

Item 13.**Contract Variation - MacDonald Street Widening and Trunk Drainage, Erskineville - Head Construction Contractor****File No: X004092****Tender No: RFT 1990****Summary**

This report seeks Council approval to vary the Head Construction contract with Ward Civil & Environmental Engineering Pty Limited for the MacDonald Street Widening and Trunk Drainage project in Erskineville.

The project provides a new public domain upgrade and road widening of both MacDonald and Goddard Streets, including a stormwater trunk drain and associated works. As part of the Ashmore Precinct Improvement Program, both MacDonald and Goddard Streets, Erskineville, were identified for upgrade, enhanced utility services infrastructure and a new trunk drain from Bridge Street to Hadfield Street, which augments the existing Sydney Water drainage network.

The proposal's key features include the design and construction of a new public domain, utility services infrastructure and new stormwater trunk drain running from Bridge Street interface along and under the northern footway of MacDonald Streets to Hadfields Street. The works are to mitigate, in part, the current street flooding situation.

The project scope includes a bi-directional cyclepath, pedestrian footways, shared areas, continuous footway treatments, raised pedestrian crossings, street trees, rain garden swales, garden beds, on-street vehicular parking, street and pedestrian lighting, and design provision for the future development of both MacDonald and Goddard Street extensions and connections. As part of the proposal, all aboveground power wires shall be placed underground, with a full infrastructure design for all service lines and utilities.

On 29 June 2020, Council resolved to award the construction contract for the construction of the MacDonald Street Widening and Trunk Drainage to Ward Civil & Environmental Engineering Pty Limited (Ward).

Due to extensive latent conditions encountered early in the construction program, a revised construction methodology has been required. A new sheet piling retention and dewatering system is required as well as corresponding changes to the culvert structure.

These additional requirements have required re-staging of the works, after contract award, to enable construction of the works to proceed expeditiously whilst the new systems were designed and procured.

This report recommends Council approve a contract variation with Ward Civil & Environmental Engineering Pty Limited for the delivery of MacDonald Street Widening and Trunk Drainage project in Erskineville.

Recommendation

It is resolved that:

- (A) Council approve a variation to the contract with Ward Civil & Environmental Engineering Pty Limited for the construction of the MacDonald Street Widening and Trunk Drainage on the terms contained in Confidential Attachment A to the subject report;
- (B) authority be delegated to the Chief Executive Officer to negotiate, execute and administer/vary the contracts relating to MacDonald Street Widening and Trunk Drainage project; and
- (C) 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. Ashmore precinct is one of the City's biggest urban development projects, with the 17-hectare area forecast to house over 6,000 residents when fully developed. The MacDonald Street Widening and Trunk Drainage project represents a major component of City works described in the Ashmore Public Infrastructure Concept Design to address flooding issues in the precinct.
2. The project provides a new public domain upgrade and road widening of both MacDonald and Goddard Streets, including a stormwater trunk drain and associated works. As part of the Ashmore Precinct Improvement Program, both MacDonald and Goddard Streets, Erskineville, were identified for upgrade, enhanced utility services infrastructure and a new trunk drain from Bridge Street to Hadfield Street which augments the existing Sydney Water drainage network.
3. The key features include the construction of a new public domain, utility services infrastructure and new stormwater trunk drain running from Bridge Street interface along and under the northern footway of MacDonald Streets to Hadfields Street. The works are to mitigate, in part, the current street flooding situation as MacDonald Street is a major overland flow-path carrying storm water from the railway bridge east. An integral part of the road widening works is the construction of a new stormwater culvert which augments the existing Sydney Water trunk drain.
4. The project scope includes a bi-directional cyclepath, pedestrian footways, shared areas, continuous footway treatments, raised pedestrian crossings, street trees, rain garden swales, garden beds, on-street vehicular parking, street and pedestrian lighting and design provision for the future development of both MacDonald and Goddard Street extensions and connections. As part of the proposal, all aboveground power wires shall be placed underground.
5. These works are consistent with Strategic Direction 9 "Sustainable development, renewal and design" contained in Sustainable Sydney 2030.
6. In June 2020, Council awarded Ward Civil & Environmental Engineering Pty Ltd a civil and roadworks construction contract for the project. Site works commenced in September 2020 and are expected to be completed in late 2021.

Scope Variations

7. Since the commencement of this project, amendments to the original scope have been required due to various factors, outlined in more detail in Confidential Attachment A to the subject report. These additional requirements have resulted in cost increases and re-staging of the works, after contract award.
8. The ground conditions determined from the design consultants investigations prior to calling tenders, were not consistent with ground conditions encountered when works commenced and accordingly a variation to the contract is required.
9. The delivery of two raised pedestrian crossings, one to the eastern side of Coulson Street and the second on the northern side of Eve Street that were approved by the Local Pedestrian, Cycling and Traffic Calming Committee on 20 August 2020, will also be delivered under this contract following completion of the Macdonald Street works.

Financial Implications

10. Additional funding is required as detailed in Confidential Attachment A.

Relevant Legislation

11. 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.
12. Attachment A contains confidential commercial information 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.
13. 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

14. Program Key Milestones:
 - (a) MacDonald Street Widening and Trunk Drainage. Construction commenced September 2020 and is due for completion in late 2021.

Options

15. An alternative option would be to tender the additional works. However, this option is not recommended because the works are integral to the existing contract, and this may lead to increased costs and extensive further delay to the project's completion.
16. It is therefore recommended to have the additional work carried out by the current contractor, as this will allow the project to proceed expeditiously. There are agreed procedures and rates within the contract to equitably establish cost increases.

Public Consultation

17. Public consultation is ongoing with the Erskineville community.
18. The contractor's Community Liaison Officer produces bi-monthly newsletters and promptly responds to concerns and enquiries from surrounding residents and businesses.

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