



**Merri-bek**  
City Council

## **SPECIAL COUNCIL MEETING AGENDA**

Monday 2 September 2024

Commencing 6:30 PM

The meeting will be held online

### **Language Link**

This is the Agenda for the Council meeting. For assistance with any of the agenda items, please telephone 9240 1111.

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ਇਹ ਕੌਂਸਲ ਦੀ ਮੀਟਿੰਗ ਦਾ ਏਜੰਡਾ ਹੈ। ਏਜੰਡੇ ਦੀ ਕਿਸੇ ਆਈਟਮ ਬਾਰੇ ਮਦਦ ਲਈ, ਕ੍ਰਿਪਾ ਕਰਕੇ 9280 0751 ਤੇ ਟੇਲੀਫੋਨ ਕਰੋ।

**1. WELCOME**

**2. APOLOGIES/LEAVE OF ABSENCE**

**3. DECLARATIONS OF CONFLICTS OF INTERESTS**

**4. COUNCIL REPORTS**

4.1 CONTRACT VARIATION: RFT-2023-468A – HOSKEN RESERVE  
MASTERPLAN IMPLEMENTATION CIVIL WORKS

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## 4. COUNCIL REPORTS

### 4.1 CONTRACT VARIATION: RFT-2023-468A – HOSKEN RESERVE MASTERPLAN IMPLEMENTATION CIVIL WORKS

Director City Infrastructure Anita Curnow

Capital Works Planning and Delivery

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#### Officer Recommendation

That Council:

1. Endorses an increase of the total contract spend under Contract-2023-468A – Hosken Reserve – Civil Works by \$459,226.58 (GST exclusive), taking the total contract value from \$830,000 (GST exclusive) to \$1,289,226.58 (GST exclusive).
2. Authorises the Chief Executive Officer to do all things necessary to approve contract variations, extension and related documentation as identified in point 1.
3. Refers the shortfall of \$459,226.58 as a result of the contract variation to the first quarterly budget review for 2024/25.

<b>REPORT</b>
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#### Executive Summary

Implementation of the Hosken Reserve Masterplan is nearing completion with works set to complete by mid-September 2024. A number of suppliers and contractors are working on the project. One of the contractors is Prestige Paving, who was originally awarded a tender by Council in October 2023 for \$830,000 excluding GST.

In the past 12 months the project has encountered a significant amount of contamination and other unexpected site conditions (latent conditions). This has resulted in cost escalations outlined in detail in the report below.

In addition, at its 8 May 2024 meeting, Council resolved to amend some scope elements of the project such as adding an extra length of shared path along Pallett Street, which resulted in additional cost.

Due to the latent conditions and scope changes, the variations required amount to \$459,226.58, excluding GST.

Unfortunately, much of this proposed contract variation should have been brought for formal consideration earlier in 2024. By error, the variations were not formally approved under appropriate delegation nor by a Council meeting at the appropriate time (noting that some of the variation arises from contamination management, and some of the variation arises from a Council resolution to vary the scope of the project).

The contract variation had been scheduled for consideration at the 11 September 2024 Ordinary Council meeting. When the error was discovered, a Special Council meeting was called for 2 September 2024 to consider the contract variation as soon as possible.

This report seeks Council's approval to vary the contract at a cost of an additional \$459,226.58, excluding GST. The cost will be referred to the first quarter finance review.

#### Previous Council Decisions

**Hosken Reserve Implementation Update – 08 May 2024**

*That Council:*

1. *Notes the matters raised by the community with respect to the implementation of the*

*Hosken Reserve Masterplan, including responses to questions raised about several aspects of the design and operation of the site.*

2. *Notes the adjustments made, within budget, to the feedback from the community, marked up as 2a to 2d on Attachment 1:*
  - a) *Shared path circuit in the northwest corner of the site deviated to avoid the path crossing the driveway to the car park.*
  - b) *Creating a shared path between the Community Space and Active Recreation Zone and new fencing to prevent children running onto the car park.*
  - c) *Remove the mounds on the east and west of the north pitch and landscape the areas, improve lines of sight and passive surveillance at a cost of \$90,000.*
  - d) *Gaps in new fencing along part of the Pallett Street boundary of the site for easy pedestrian access but dissuading illegal parking in Pallett Street.*
3. *Approves the following additional items being included, which are either cost neutral or can draw on the project contingency, marked up as 3a to 3f on Attachment 1:*
  - a) *Expanding the area next to the shared path between the Community Space and Active Recreation Zone (item 2b) above) so that it consumes up to 8 parking spaces, taking the number of parking spaces from 33 more than the masterplan to 25 more than the masterplan.*
  - b) *Implementing 2P time restrictions for parking in the Active Recreation Zone car park (up to 11 parking spaces) for Monday to Friday, between 8 am and 6 pm.*
  - c) *Implementing 4P time restrictions for parking in the Sheppard Street area car park (approx. 35 parking spaces) at all times (i.e. 24/7).*
  - d) *Installation of parking sensors in each time-restricted parking space to improve enforceability of overstays at an additional cost \$35,000.*
  - e) *Adjusting the parking restrictions in Pallett Street so that the No Stopping on the east side is all day, every day.*
  - f) *Reinstating the section of shared path between the current end point of the Pallett Street shared path all the way to Bakers Road, at an additional cost of approximately \$50,000.*
  - g) *Adding a drinking fountain and a public litter bin to the picnic area near the wetlands in the northeast corner of the site.*
4. *Notes Council's contamination assessment and asbestos management approach for the site in:*
  - a) *April 2023 Soil Classification report (Attachment 2)*
  - b) *November 2023 Pitches Asbestos Management Plan (Attachment 3)*
  - c) *December 2023 Site Asbestos Management Plan (Attachment 4)*
  - d) *Various air monitoring and hygienist reports during excavation in January 2024 (Attachments 5, 6, 7)*
  - e) *WorkSafe Inspections reports, January 2024 and April 2024 (Attachments 8, 9)*
  - f) *Various air monitoring reports during excavation in April 2024 (Attachment 10)*
  - g) *North Pitch soil mound inspection report, April 2024 (Attachment 11)*
  - h) *EPA Site Entry Reports, 24 April 2024 (Attachments 12, 13)*
5. *Notes that Council's Audit and Risk Committee will be briefed on the treatment of asbestos contamination at its June meeting.*

## **RFT-2023-468: Hosken Reserve - Civil Works and Landscaping – 18 October 2023**

That Council:

1. *Authorises the Chief Executive Officer to:*
  - a) *Make a formal offer to Prestige Paving Pty Ltd (A.C.N. 140 970 912) (Contractor) to award contract RFT-2023-468-A Civil Works (Contract) on the following terms and otherwise subject to and in accordance with paragraph 1(c) of this Resolution for the sum of \$830,000.00 (excluding GST) or \$913,000.00 (including GST).*
  - b) *Make a formal offer to Commercialscapes Pty Ltd (A.C.N. 607 810 364) (Contractor) to award to the Contractor contract RFT-2023-468-B Landscaping (Contract) on the following terms and otherwise subject to and in accordance with paragraph 1(c) of this Resolution for the sum of \$1,584,742.00 (excluding GST) or \$1,743,216.20 (including GST).*
  - c) *Negotiate and finalise the terms of the Civil Works Contract and Landscaping Contract between Council and the Contractor(s) provided that:*
    - i. *the terms specified in paragraph 1(a) and 1(b) of this Resolution shall not be altered without a further Resolution of Council; and*
    - ii. *other than terms referred to in paragraph 1(a) and 1(b) of this Resolution, the terms of the Civil Works Contract and Landscaping Contract are acceptable to the Chief Executive Officer.*
2. *Conditional on acceptance of the Civil Works Contract and Landscaping Contract by the Contractor(s) in accordance with the terms of this Resolution:*
  - a) *Authorises the Chief Executive Officer to do all things necessary to execute the Civil Works Contract and Landscaping Contract and any required documentation for the Civil Works Contract and Landscaping Contract; RFT-2023-468-A and RFT-2023-468-B.*
  - b) *Advise all tenderers of Council's decision in relation to the Civil Works Contract and Landscaping Contract.*

Various other Council resolutions have occurred in relation to the Hosken Reserve Masterplan and its implementation in past years and the most relevant recent resolutions are included above.

### **1. Policy Context**

#### **Financial Management**

The variation to Contract RFT-2023-468A requires a Council resolution.

### **2. Background**

The Hosken Reserve Masterplan Implementation Project is a significant project that is well into delivery and expecting completion (except for establishment of turf playing surface and subsequent hybrid stitching) by mid- September 2024.

The Civil works contract for Hosken - Contract RFT-2023-468 – Hosken Reserve – Civil Works and Landscaping was awarded to Prestige Paving Pty Ltd (A.C.N. 140 970 912) at the October 2023 Council meeting (Contract RFT-2023-468A).

The civil works package includes the following deliverables:

- Construction of a new section of road from Bakers Rd along eastern boundary of the reserve

- Resurfacing of all existing roads and car parks
- Construction of new footpath along the community space
- Construction of all associated drainage within the roads
- Construction of footpath along Pallett Street

The works commenced on site in January 2024 and the project construction continues.

As reported to Council in May 2024, since the starting works, significant soil contamination and other latent conditions have been encountered resulting in budgetary pressures and a need for contract variation.

In addition, some scope changes have occurred due to requests by community and via resolution of Council, including removal of mounds, additional shared paths, general security requirements of site, car parking changes, and site fencing. These scope changes have added additional costs to the project of about 10%.

Unfortunately, the report to Council to obtain authorisation for contract variations did not come to Council for consideration earlier in 2024, and was instead scheduled for 11 September 2024. This was an error. Many of the variations outlined in this report have been already commenced or completed. The error was detected and advised to the CEO on 28 August 2024. A review of processes has commenced.

The outstanding works required are time critical and any delay could incur further delay costs. It is now a matter of urgency to resolve the requested variations, which is why this report is being included in a Special Council meeting agenda.

#### **Details of variation for Civil works contract RFT-2023-468A**

Prestige Civil Pty Ltd	\$830,000.00
Variations (this Council report)	\$459,226.58
<b>Total (excluding GST)</b>	<b>\$1,289,226.58</b>

### **3. Issues**

In the Civil works work package, contamination and other latent conditions (unexpected site conditions) has also impacted the delivery and cost of these works, hence a variation of \$459,226.58 to the originally approved contract is being sought.

Since start of this contract works there have been substantial contamination and latent conditions encountered. These conditions were not detected or known at the tender award stage and were not included in the original contract award. The amount of contamination incurred with this project and the working conditions placed is also considered beyond what could have reasonably been expected. The change in scope of works as resolved by Council in May 2024 has further increased the cost of the project and increased the latent conditions.

Overleaf is a summary of the variations requested:

<b>Additional cost items</b>	<b>Explanation of the item</b>	<b>Amount</b>
<b>Specific scope changes</b>		
Footpath along Pallett Street	Additional shared path along Pallett Street to Bakers Road as per Council resolution on 8 May 2024.	\$52,116.70
Footpath near southwest car park	The deviation of the footpath near the southwest car park (along the north pitch) as resolved by Council on 8 May 2024 was not expected to cost more than the original design. However, additional dowel bars were required to strengthen the concrete due to site conditions at that location. Also changing in scope was the removal of timber bollards and their concrete footings from throughout the reserve.	\$30,807.25
<b>Contamination related changes</b>		
Contamination	Removal of contamination soon after the contamination was discovered, after which Council appointed a separate removalist contractor to better manage costs.	\$67,075.25
Stand down and reduced hour costs	For hours that contractors couldn't work on site due to contamination removal works.	\$30,740.00
<b>Latent conditions specific to this contract</b>		
Drainage related works	Design changes and additional works were required after work commenced due to the shallow depth of existing drainage. The existing drainage along the new section of road and car park was too shallow for trafficable pavement. The drainage pit and pipe were required to be lowered to meet the standards. Also, non-destructive digging was required to protect tree roots at southwest corner of the reserve.	\$112,407.14
Car park latent condition	While it was decided not to reconstruct the car park and instead resurface it as part of the 'value management' of the Hosken Reserve project before award of contract, when works commenced it was discovered that a large area needed to have 'heavy patching' before the new surface was laid. The scope is excavation of up to 300mm and rebuilding the road base back up before laying the wearing course. While a significant extra cost, this is still cheaper than it would have been to undertake full reconstruction of the car park.	\$105,956.93
Utilities related works	Lowering of the Telstra pit buried near the tennis pavilion.	\$5,601.21
Potential variation (estimate)	Issues have been flagged that will very likely result in a further variation – this includes further stand down cost to facilitate removal of contamination and rock excavation required when trenching.	\$20,800.00
<b>Flow on impacts from previous scope changes in other work packages</b>		
Soiling and backfilling (topsoil)	An earlier value management item that was part of a different contract for the Hosken Reserve Implementation Project was to raise the south soccer pitch to reduce the contamination cost. This meant that the footpath around the pitch being delivered as part of this civil works contract needed to be higher. The variation is for the cost of the additional backfilling needed under the footpath.	\$33,722.10
<b>Total</b>		<b>\$459,226.58</b>

## Human Rights Consideration

The implications of this report have been assessed in accordance with the requirements of the Charter of Human Rights and Responsibilities. There were no Human rights impacts identified.

## 4. Officer Declaration of Conflict of Interest

Council officers involved in the preparation of this report have no conflict of interest in this matter.

## 5. Financial and Resources Implications

### Contract costs

This contract variation as recommended by officers takes the total authorised value of the Contract to \$1,289,226.58 (GST exclusive).

Items	Value (GST exclusive)
<b>Original contract – awarded October 2023 via resolution</b>	<b>\$830,000.00</b>
Building works contract sum	\$830,000.00
Variations identified to date (incl. \$20,800 for further anticipated)	\$459,226.58
<b>Proposed amended contract value RFT-2023-468A</b>	<b>\$1,289,226.58</b>

The shortfall of \$459,226.58 has been referred to the first quarterly financial review of 2024/25.

Other contracts forming part of the Hosken Reserve Masterplan Implementation Project have also been subject to cost increases eg due to management of asbestos contamination, with contract variations approved under delegation. With the contract variation in this report, this makes up a total funding increase of 13.6% above the previously approved budget for the project, with additional budget of up to \$1,600,689 required. This is proposed to be included for consideration in the first quarterly financial review which will come to the December 2024 Council meeting for endorsement.

## 6. Implementation

Upon Council's approval of the contract variation, it will be executed by the Chief Executive Officer and works on the project will continue towards the updated practical completion date.

## Attachment/s

There are no attachments for this report.