

10.2.6 – Kingsbury Drive Black Spot Project Budget Amendment (SJ1299)	
Responsible Officer:	Manager Engineering
Senior Officer:	Director Infrastructure Services
Disclosure of Officer's Interest:	No Officer involved in the preparation of this report has an interest to declare in accordance with the provisions of the <i>Local Government Act 1995</i> .

Authority / Discretion

Executive	The substantial direction setting and oversight role of the Council such as adopting plans and reports, accepting tenders, directing operations and setting and amending budgets.
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Report Purpose

The purpose of this report is to provide Council with an update on the expenditure incurred up to 7 June 2024 on the Kingsbury Drive Black Spot project (SLK 7 to 9.1), advise of required additional funds to complete the project, and seek approval for a budget variation to complete this project.

Relevant Previous Decisions of Council

<p><i>Ordinary Council Meeting – 16 October 2023 – OCM257/10/23 - COUNCIL RESOLUTION / Officer Recommendation</i></p> <p><i>That Council:</i></p> <ol style="list-style-type: none"> <i>AWARDS Tender RFT 05-2023 - Kingsbury Drive - Road Widening and Improvement to GMF Contractors Pty Ltd to the value of \$959,765.52, excluding GST as contained within CONFIDENTIAL attachment 1.</i> <i>AUTHORISES the Chief Executive Officer to sign a contract on behalf of the Shire of Serpentine Jarrahdale for Tender RFT 05/2023 - Kingsbury Drive - Road Widening and Improvement.</i>
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Background

The construction of the Kingsbury Drive Black Spot Project, SLK 7 to 9.1 has been completed by the contractor engaged by the Shire. During the construction of the project, a number of additional minor works were identified as being essential for functionality of the project. The request for the budget variation is to increase the budget for the cost of these additional works and increasing the Shire's internal project management budget allocation to the project. The additional funding required relates to the increased amount of rock-pitching around the five newly installed headwalls

Contact Us

Enquiries

Call: (08) 9526 1111
 Fax: (08) 9525 5441
 Email: info@sjshire.wa.gov.au

In Person

Shire of Serpentine Jarrahdale
 6 Paterson Street, Mundijong WA 6123
 Open Monday to Friday 8.30am-5pm (closed public holidays)



www.sjshire.wa.gov.au



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by 63m², a further 250m² of sealing works, 120m of kerbing and additional project management hours.

Community / Stakeholder Consultation

Nil.

Statutory Environment

Budget Amendment - Local Government Act 1995

Section 6.8(1) of the *Local Government Act 1995* states:

6.8. Expenditure from municipal fund not included in annual budget

(1) A local government is not to incur expenditure from its municipal fund for an additional purpose except where the expenditure —

(a) is incurred in a financial year before the adoption of the annual budget by the local government; or

(b) is authorised in advance by resolution; or*

(c) is authorised in advance by the mayor or president in an emergency.

** Absolute majority required.*

Comment

The Kingsbury Drive Black Spot Project is a 100 per cent Federal Government funded project with an approved budget of \$1,034,000. The scope of this project is to seal and widen the road shoulders by 1.5m over a length of 2.1km to improve road safety.

The Shire engaged GMF Contractors Pty Ltd in October 2023 to undertake the construction works with a contract value of \$959,765.52, excluding GST. The contracted works were completed in June 2024.

During construction, a number of latent conditions were identified on site which impacted the construction delivery time and scope of works resulting in additional funding being required. This included the presence of rock under several sections of the road that required widening. The removal of rock would have been costly, and as such, Officers did not consider excavation of rock as a viable option. This, however, meant that the V-drain swales could not be constructed to the design specification, and instead, installing 120m of kerbing is proposed along this section of the road as an alternate cost-efficient option to address the drainage requirements. The cost of this variation will be \$15,000.

An additional 63m² of rock pitching to the culvert headwalls was required to address the drainage requirements resulting from erosion of the new fill material placed on the batters following the first major rainfall. The additional rock pitching was a variation to the contract and this variation was approved as force majeure due to the noticeable erosion caused to the road verge by the first major rain in the season. The scale of erosion would have increased substantially with more rain events requiring major repair works if immediate action was not taken to increase the extent of rock pitching.

Whilst preparing the base for the shoulder widening and sealing, it was also identified in one section of the road that the existing seals had previously been placed at 3 differing levels. A change to the design was also required to cut out and remove the existing uneven seal areas, so



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the new sealed surface could tie in with the higher road surface and provide a safe and seamless transition. In order to address this issue, an additional 250m long x 1.0m wide section of the road required sealing to replace the section removed.

The cost of these variations are as follows:

- Rock pitching \$26,000;
- Sealing \$3,500.

Shire Officers have submitted a cost variation application for the amount of \$26,000 for the rock pitching works to Main Roads Western Australia (MRWA). The justification for the variation has been confirmed with MRWA following the submission of the variation application and it is anticipated that this variation will be approved in the coming weeks.

The funding allocated to Shire's internal project management cost in the budget was underestimated. The identification of the above issues, redesigning, coordination with the contractor and implementation of changes to the design required significant additional Officer time which resulted in the Shire internal project management costs to exceed the allocated budget with a \$139,040 overspend. The changes to the design did not result in any additional contractor time delay claim and the project was still able to be completed within the contract timeframe.

The additional costs to the project including the capital work variations and the internal project management costs that were not budgeted for are estimated to be \$183,540.

The breakdown of these costs is shown in the table below.

Description	Reference	Cost
Additional Rock-Pitching	Image 1	\$26,000
Additional Sealing	Image 2	\$3,500
Additional Kerbing	Image 3	\$15,000
Internal Shire project management cost increase		\$139,040
Total		\$183,540

Table 1 – Additional Cost for remaining works

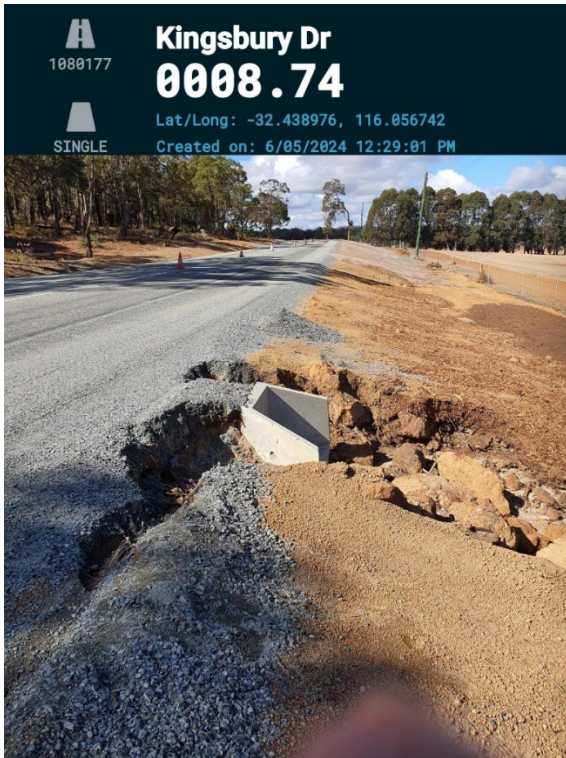
Below is a set of photographs identifying the two latent issues and water erosion required to be addressed.



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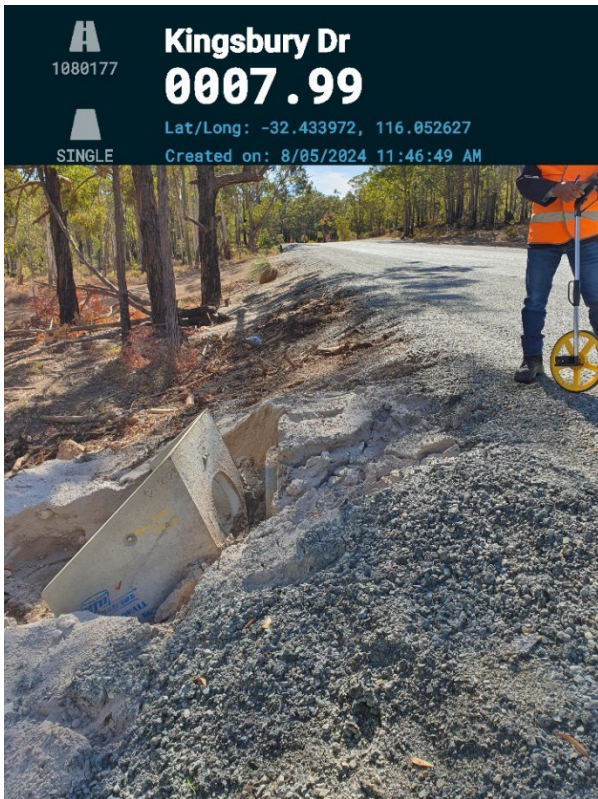
Image 1 - Additional rock-pitching undertaken:



Before



After



Before



After



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Image 2 - Additional seal required, due to unevenness of the existing pavement:

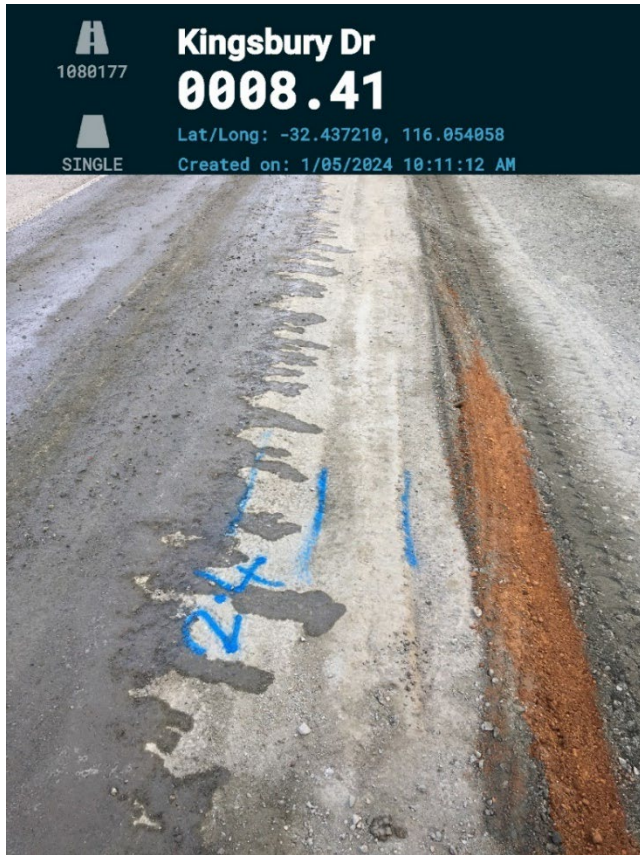


Image 3 - Rock in the swale location, with proposed kerb line in red:





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Based on the above additional works and cost break down, a budget variation to increase the project budget by \$183,540 is required to close out this project.

Following an assessment of the delivery of this project, the below issues have been identified as lessons learnt and these will be used to improve efficiencies in delivering similar future road projects:

- Ensure adequate internal Shire costs are allowed for in the budget prior to awarding a contract and proceeding to construction phase;
- Undertake pavement coring tests to better understand the material composition and thickness of the existing pavement to ensure accuracy of the design. This will minimise potential variations during the construction phase. It should be noted that this is in line with industry best practice and a process improvement as part of the project planning and design, and this will require additional pavement testing budgets 1-2 years in advance of construction phase.

As identified within the financial implications section of the report, a number of other capital civil infrastructure projects have been delivered under budget as part of the 2023/2024 capital projects budget, affording the required budget amounts to support this budget variation. Accordingly, it is recommended that the required budget variation for Kingsbury Drive Project be funded from the underspend in these road projects, as detailed below.

Options

Option 1

That Council APPROVES the following budget variation:

Account Number	Type	Account Description	Debit \$	Credit \$
6400-80412-6600-0000	Increase Expenditure	Kingsbury Drive - Capital Purchases	183,540	
6400-80456-6600-0000	Decrease Expenditure	Jarrahdale Road Rehabilitation - Capital Purchases		98,817
6400-80403-4808-0000	Increase Income	Larsen Road (SLK 0.2- SLK1.64) - Grants - Main Roads		73,485
6400-80457-6600-0000	Decrease Expenditure	Clondyke Park Footpath Replacement		11,238
Reason: Utilise savings for other capital projects completed underbudget to fund overspend on Kingsbury Drive				



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Option 2

That Council:

1. NOTES the overspend on the Kingsbury Drive Black Spot Project.
2. APPROVES the contract variation to GMF Contractors Pty Ltd from \$959,765.52 to \$989,265.52 including GST.

Option 1 is recommended.

Conclusion

To complete the Kingsbury Drive Black Spot Project to an acceptable standard and close out the project, a total additional budget allocation of \$183,540 is required. It is recommended that this budget variation amount be sourced from a range of other completed 2023/2024 civil infrastructure projects as listed in the Financial Implications section of this report.

Attachments (available under separate cover)

- 10.2.6. – attachment 1 – Kingsbury Drive – location plan (IN24/13216)

Alignment with our Council Plan 2023-2033

Thriving	Ensure sustainable and optimal use of Shire resources and finances
Liveable	Improve maintenance and investment in roads and paths

Financial Implications

The proposed project budget increase of \$183,540 will require a formal budget variation.

Officers have identified that the following completed projects have sufficient underspends to cover the proposed budget variation.

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Risk Implications

Risk has been assessed on the Officer Options:

Officer Option	Risk Description	Controls	Principal Consequence Category	Risk Assessment			Risk Mitigation Strategies (to further lower the risk rating if required)
				Likelihood	Consequence	Risk Rating	
1	Nil						
2	<p>The project will be incomplete, and the road condition will be unsafe, which could potentially further deteriorate.</p> <p>-Return funds and penalised by MRWA</p> <p>-Damage to Shire's reputation</p>	<p>-Urgent works related to safety have been completed.</p> <p>-Requested extension to MRWA</p> <p>-Investigating other resources to cover contractors' expenses</p>	Social Community Outcomes /	Possible	Moderate	MODERATE	Nil

Voting Requirements: Absolute Majority (s 6.8(1) of the *Local Government Act 1995*)

Officer Recommendation

That Council **APPROVES** the following budget variation:

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