

**ITEM 13. VARIATION TO CONTRACT AWARDED BY COUNCIL –
ALEXANDRA CANAL DEPOT – HEAD CONTRACTOR**

FILE NO: S121404

SUMMARY

On 14 September 2015, Council accepted a tender for the design and construction of a new Depot at 67A Bourke Road, Alexandria.

The works have encountered significant additional cost due to additional contaminated material being identified on site during preparation for placement of external paving. Furthermore, additional works associated with implementing Green Infrastructure projects and minor additional works to complete the project have added to the project cost.

This report recommends that Council approve the increase of the contract contingency to the existing Head Contractor's contract.

RECOMMENDATION

It is resolved that:

- (A) Council, in relation to the contract for Head Contractor services for the design and construction of a new Depot at 67A Bourke Road Alexandria, approve increasing the existing contract contingency as outlined in the subject report;
- (B) authority be delegated to the Chief Executive Officer to negotiate, execute and administer any documentation required for the purposes of effecting the increase to the contract contingency referred to in clause (A);
- (C) Council note the financial and contractual implications detailed in confidential Attachment A to the subject report;
- (D) Council approve the transfer of funds from the 2017/18 capital works contingency to increase the project budget;
- (E) Council approve the transfer of funds from the Renewable Energy fund to cover cost associated with additional solar PV and battery installation as set out in confidential Attachment A to the subject report; and
- (F) authority be delegated to the Chief Executive Officer on review of the determination of any dispute with in this contract to commence proceedings in the NSW Supreme Court.

ATTACHMENTS

Attachment A: Financial and Contractual Implications (Confidential)

(As Attachment A is confidential, it will be circulated separately from the agenda paper and to Councillors and relevant senior staff only.)

BACKGROUND

1. The City is constructing a new Depot at 67A Bourke Road, Alexandria to accommodate Cleansing, Infrastructure Maintenance, Fleet Services and Common Services functions.
2. On 14 September 2015, Council resolved to engage Cockram Construction Ltd for the Design and Construction of a new Depot at 67A Bourke Road, Alexandria.
3. Cockram Construction Ltd commenced the works on the Depot site on 3 June 2016. The current works are nearing completion with a forecast completion in November..
4. The site was remediated prior to construction and therefore the contract works did not allow for an extensive amount of site remediation and additional environmental initiatives identified post contract award.
5. During construction it became necessary to strengthen the capping layer in order to take the load imposed by the vehicles on the concrete paving.
6. After contract execution, an opportunity arose to enter in a partnership with TransGrid to install a large battery on the site. TransGrid wanted to trial a battery to investigate its potential to support the electrical network at times of peak demand. Having a battery at the Alexandra Canal Depot will enable the City to operate the depot as a carbon neutral facility by storing surplus PV electricity for use overnight. The battery is being supplied by TransGrid and the City is providing the necessary physical and electrical infrastructure.
7. The original depot project allowed for the relocation of approximately 200kW of PV panels from the Epsom Road Depot. A subsequent review of the roof design for the Alexandra Canal Depot indicated that an additional 300 kW of PV could be installed if some adjustments to the original design were made. The extra PV will make an important contribution to the City's 2021 renewable energy targets and will enable the batter to store enough PV power to supply the depot with electricity in the early morning and late afternoon. In order to install the additional PV, the roof access system had to be extended and the electrical infrastructure upgraded. This additional photovoltaic and battery infrastructure meets the City's carbon abatement investment criteria and funds are available from the City's Photovoltaic program to cover the cost.
8. The additional site capping and the environmental initiatives have caused unforeseen increases in costs that have depleted the allocated construction contingency. It is recommended that Council approve the transfer of funds from the Renewable Energy Fund to cover the costs associated with the additional solar PV and batter installation and increase the contract contingency to the existing Head Contractor's contract, to cover the other unforeseen increased costs, as outlined in the subject report – Attachment A.

FINANCIAL IMPLICATIONS

9. There are currently insufficient funds within the existing project budget for the latent conditions and the details of additional funding are outlined in Confidential Attachment A.

RELEVANT LEGISLATION

10. Local Government Act 1993.

CRITICAL DATES / TIME FRAMES

11. Program Key Milestones:

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| (a) Construction works commenced: | June 2016 |
| (b) Forecast Construction Work Completion | October 2017 |

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