

8.3 PEERLESS ROAD, GOULD ROAD AND PETE SMITH RESERVE UPGRADES - PROJECT BUDGETS

Contact Person: Sam Green

Why is this matter confidential?

Subject to an order pursuant to Sections 90(3)(b)(k) of the Local Government Act 1999, this matter is confidential because This report contains costing information which has been extracted from a current Council tender process. Therefore, the report has commercially sensitive information..

A. COMMITTEE TO MOVE MOTION TO GO INTO CONFIDENCE

No action – this motion passed in the open section.

B. THE BUSINESS MATTER

8.3 PEERLESS ROAD, GOULD ROAD AND PETE SMITH RESERVE UPGRADES - PROJECT BUDGETS

Responsible Executive Manager : Sam Green

Report Author : Rino Pace

Delegated Authority : Matters which cannot be delegated to a Committee or Staff

PURPOSE

To seek Council approval for additional project funding for the following three reserve upgrades:

- Peerless Road Reserve, Munno Para West
- Gould Road Reserve, Elizabeth Park
- Pete Smith Reserve, Davoren Park

STAFF RECOMMENDATION

1. Council approves the allocation of the following additional project budgets to the reserve upgrades:
 - Peerless Road Reserve, Munno Para West. \$411,172
 - Gould Road Reserve, Elizabeth Park. \$119,457
 - Pete Smith Reserve, Davoren Park. \$366,479
2. The additional budget allocation be included in Budget Review One.

EXECUTIVE SUMMARY

Council has previously approved the upgrade of Peerless Road Reserve, Gould Road Reserve and Pete Smith Reserves. All three projects are important in achieving our objectives under the Councils Open Space Strategy.

All projects have developed concept plans and have been the subject of community consultation.

Following the success of the Design and Construct delivery methodology utilised for the Mofflin Reserve project, the reserve upgrades were packaged together, along with Dwight Reserve North, and issued via a publicly advertised Design and Construct tender process in June 2023.

Whilst the pricing of the preferred tender submission for Dwight Reserve falls within the approved \$400k budget, the tender responses for Peerless, Gould and Pete Smith reserves identified that these projects cannot be delivered within their current allocated budgets. Unfortunately, construction costs, including materials, have escalated considerably over the last few years, particularly for park upgrades.

This report seeks the additional project funding required to continue work to deliver these important open space projects.

1. BACKGROUND

Peerless Road Reserve, Munno Para West

The City of Playford 2018 Open Space Strategy identified the need to obtain additional open space within Munno Para West (bounded by Fradd, Stebonheath, Curtis and Andrews Roads) as a high priority initiative, due to an undersupply within the area.

Council approved \$1.5M in funding through the 2019/20 Annual Business plan for this Strategic Land Purchase.

At the time the budget was approved, the location of the land was not yet known. Council staff were able to negotiate for the purchase of land on the corner of Peerless and Tatura Roads and a contract of sale was entered into on 24 September 2021, with an acquisition price of \$825k. Leaving \$675k remaining in the approved project budget.

In December 2021 Council committed to fund the development of a neighbourhood park at this location. The development was to be partially funded through savings from the land acquisition and the remainder through the 2022/23 Annual Business Plan.

The park upgrade will incorporate features such as playspaces, basketball key, pathways, irrigated turf, shelters and seating, BBQ, indented car parking and toilet.

Concept design works have been completed, which included engaging with the community in accordance with Councils engagement policy. The What We Heard Report is available on the City of Playford Engagement Hub. The project has since transitioned into the project delivery phase and was put out for tender under a Design and Construct approach.

This project was funded through the Open Space Fund.

Gould Reserve, Elizabeth Park

The original funding for this project came through Councils commitment to the 'Northway' Elizabeth Park Neighbourhood Renewal Project, in April 2008. This commitment was made in partnership with the South Australian Housing Trust, with a total overall joint financial commitment of \$1.5M. The agreed scope of works were to be delivered in line with property development milestones.

At the time, the original agreed timeline for delivery of the joint commitment was four years. However, as the works were to be delivered in alignment with the progression of development, this has taken longer than anticipated. Except for Gould Reserve, all of the remaining committed scope of works have been completed.

In 2018 when the South Australian Housing Authority completed their commitments to the project, it was agreed that remaining funds would be allocated to Gould Reserve. Therefore, the current total approved budget for this project is \$260k.

The scope of works for this project include lifting the appearance of the reserve and creating an inviting rest spot and place for children to play. This includes, playspaces, pathways, plantings and seating.

Concept design works have been completed, which included engaging with the community in accordance with Councils engagement policy. The What We Heard Report is available on the City of Playford Engagement Hub. The project has transitioned into the project delivery phase and was put out for tender under a Design and Construct approach.

Pete Smith Reserve, Davoren Park

The original funding for this project came from Councils commitment to Playford Alive, Open Space and Streetscape Upgrades. Council approved the allocation to Pete Smith Reserve through the 2021/22 Annual Business Plan (renewal program).

Playford Alive is one of the biggest urban renewal projects in Australia. Council renews targeted public realm and streetscapes in coordination with Renewal SA/South Australian Housing Authority. Many of the public houses around Pete Smith reserve have been demolished and replaced with new higher density housing.

As part of Council's contribution to this stage, Council committed to upgrade Pete Smith reserve to include new playground equipment, ½ court basketball court, sheltered picnic setting, seating, pathways and landscaping.

Concept design works have been completed, which included engaging with the community in accordance with Councils engagement policy. The What We Heard Report is available on the City of Playford Engagement Hub. The project has transitioned into the project delivery phase and was put out for tender under a Design and Construct approach.

2. RELEVANCE TO STRATEGIC PLAN

Community Theme 1 - Improving safety and accessibility

These projects will deliver new and upgraded reserves within suburbs that have limited access to suitable open space.

Community Theme 2 - Lifting city appearance

These projects will create new and improved public spaces, which will lift the appearance and the amenity within the locality in which the reserves are located.

3. PUBLIC CONSULTATION

There is no requirement to consult the community on this matter.

4. DISCUSSION

4.1 Tender Process

Following the success of the Design and Construct delivery methodology utilised for the Mofflin Reserve project, these reserve upgrades were packaged together, along with Dwight Reserve North, and issued via a publicly advertised Design and Construct tender process in June 2023. Tenderers were invited to tender for any number of the projects on offer, in any combination, and Council can award one or

multiple contracts to any individual proponent to realise the best outcome for Council. Incorporating all four (4) reserves into one procurement process ensures Council can reap any potential benefits from economies of scale in the market. Tenders closed in early August.

Whilst the pricing of the preferred tender submission for Dwight Reserve is within the available \$400k budget, the tender responses for Peerless, Gould and Pete Smith reserves identified that these projects cannot be delivered within their current allocated budgets. Construction costs, including materials, have escalated considerably over the last few years, particularly for park upgrades. As a result, a decision is required as to whether to provide additional budget to complete these projects in accordance with the agreed scope or consider alternate options.

4.2 Project Budgets

The below table explains the current approved project budget and the budget shortfall for each project.

Park Upgrade	Approved Project Budget \$,000	Project Budget Required \$,000	Project Budget Shortfall \$'000
Peerless Reserve	2,347	2,759	412
Gould Reserve	259	378	119
Pete Smith Reserve	525	891	366

- 4.3 The original budget for these projects were considered appropriate at the time, noting that some of the projects were originally initiated several years ago. In recent years there has been significant escalation of costs in construction and material costs for park upgrades.

5. OPTIONS

Recommendation

1. Council approves the allocation of the following additional project budgets to these reserve upgrades:
 - Peerless Road Reserve, Munno Para West. \$411,172
 - Gould Road Reserve, Elizabeth Park. \$119,457
 - Pete Smith Reserve, Davoren Park. \$366,479
2. The additional budget allocation be included in Budget Review One.

Option 2

Council asks staff to consider a descoped project to be brought back for Council consideration for the following reserve upgrades:

- Peerless Road Reserve, Munno Para West.
- Gould Road Reserve, Elizabeth Park.
- Pete Smith Reserve, Davoren Park.

6. ANALYSIS OF OPTIONS

6.1 Recommendation Analysis

6.1.1 Analysis & Implications of the Recommendation

The staff recommendation ensures that Council delivers on its commitment to deliver quality open space, in line with Councils Open Space Strategy. Council will also be delivering on its commitments communicated through the Annual Business Plan.

Through community consultation, the community has provided feedback on the concept plans for these projects. The feedback has been incorporated into the design and tendered scope of works. The community will have an expectation that the projects will be delivered as communicated through concept planning and the Annual Business Plan engagement process.

Risk Appetite

Reputation

Council has a low appetite for negative perceptions that compromise its credibility and reputation, achievement of its long term vision (Playford Community Vision 2043) and strategic objectives, or ability to maintain its status as a progressive and major growth Council.

This decision will ensure Council delivers on outcomes approved and communicated through the Annual Business Plan.

6.1.2 Financial Implications

	Current Year 2023/24 \$'000	Future Years \$'000	Ongoing \$'000
Operating Revenue			

Operating Expenditure			118
Net Operating Impact			118
Capital Revenue			
Capital Expenditure	897		
Total Capital Investment	897		

The additional capital budget required for these projects can be funded through the open space fund. Usually the ongoing operating cost associated with a project funded in this way, comes from the growth budget. However, as there is insufficient growth budget remaining, this additional operating budget would need to be funded via the existing budgeted surplus, through budget review one.

Other current budget requests include the Playford Sports Precinct – Softball lights. The combined impact of both requests are:

	Current Year 2023/24 \$'000	Future Years \$'000	Ongoing \$'000
Operating Revenue			
Operating Expenditure			128
Net Operating Impact			128
Capital Revenue			
Capital Expenditure	1,448		
Total Capital Investment	1,448		

6.2 Option 2 Analysis

6.2.1 Analysis & Implications of Option 2

Council can consider descoping these projects. Noting that due to the significant budget shortfall for both Gould and Pete Smith reserve it is unlikely that these projects can be descoped enough to leave enough funds to deliver on the intent of the Open Space Guidelines at this time.

It is possible to look at the option of descoping the Peerless Reserve project. However, this would result in Council not delivering on the concept design presented to the community during community engagement.

By not proceeding with these projects as scoped, Council would not be delivering on its commitments to the community through the Annual Business Plan and per the Open Space Strategy.

Construction costs, including materials have escalated considerably over the last few years, particularly for park upgrades. This has resulted in the actual costs to deliver these projects escalating beyond the approved budget which was allocated at the time.

6.2.2 Financial Implications

The financial implications of this option cannot be assessed until Council has determined which reserve is to be descoped and by how much.

C. COMMITTEE TO DECIDE HOW LONG ITEM 8.3 IS TO BE KEPT IN CONFIDENCE**PURPOSE**

To resolve how long agenda item 8.3 is to be kept confidential.

STAFF RECOMMENDATION

Pursuant to Section 91(7) of the *Local Government Act 1999*, the Committee orders that the following aspects of Item 8.3 be kept confidential in accordance with Committee's reasons to deal with this item in confidence pursuant to Sections 90(3)(b)(k) of the *Local Government Act 1999*:

- Report for Item 8.3
- Presentation for Item 8.3
- Minutes for Item 8.3

This order shall operate until the contract is awarded for all three reserve upgrades, or will be reviewed and determined as part of the annual review by Council in accordance with Section 91(9)(a) of the *Local Government Act 1999*, whichever comes first.

Released 30 April 2024