for ACE Landscape Services Pty Ltd, additional project construction costs outside of the contract, project management fees and contingency.*

(Please note all dollar figures are GST inclusive unless stated otherwise)

INTRODUCTION

The purpose of this report is to inform Council of a major variation associated with the contract awarded to Ace Landscape Services Pty Ltd for the Stage 2 Reconstruction & Streetscape Enhancement of Atherton Road, Oakleigh.

The revised contract sum with ACE exceeds the Council approved contingency & provisional sums, beyond CEO delegation and requires council approval.

The report also informs Council of the increase in project costs for a range of items including service alteration works, additional traffic signal upgrade works and supply and planting of advanced replacement trees where existing plane trees had to be removed.

BACKGROUND/DISCUSSION

A contract was awarded at the July 2018 Council Meeting to Ace Landscape Services Pty Ltd for the Lump Sum Price of \$4,773,843.32 for the above works.

Council approved an overall project expenditure amount of \$6,397,600 for these works. This included an allowance of \$1,623,756.20 for project costs outside the contract for service alterations, project management fees & manufacturing and supply of geotextile root barrier. Included within this budget allowance was a contingency amount of \$913,668.82.

During the delivery of the works various latent conditions have been encountered that have led to variations resulting in the full contingency amount being expended. The main variations were due to the investigation and removal of a large number of additional plane trees, delay costs, asbestos pipe removals, night works, drainage alignment alterations and associated traffic management costs.

In summary variations include:-

- Comprehensive Non Destructive Digging (NDD) associated with the investigation and decision on the retention/removal of all plane trees along Atherton Road.
- Allowance for alteration and removal of asbestos drainage and other abandoned service pipes where necessary during the course of the works.
- Removal of various plane trees as recommended by Council's arborist. Associated with the tree removal was the removal of the tree stumps and tree root systems that were found to be intertwined with gas & water main services and property connection services.
- Delay costs whilst further investigation and Community Consultation was undertaken related to the tree removals/retention and utility alteration works (sewer, and unknown underground services
- Provision of Communications conduit & electrical conduit upgrade due to inclusion of Smart City & I-sense strategy including works along Drummond Street.
- Installation of additional strata vaults where plane trees have been removed
- Major changes to the drainage alignment due to electricity and sewer clashes; note this necessitated the need to undertake these works at night and close Atherton Road due to the impact on traffic.
- Installation of bollards at Eaton Mall.
- Additional costs associated with night works to maintain accessibility for pedestrians and vehicles to the Oakleigh trading area and minimise impact during the day.

FINANCIAL IMPLICATIONS

The variations to the contract (and overall project) are summarised below with funding to be managed within the 2019/20 Capital Works Program.

Initial CEO approval was sought and granted under Council's Procurement Policy (exceptional circumstances clause 2.4.2.2) which allowed for construction works to continue to deliver the project and to ensure claim payments could be made to the contractor in accordance with contractual requirements.

CF 2018193 - CONTRACT RECONCILIATION	GST Incl.
Original Council Approved Lump Sum	\$4,77,3843.32
Contingency amount approved by Council	\$913,668.82
Total Council approved contract expenditure (incl. contingency)	\$5,687,512.05
Contract Expenditure	
Variations approved to end of June 2019	\$1,052,515.04
Estimated additional variations to complete the contract	\$220,000.00
Estimated Total Contract Variations	\$1,272,515.04
Less approved Contingency	\$913,668.82
Total Contract Variation amount for Council approval	\$358,846.21
Estimated Final Contract Sum(Lump Sum plus Variations)	\$6,046,358.23

Additional project costs outside of the ACE construction contract have also been incurred due to latent conditions.

The most significant of these costs is the renewal of the traffic signals at Atherton and Atkinson Street intersection. Allowance was made to modify the signals however, following further detailed assessment including advise from VicRoads it was determined that the signals are at end of life and require full replacement. The scope of works includes the replacement of the signal controller which makes up a significant part of this cost as well as all underground conduits and wiring.

The additional project costs are summarised in the table below.

ADDITIONAL PROJECT RELATED COSTS	GST Incl.
Traffic signal alterations/renewal (Atherton Rd/Atkinson St)	\$330,000
New replacement trees including planting costs & 12 months Maintenance	\$64,147.60
Sewer service alteration works (Station Street to Eaton Mall)	\$44,000
Additional Understorey plants & garden bed protection fencing	\$88,000
Miscellaneous other items	\$11,000
Additional Project costs	\$537,147.60

The additional project expenditure is \$895,993.81. This includes additional expenditure of \$358,846.21 for the ACE Landscape Services Pty Ltd contract and \$537,147.60 for additional project construction costs outside of the contract, project management fees and contingency.

The final anticipated overall project expenditure is \$7,293,593.69.

CONCLUSION

That the Officer recommended variations to Contract CF2018193 and increase in overall Project Budget for the Stage 2 Atherton Road Reconstruction & Streetscape Enhancement project be adopted.