

**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:*

- Option 2 (a 4-level extension) is the preferred design option outcome.*
- Option 2 will form the proposal submitted for the planning permit application.*
- 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*