Item 10

Contract Variation - Green Square Town Centre Infrastructure - Head Design Consultant and Head Construction Contractor

File No: S105606

Tender No: 1299/2042

Summary

This report seeks Council approval to vary two contracts: a construction contract with Ward Civil & Environmental Engineering Pty Limited for the upgrade of Portman Street and the construction of the new Zetland Avenue Mid and Zetland Avenue West., and a design and validation contract with AECOM Australia Pty Limited for design consultancy services for Green Square Town Centre Essential Infrastructure and Public Domain.

The City has embarked on making Green Square Town Centre the best possible example of a high-density urban village through extensive redevelopment of new streets and services over a 13.74-hectare area. The works will entirely transform the Green Square Town Centre from an old brownfield industrial precinct to a new commercial, retail and residential centre. This is one of the largest urban renewal projects in Australia. By 2036, 70,000 residents and 22,000 workers will live and work in the 278-hectare Green Square area.

On 29 April 2013, Council resolved to award a tender to AECOM Australia Pty Ltd to provide consultancy services for the design and certification of Green Square Town Centre Essential Infrastructure.

On 29 June 2020, Council resolved to award the construction contract for the upgrade of Portman Street and construction of the new Zetland Avenue Mid and Zetland Avenue West to Ward Civil & Environmental Engineering Pty Limited (Ward).

As works progressed on Portman Street, considerable quantities of contaminated material were encountered, beyond that anticipated from the geotechnical testing on the street carried out during the design phase. This has required the re-classification of the waste generated for the works, and the requirement that the works be carried out under statutory Work Health and Safety control procedures. The removal of contaminated material from this project is being undertaken in accordance with the Contaminated Land Management Act 1997 and the NSW Work Health and Safety Act 2011 and its relevant regulations, posing minimal risk to the workers on site and the community.

Additionally, following the award of the construction contract there was a change to the procurement of bluestone kerb, resulting in an addition of scope to the contract with Ward. Other changes are detailed in this report.

These two changes to the scope of work on the Portman Street upgrade and the Zetland Avenue Mid and West construction require a variation to the Ward Civil & Environmental Engineering Pty Limited construction contract, and the associated work that AECOM undertake to design and validate the work.

This report recommends Council approve a contract variation and additional budget to Ward Civil & Environmental Engineering Pty Limited for the Portman Street Upgrade and the construction of Zetland Avenue Mid and West.

The additional contamination has also resulted in a variation to AECOM Australia Pty Limited for additional design and validation works. Therefore, this report also recommends that Council approve a contract variation for AECOM Australia Pty Limited.

Recommendation

It is resolved that:

(A) Council approve a variation to the existing contract with Ward Civil & Environmental Engineering Pty Limited for the upgrade of Portman Street, and construction of the new Zetland Avenue Mid and Zetland Avenue West on the terms contained in Confidential Attachment A to the subject report;

(B) Council approve a variation to the existing contract with AECOM Australia Pty Limited for design consultancy and validation services for Green Square Town Centre Essential Infrastructure on the terms contained in Confidential Attachment A to the subject report;

(C) authority be delegated to the Chief Executive Officer to negotiate, execute and administer/vary the contracts relating to the construction of the Portman Street Upgrade and the construction of Zetland Avenue Mid and West and consultancy services for Green Square Town Centre Essential Infrastructure and Public Domain referred to in (A) and (B) above; and

(D) Council approve the additional funds sought as outlined in Confidential Attachment A to the subject report.

Attachments

Attachment A. Financial and Contractual Implications (Confidential)

Background

1. The Green Square Town Centre Essential Infrastructure and Public Domain is a key part of the City's Green Square Town Centre development, which is the heart of the Green Square urban renewal area. It comprises an area of about 14-hectares, incorporating the suburbs of Zetland, Beaconsfield and parts of Rosebery, Alexandria and Waterloo.

2. Green Square is one of Australia's largest urban renewal projects. It is strategically located within one of the most important economic corridors in the country, sitting between Central Sydney, Kingsford Smith International Airport and Port Botany. The Green Square Town Centre will be a vibrant and active place where people will live, work, shop, dine out, be entertained and enjoy a range of cultural activities.

3. Green Square will make a significant contribution to Sustainable Sydney 2030's vision, targets and directions for urban renewal, design excellence, sustainable forms of transport and affordable housing. By 2036, 70,000 residents and 22,000 workers will live and work in the 278-hectare Green Square area.

AECOM Australia Pty Limited Contract

4. On 29 April 2013, Council resolved to award a tender to AECOM Australia Pty Ltd to provide consultancy services for the design and certification of Green Square Town Centre Essential Infrastructure.

5. This comprised a new subdivision and street network design, including road and cycleways, footways, street lighting, parking, new stormwater infrastructure, recycled water network, power and utilities services, access services provision to adjacent development sites, and extensive landscape, including the bioretention system.

6. On 29 October 2018 and 12 August 2019, Council approved an exemption from tender and variation to the contract with AECOM Australia Pty Ltd for Green Square Town Centre Essential Infrastructure and Public Domain to allow for additional scope.

7. Major construction contracts for the essential infrastructure and public domain works have been undertaken since 2014, over several stages. The works completed to date include the construction of new streets being Ebsworth, Barker and Paul Streets, Tweed Place, Zetland Avenue East, Geddes Avenue, and the upgrading of Joynton Avenue, Portman Lane and the Botany Road frontage to the new town centre.

8. Design and planning approvals have been completed for the remainder of the Green Square Town Centre Essential Infrastructure works, including Hinchcliffe Street, Woolpack Street, Fellmonger Place and Barker Street (South), which will be delivered by the developer under voluntary planning agreements.

Ward Civil & Environmental Engineering Pty Limited Contract

9. On 29 June 2020, Council resolved to award the tender for construction of the upgrade of Portman Street, and construction of Zetland Avenue West and Zetland Avenue Mid to Ward Civil & Environmental Engineering Pty Ltd.

10. The scope of the Portman Street upgrade and construction of the new Zetland Avenue Mid and West will complete Zetland Avenue, a major tree line boulevard running east-west within the Green Square Town Centre, connecting Paul Street in the west to the new Gunyama Park Aquatic and Recreation Centre in the east.

11. Numerous new utilities will be installed on Zetland Avenue to extend and increase the capacity of existing services networks. High quality public domain treatments will be applied on Zetland Avenue, including separated cycleways along the entire length. Furthermore, the existing Portman Street is being reconfigured under this project to include a one-way section between Geddes Avenue and Sonny Leonard Street.

12. Multiple new traffic signals will be installed along Portman Street to facilitate safe and efficient vehicle and pedestrian movements. Portman Street is also undergoing an upgrade of the existing road pavement and full public domain treatments, including an upgrade of street lighting, parking bays and bi-directional separated cycleway. The scope of this project is being completed in multiple stages to allow safe management of traffic, while maximising concurrent work fronts to expedite completion. The level of Portman Street is also being raised and local drainage upgraded in order to mitigate against flooding.

Scope Variations

13. Over the duration of this project, several amendments to the original scope have been made due to various factors, such as re-sequenced delivery of stages, latent conditions encountered on site, changes to the method of procurement of bluestone kerb, and coordination with adjacent third-party developments. This has resulted in additional cost and time impacts on the works being undertaken by Ward.

14. A variation to the works is required to the original scope to deliver Portman Street, Zetland Avenue West and Zetland Avenue Mid packages due to the following additional works:

    (a) All ground waste material generated from Portman Street works required disposal off site at a NSW EPA licensed Landfill facility, incurring significant costs. The revised waste reclassification prohibited reuse of site won materials as originally anticipated.

    (b) Carrying out the Portman Street portion of the works in accordance with the Work Health and Safety Regulations, significantly increasing the costs and time required.

15. The waste classification of Zetland Avenue Mid and West did not change from the time of tender for the construction head contract. However, the characteristics of the site material below subgrade level was deemed unsuitable for re-use below the new road pavement, which resulted in removal and disposal off site as well as replacement with imported material, incurring significant costs.

16. The removal of contaminated material from this project is being undertaken in accordance with the Contaminated Land Management Act 1997 and the NSW Work Health and Safety Act 2011 and its relevant regulations, posing minimal risk to the workers on site and the community.

17. The highly congested brownfield nature of the site has led to many clashes with services that were not able to have been identified at the time of design and Tender. The services encountered were not registered on any known data base.

18. During the construction of Portman Street, Zetland Avenue West and Mid, additional scope for the design consultancy is required due to the following reasons:

    (a) Interface management with third parties including developers such as Meriton and Mirvac as well, updates to the future school development resulted in additional design changes which includes re-design of the Portman Street North pedestrian crossing, stormwater works and school drop-off bay provisions.

    (b) Validation works to Zetland Avenue Mid and West due to unsuitable ground material and for Portman Street due to re-classification of waste generated on Portman Street. A substantial proportion of the additional variations has arisen from the increased scope of validation works. Latent conditions encountered included unsuitable soil that required disposal off site. In addition, changes to the classification of Portman Street and additional requirements of material importing and inspections.

    (c) Ongoing design changes due to services clashes and site conditions. While services investigations were undertaken during design, the highly congested brownfield nature of the site has led to encountering unidentified services clashes requiring significant design effort to mitigate. As an example, proposed Ausgrid underground transmission cables clashed with aged degraded conduits that were not accurately located on Telstra asset registers.

19. Portman Street, Zetland Avenue West and Zetland Avenue Mid are currently under construction and due to be completed in early 2022. It is critical to resolve any design issues in a timely manner to minimise impact on the residents by minimizing project delays which incur significant construction contract cost.

20. It is generally recognised that this area of Sydney is abundant in contaminated lands. The subject area of this report has identified after tender that the land is worse than the precontract testing indicated. The City has taken the position across all its developments in the Green Square area to remediate the land so it is improved for our community of today and the future.

Financial Implications

21. Additional funding is required as detailed in Confidential Attachment A. Funds will be brought forward from Future Year Public Domain Upgrade provisions included in the City's Long Term Financial Plan.

Relevant Legislation

22. Local Government Act 1993 - Section 10A provides that a council may close to the public so much of its meeting as comprises the discussion of information that would, if disclosed, confer a commercial advantage on a person with whom the council is conducting (or proposes to conduct) business.

23. Attachment A contains confidential commercial information which, if disclosed, would:

    (a) confer a commercial advantage on a person with whom Council is conducting (or proposes to conduct) business; and

(b) prejudice the commercial position of the person who supplied it.

24. Discussion of the matter in an open meeting would, on balance, be contrary to the public interest because it would compromise Council's ability to negotiate fairly and commercially to achieve the best outcome for its ratepayers.

Critical Dates / Time Frames

25. Portman Street, Zetland Avenue Mid and Zetland Avenue West construction commenced September 2020 and is due for completion in early 2022.

Options

26. Tender the additional works. This is not recommended because:

Ward Civil & Environmental Engineering Pty Limited Contract

(a) Additional costs would be incurred to tender and establish another construction contract for the Portman Street upgrade and construction of Zetland Avenue Mid and West.

AECOM Australia Pty Limited Contract

(b) Additional time would be required to tender and establish another consultancy. Significant additional cost and risk could arise with any delays providing information to contractors currently on site.

(c) The vast project knowledge gained over several years would be lost with a new consultant team, resulting in project delay and additional cost to construction delivery.

27. It is recommended that the additional works be undertaken by the current design consultancy as well as the current head contractor on site, as this will provide significantly better value for money and allow the project to meet critical timelines.

Public Consultation

28. Public consultation is ongoing with the Green Square community.

AMIT CHANAN

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