

## 7.4.2 2022057: BOGONG CAR PARK EXTENSION, CONSULTANCY SERVICES - ARCHITECTURAL & OTHER DESIGN SERVICES – VARIATIONS EXCEEDING OFFICERS DELEGATION

<b>Responsible Manager:</b>	Andrew Andonopoulos, Manager Capital Works
<b>Responsible Director:</b>	Paul Ridgway, A/Director City Services

### RECOMMENDATION

**That Council:**

1. Approves additional contingency funds of \$93,181 to Contract 2022057 Consultancy Services - Architectural and Other Design Services for the Bogong Car Park Extension Project with Katz Architecture for two variations totalling \$60,181 and additional contingency of \$33,000 for the remainder of the project;
2. Notes that this request for additional contingency funds is compliant with Council's Contract Variation Delegation Rules as approved by Council on 31 October 2023;
3. Notes that on 30 August 2022, Council approved a variation to Contract 2022057 for \$144,375 for an approved scope increase for the design of an additional level together with a further contingency sum of \$65,000 which has been applied to the contract;
4. Notes that on 31 January 2023, Council approved a further variation to Contract 2022057 for \$56,072.50 for additional Suburban Rail Loop requested structural design works, surveying and in ground detection works with a further contingency sum of \$40,000 that has \$3,042.12 currently remaining; and
5. Notes that the increased contract value resulting from this pending approval remains within the approved project budget of \$47,300,000 (\$43,000,000 excluding GST).

**Please Note:** All values in this report are GST inclusive unless stated otherwise.

### INTRODUCTION

In accordance with Council's Contract Variation delegation rules, this report explains the reason for a Contract Variation for Council approval.

### COUNCIL PLAN STRATEGIC OBJECTIVES

#### **Inclusive Services**

Renew our community assets to deliver contemporary services.

#### **Good Governance**

Maintain the highest standards of good governance.

## BACKGROUND

On 25 January 2022, Council approved the Contract 2022057 Consultancy Services - Architectural & Other Design Services for the Bogong Car Park Extension Project for a fixed lump sum of \$517,073 (or \$546,571 if novated) and a contingency sum of \$60,000, totalling an available contract sum of \$577,073 (or \$606,571 if novated). The contract included provision for full construction design documentation and construction stage services through to final completion and handover. The expected contract completion date was June 2024.

A copy of the original Council Report is attached for supporting background information.

On 30 August 2022, Council approved a variation to this contract to increase the scope of design services following approval to increase the carpark from a three level to four level extension for an additional design fee of \$144,375 including an additional contingency of \$65,000. This increased the revised contract value to \$786,448 (including the additional \$65,000 contingency). The expected contract completion date was extended to October 2024.

On 31 January 2023, Council also approved a second contract variation of \$56,072.50 (with an additional \$40,000 contingency to support the construction phase of the project) for Suburban Rail Loop requirements to undertake engineering load bearing assessments, 3D point cloud survey, specialist lighting design, additional planning permit requirements and further inground service detection works. This increased the revised contract value to \$882,520.50 (including an additional \$40,000 contingency).

There was only minimal contingency allowed for the construction phase services at that time on the understanding that Council Officers would return to Council if further contingency funds were required as the construction progressed and there is currently only \$3,042.12 contingency remaining for this contract.

The construction project is currently well underway with an anticipated revised completion date of April 2025.

## DISCUSSION

Contract 2022057 Consultancy Services - Architectural and Other Design Services with Katz Architecture approved in January 2022 included a fee allowance through to the end of June 2024 which was reflective of the anticipated construction duration at that time.

In August 2022, Council approved a second variation to contract 2022057 Consultancy Services - Architectural and Other Design Services with Katz Architecture for a change in scope to add an additional level to the carpark and this extended the anticipated construction completion date (and for this contract) to the end of October 2024.

The construction tender was released at the start of the calendar year in February 2023 rather than prior to Christmas 2022, to encourage greater interest and competitive submissions and the

contract was awarded at the May 2023 Council meeting. The Construction tender submissions received proposed a construction duration ranging between 20 and 24 months with the awarded Contractor planning a construction program through to February 2025.

However, due to the identification of soft spots near the structural columns and footings of the existing car park and the requirement for a staged building permit process following Protection Work Notice objections from adjacent properties during the current construction contract, the construction program is now anticipated to be completed by April 2025. Council Officers will continue to work closely with the Construction Contractor (Building Engineering) and the Consultancy team and are hopeful to be able to make up additional time and bring forward the construction completion date to March 2025.

Overall, the construction completion date has been extended by 6 months from the previously adjusted completion date of October 2024 to April 2025 for the reasons explained above.

Additional services through the 2022057 Consultancy Services - Architectural and Other Design Services with Katz Architecture are still required to support the project through to the end of the revised construction completion date of April 2025.

The services required include additional geotechnical testing, further Building Surveyor and Structural Engineering inspections, structural reviews together with recommendations, certifications and site attendance from Katz Architecture.

Additional inspections and certifications to date have nearly exhausted the remaining approved contingency allowance for this contract with only \$3,042.12 contingency remaining.

Further additional costs through 2022057 Consultancy Services - Architectural and Other Design Services with Katz Architecture include the following.

#### **Part A: Architectural & Other Design Services Extension**

The extended construction duration for the project will require continuation of Architectural & Other Design Services during the construction stage through to practical completion. An additional cost for the 6-month prolongation of construction at \$6,831 per month totalling \$40,986 is expected based upon the current anticipated completion date for construction of April 2025. This fee is consistent with their tendered rates and is considered reasonable.

Should the construction be completed sooner this cost will be adjusted based on the monthly fee on a pro rata basis.

#### **Part B: Additional certification inspections**

These additional certification services will be required on an ongoing basis to certify and inspect the structural component including the yet to be completed new ramps, lift shaft core, and completion of the steel structure jacketing works on the existing structure. This will ensure the new car park is structurally sound and compliant to design standards and building requirements. A quotation of \$19,195 from Katz Architecture has been obtained for these additional services.

#### **Part C: Additional contingency**

Given that the project is approximated 60% progressed, a further contingency sum of \$33,000 is also requested to manage any variations that may arise through to completion of this project.

## FINANCIAL IMPLICATIONS

In line with Council’s Contract Variation Delegation Rules, Council must approve variations to Council Approved Contracts that do not meet the definition of Exception Circumstances and where the variation is greater than 10% of the awarded sum including approved contingency, or greater than \$100,000 of the awarded sum including approved contingency.

Please refer to the following table for a summary of the contract expenditure:

Item	Previous Council Approvals	Contract Value	Approved Contingency
1	Original Contract Sum and Contingency Total	\$517,073.00	\$60,000.00
2	Updated Contract Sum and Contingency after Council approved variation increase on 30 August 2022.	\$661,448.00	\$125,000.00
3	Updated Contract Sum and Contingency after Council approved variation increase on 31 January 2023	\$717,520.50	\$165,000.00
4	<b>Current total Contract Value incl Contingency</b>	<b>\$882,520.50</b>	

Item	Requested Additional Variations	Contract Value	Variations
Part A	Architectural & Other Design Services Extension		\$40,986.00
Part B	Additional certification inspections		\$19,195.00
5	Total Additional Quoted Variations (Part A + Part B)	(Subtotal)	\$60,181.00
Part C	Additional contingency for further Design Consultancy Services that may be required during the remaining construction stage		\$33,000.00
	Revised Contract sum with contingency (5 + Part C)	\$882,520.50	\$93,181.00
	<b>Revised Contract Value including Contingency</b>	<b>\$975,701.50</b>	

Please note that the revised contract value requested in this report remains within the overall approved project budget of \$47,300,000 (\$43,000,000 excluding GST).

### **POLICY IMPLICATIONS**

There are no policy implications to this report.

### **CONSULTATION**

Community consultation was not required.

### **SOCIAL IMPLICATIONS**

There are no social implications to this report.

### **HUMAN RIGHTS CONSIDERATIONS**

There are no human rights implications to this report.

### **GENDER IMPACT ASSESSMENT**

A GIA was not completed because this agenda item is not a 'policy', 'program' or 'service'.

### **CONCLUSION**

That Council approves the recommendations contained within this report.

### **ATTACHMENT LIST**

1. Council Recommendation Report\_2022057 - Bogong Car Park Extension, Consultancy Services - Architectural & Other Design Services [7.4.2.1 - 6 pages]
2. Council Meeting - 30 August 2022: 2022057 - Bogong Car Park Extension, Consultancy Services - Architectural & Other Design Services\_Variations Exceeding Officers Delegation [7.4.2.2 - 5 pages]
3. Council Meeting - 31 January 2023: 2022057 - Bogong Car Park Extension, Consultancy Services - Architectural & Other Design Services\_Variations Exceeding Officers Delegation [7.4.2.3 - 6 pages]

**1.5 AWARD OF TENDER FOR CONSULTANCY SERVICES (ARCHITECTURAL AND OTHER DESIGN SERVICES) BOGONG CAR PARK EXTENSION PROJECT**

Responsible Director: Peter Panagakos

**RECOMMENDATION**

That Council:

- 1) Awards the tender from Katz Architecture Pty Ltd for Contract No. 2022057 - Consultancy Services (Architectural and other design services) – Bogong Car Park Extension Project (Project) for the fixed lump sum amount of \$517,073 (or \$546,571 if novated to the builder) with an extra \$60,000 for contingencies to provide lead consultancy services related to the preparation of a detailed design, planning permit, tender documentation and construction stage services.
- 2) Notes that the 2021/2022 adopted budget for the Project is \$641,000 which will cover consultancy progress payments from this Contract 2022057 and also Contract 2022056 being quantity surveying services for this Project.
- 3) Authorises the Chief Executive Officer or their delegate to execute the Contract.

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

**INTRODUCTION**

The purpose of this report is to request Council's approval to award Contract No. 2022057 (Contract) for a lead consultant to prepare a detailed design for the extension of the Bogong Avenue car park following the completion of a request for tender process for consultancy services (architectural and other design services) for the Bogong Car Park Extension Project (Project).

The Contract allows for delivery of services up to and including detailed design and construction documentation, an application for a permit for the construction works and support Council with the development of construction stage services. The Contract also allows the option to novate the Contract to the construction contractor at the sole discretion of Council should Council determine to do this.

**BACKGROUND**

Council has committed to providing additional, accessible and safe car parking spaces to residents and supporting local businesses in the Glen Waverley Activity Centre (GWAC).

This commitment is demonstrated through the inclusion of a key proposal in Council's Glen Waverley Structure Plan in order to achieve the desired outcomes for the future of the GWAC and the collection of contributions from developers via previous planning overlays.

To deliver on this commitment, Council had previously identified a suitable parcel of its land for redevelopment as a mixed-use multi-level car park at 31-39 Montclair Avenue, Glen Waverley. However due to the Suburban Rail Loop Authority intention to acquire this site as the preferred site for Suburban Rail Loop Glen Waverley Station, Council has terminated the project.

Alternative site investigations were undertaken in the GWAC to identify sites that could accommodate additional car parking to serve the needs of the GWAC. The result was the identification of an existing Council owned multi-level (3) car park at 1 - 5 Bogong Avenue, Glen Waverley (Site).

Council appointed consultants to complete a feasibility study (Study) on this Site including confirming the structural integrity of the existing building for extension, the estimated construction costs and preliminary design options.

The Study confirmed that the building can be extended with strengthening of existing columns and sub-surface treatments to the foundations.

#### **Previous Council Resolutions**

At the October 2021 Council Meeting, Council received a report providing an update on the Suburban Rail Loop project. The report included a discussion on this Project and the following recommendations were adopted by Council in relation to this matter:

8. *Notes that officers have completed investigations into alternative sites for car parking in the Glen Waverley Activity Centre and that Council's existing multi-level car park at 1-5 Bogong Avenue, Glen Waverley has been identified as the most appropriate location for provision of some of the additional car spaces.*
9. *Resolves that Council's existing multi-level car park at 1-5 Bogong Avenue, Glen Waverley is the preferred location for the provision of some of the additional car spaces required to be provided noting as has been previously resolved by Council that the balance of the required car spaces is to be resolved with the SRLA as it is considered that there is a shared responsibility to accommodate those required car spaces.*
10. *Notes that officers have commenced preparation and will release a tender for a consultancy services to design an upgrade and extension to the preferred site noted in item 8 with Council to consider the awarding of any tender at a future Council meeting.*

## DISCUSSION

### The Site

The Site is located at 1-5 Bogong Avenue, Glen Waverley within close proximity of the Kingsway retail strip. It has an area of 4,919m<sup>2</sup> and provides 514 car spaces.

*Image 1 – the Site*



### The Scope of Services

The tender for the detailed design included a Scope of Services for a Lead Consultant to assemble a project team to complete the following milestone:

1. Return Brief
2. Concept Plan/s
3. Design development for community consultation
4. Detailed design report and planning permit application
5. Construction documentation for tender for construction to be priced on two scenarios:
  - a. construct only contract; and
  - b. design and construct contract (novate to builder).

### Notification

Four (4) pre-qualified suppliers from the Department of Treasury and Finance Construction Supplier Register (CSR) were invited to participate in a selective Tender for this project on 9 October 2021 and the tender closed on 5 November 2021. The use of the CSR is compliant with clause 2.3.2.5 of Council's Procurement Policy. The invited parties were:



1. Warren & Mahoney Architects Australia Pty Ltd
2. MGS Architects Pty Ltd
3. Godfrey Spowers (Victoria) Pty Ltd
4. Katz Architecture Pty Ltd

**Tenders Received**

Tender submissions were received by the appointed closing time from all 4 invited parties listed above. The tenderers were asked to provide two lump sum prices with and without novation of their design services to the builder.

**Tender Conformance**

All submissions were accessed for their compliance with the tender conditions including the contractual terms and conditions and the requirements of the response schedules.

The evaluation panel sought further information and clarifications from the highest ranked tenderer Katz Architecture Pty Ltd to satisfy itself that the resourcing, scope of services, milestone timelines & program were clearly understood and had been allowed for in their submission.

**Tender Evaluation**

The tender evaluation panel consisted of:

1. Manager Property & City Design (Chair)
2. Manager Capital Works
3. Manager Strategic Procurement
4. Principal Architect
5. Property Projects Co-Ordinator
6. Co-Ordinator Capital Works Buildings

All members of the evaluation panel signed Conflict of Interest and Confidentiality forms and no conflicts were raised.

Following tender clarifications, the price range of the tenders was as follows:

- a. Without novation - Construct only Contract – ranged from \$517,073 to \$1,162,590 (inc GST).
- b. With novation - Design & Construct ranged from \$546,571 to \$1,018,809 (inc GST) .

All tenders were assessed in accordance with the evaluation criteria published in the tender documentation as follows:

**Evaluation Criteria**

Pass/Fail Assessment Criteria				Score
Statement of Compliance				Pass/Fail
Scope Requirements				Pass/Fail
Quality & OHS Systems				Pass/Fail
Insurance & Indemnity				Pass/Fail
KEY SELECTION CRITERIA	CRITERIA WEIGHTINGS	SUB WEIGHTINGS	SUB CRITERIA/RETURNABLE SCHEDULES LINK	
40% NON-PRICE CRITERIA	Capacity and Capability	30%	15%	Experience
			5%	Resources
			2%	Risk Management
			2%	Legal Compliance
			1%	Performance and Innovation
			5%	Timelines and Program
	Sustainability (Mandatory)	10%	4%	Environmental Sustainability
			3%	Local Sustainability
			3%	Social Sustainability
PRICE (60%)	Price*	60%	60%	Comparison of Whole of Life Cost or Total Project Cost or Estimated Annual Cost

With regards to the weighing for ‘Sustainability’, sustainability requirements form part of the mandatory design of this Project and there is not expected to be a significant sustainability differential between the architects invited to tender. For this reason, the sustainability weighting was reduced to 10% in favour of a higher price weighting.

After reviewing the questions to answers submitted to Katz Architecture, the evaluation panel were satisfied with the submission and completed its evaluation (including the price and non-price evaluation criteria) which concluded that Katz Architecture Pty Ltd had ranked highest.

**FINANCIAL IMPLICATIONS**

The adopted 2021/2022 Capital Works Budget makes provision of \$641,000 towards the Project. This will fund progress payments under this Contract as well as providing for other consultancies required during the detailed design phase including quantity surveying services procured separately under Contract 2022056 and awarded on 16 December 2021 under Officer delegation.

As this Project is a multi-year project, additional consultancy funds will be requested from Council should the project proceed to construction stage.

**CONCLUSION**

Following the completion of a request for tender process for consultancy services (architectural and other design services) for the Bogong car park extension project (Project), this report seeks Council's approval to award Contract No. 2022057 (Contract) for a lead consultant to prepare a detailed design for the extension of the Bogong Avenue car park.

**1.7 2022057 – CONSULTANCY SERVICES (ARCHITECTURAL AND OTHER DESIGN SERVICES – BOGONG CAR PARK EXTENSION PROJECT VARIATIONS EXCEEDING OFFICERS DELEGATION - NON-EXCEPTIONAL CIRCUMSTANCES**

Responsible Acting Director: Catherine Sherwin

**RECOMMENDATION\***

*That Council:*

1. *Notes that the original value of Contract 2022057 Architectural and other design related services – Bogong Car Park Extension Project (the Contract) was \$517,073 (or \$546,571 if novated to the builder) with a \$60,000 contingency.*
2. *Notes that the original contingency of \$60,000 has been applied to the Contract.*
3. *Approves a variation to Contract 2022057 Architectural and other design related services – Bogong Car Park Extension Project (the Contract) in the amount of \$144,375 being 10% or \$100,000 greater than the original contract sum awarded (as referred to in item 1 above) which has arisen due an increase in the scope of services with Council’s preference for a 4-level extension.*
4. *Notes the risk of further variations being received and agree that a further contingency in the amount of \$65,000 be allocated to the project to manage this risk.*
5. *Notes that the revised value of Contract 2022057 is \$721,448.*

*(Note: all figures are inclusive of GST)*

**BACKGROUND**

At its meeting on 25 January 2022, Council approved the tender for contract 2022057 Consultancy Services (Architectural and other design services) Bogong Car Park Extension Project 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. The particular resolutions of this report are shown below:

- “3. *Notes that Option 2 provides the opportunity to fully optimise the existing site and maximise the extension capacity of the existing car parking building by providing for 518 additional car spaces with a completed total capacity of 1,032 car parking spaces.*

- *Resolves that Option 2 – inclusive of a 4-level extension, is the preferred option to deliver on Councils obligation to provide replacement and additional car parking in the Glen Waverley Activity Centre.*
10. *Resolves that:*
- a. *Option 2 (a 4-level extension) is the preferred design option outcome.*
  - b. *Option 2 will form the proposal submitted for the planning permit application.*
  - c. *Council consents to Council’s consultant Architect, Katz Architecture, lodging the planning permit application with Council.”*

The 28 June 2022 report to Council also noted under the Financial clause that:

*“Council has allocated \$5,365,000 towards this Project in the draft 2022/2023 annual budget which will cover the cost of consultancy services and progress payments for the commencement of construction” and “... as the design evolves, the full cost will be known, and a further report will be provided to Council...”*

The Project is currently in the process of evolving to the detailed design stage. The recommendations in this report to approve the cost of the increase scope of services and apply a further contingency is covered by this financial years adopted budget for this Project.

#### **Contract 2022057**

The services to be provided via Contract 2022057 (the Contract) are architectural and other design services for the design, upgrade and extension of the Bogong Car Park to provide a minimum of 370 car spaces. This design service can be met by the appointed architect, Katz Architecture (Katz) with a 3-level extension which would provide 382 additional car spaces but as noted in the 28<sup>th</sup> June 2022 Council report, the building capacity would not be optimised with 3 levels.

Council’s preference for a 4-level extension will provide an approximate additional 518 car parking spaces and optimise building capacity. However, this has resulted in an increase to Katz’ consultancy teams’ scope of services as discussed below.

#### **Increased Scope of Services – 4<sup>th</sup> level**

Adding the 4th level to the existing building will trigger upgrade works beyond 50% of the existing building volume requiring compliance of all new and existing building elements to current building code requirements, this includes regulatory items including fire engineering report and a fire engineering regulatory review. This has increased the scope and complexity of services required of the consultant team and Katz has submitted a variation request as shown in **Table 1 in Attachment 1**.

The increase to services is consistent with meeting the preference for a 4-level extension and does not fundamentally change the intent of the contract with regards to provision

of consultancy services to provide a design and upgrade of an extension to the Bogong Car Park.

Also, the contract term is for 2 years and 5 months with a date for completion of June 2024 but given the additional level, the term will be extended by approximately 4 months to cover the construction period for the 4<sup>th</sup> level which in turn, increases the costs of retaining Katz' services for this extended period of time.

#### **Initial Contingency**

The initial contingency amount approved by Council on 25 January 2022 of \$60,000 has been applied to the Contract and allocated to things such as increased geological testing, scanning and coring of concrete, fire engineering assessment, wind assessment and lighting considerations.

A further contingency of \$65,000 is requested to cover the cost of items such as structural engineering, planning and building processes, smart parking technology and anything else that may arise.

#### **Further Contingency - Risk items**

1. There is a risk of further variations from the structural engineer, mechanical engineer and building surveyor relating to regulatory compliance of the building.
2. Planning consultancy services may be required to support any requests for further information as part of the planning application process.
3. Smart Parking Technology. Specialist consultancy advice may be required for the design and installation of parking technology.
4. If there is any further prolongation to the project timeframe beyond the 3-4 months allowed for in the increased scope of services for the 4<sup>th</sup> level, a further variation could be requested from the Katz for architectural services during construction. This would be at hourly rates but must still be accounted for.

Whilst these are risk items that need to be managed, it should also be noted that the consultancy team are actively exploring areas for value management.

#### **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.

It is recommended this request to approve the increased scope of services (variations) and allocate a new contingency as identified in Attachment 1 are approved. Council's appointed consultant quantity surveyor has reviewed and agreed with the variation request.

As referred to earlier in this report, Council has allocated \$5,365,000 towards this Project in the draft 2022/2023 annual budget which will cover the cost of consultancy services and progress payments for the commencement of construction.

**CONCLUSION**

The Council has supported a 4-level extension and a planning permit application was lodged early July 2022 on this basis. The additional work is required to inform the detail of the planning application process and finalise the design for the upgrade works and a 4-level extension.

It is recommended that Council notes and approves the recommendations contained within this report.

**ATTACHMENT 1**

**Variation Request**

**Table 1- Increased Scope of Services – Related to 4<sup>th</sup> Level**

<b>Item</b>	<b>Service</b>	<b>\$</b>
1	Additional building level/capacity exceeding 50% building volume and requiring all new and existing building elements to be compliant	\$107,140
2	Regulatory items including fire engineering report, fire engineering regulatory review, Building Surveyor performance solutions relating to building compliance, and independent structural certification now required by the building surveyor.	\$37,235
		<b>\$144,375</b>

*All amounts are inclusive of GST*



**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 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 28<sup>th</sup> 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**

<b>Item</b>	<b>Service</b>	<b>\$ (INC GST)</b>
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"> <li>• increased height of façade – suicide prevention</li> <li>• FRV requirement - Core relocation to avoid need for fire sprinklers</li> </ul>	\$12,430.00 \$16,142.50
	<b>TOTAL NEW VARIATIONS</b>	<b>\$56,072.50</b>
	Further contingency	\$40,000.00

*All amounts are inclusive of GST*