

Contract Variation – Oxford Street West and Liverpool Street Cycleway

File No: X039654

Summary

This report seeks variations to the contract Head Contractor and additional funds to increase the project budget for the Oxford Street West and Liverpool Street Cycleway project.

Oxford and Liverpool Streets are important connections in Sydney's Bike Network identified in Council's Cycling Strategy and Action Plan 2018-2030. This project will connect existing cycleways on Castlereagh, Liverpool and College Streets in the City Centre and on Bourke Street.

In September 2023, the City entered into a contract with Mack Civil Pty Ltd as Head Contractor for the construction of the project. Construction is more than 70% complete and is expected to be finished by August 2025.

During construction, authority requirements and latent conditions have resulted in redesign, additional scope and delays to works on site, and the cost to complete the construction works now exceeds the available contract contingency for the Head Contractor and the project budget previously approved by Council.

This report recommends that Council approve additional contract contingency for the contract with Mack Civil Pty Ltd for the construction of the Oxford Street West and Liverpool Street Cycleway and that Council approve additional funds to increase the project budget as outlined in Confidential Attachment A.

Recommendation

It is resolved that:

- (A) Council approve additional contract contingency for the construction contract with Mack Civil Pty Ltd for the construction of the Oxford Street West and Liverpool Street Cycleway works, as outlined in Confidential Attachment A to the subject report;
- (B) Council approve the additional funds sought for the Oxford and Liverpool Street Cycleway project as detailed in Confidential Attachment A to the subject report; and
- (C) authority be delegated to the Chief Executive Officer to negotiate and enter into any documentation required to give effect to these resolutions.

Attachments

Attachment A. Financial Implications (Confidential)

Background

1. The Oxford and Liverpool Street Cycleway project will deliver a permanent bi-directional separated cycleway along Oxford and Liverpool Streets. It will extend from Flinders Street in the east to Castlereagh Street in the west and will connect existing cycleways on Castlereagh, Liverpool, Bourke and College Streets.
2. A construction contract for the works was awarded by Council to Mack Civil Pty Ltd in September 2023 and site works commenced in November 2023.
3. The section between Museum Station and Riley Street is largely complete. Work on the remaining sections, being the Elizabeth Street intersection and the length between Riley and Flinders Street, recommenced in early 2025 following the Christmas embargo and the Mardi Gras parade. Main works construction is targeted for completion in August 2025.
4. Authority requirements and latent conditions arising during construction works to date have resulted in redesign, additional scope and deferment of works on site. The cost to complete the construction works now exceeds the available contract contingency for the Head Contractor and the project budget previously approved by Council.

Financial Implications

5. Additional funds are required for this project, as detailed in Confidential Attachment A.
6. The total contract sum and contingency for construction contract for the Oxford Street west and Liverpool Street Cycleway is detailed in Confidential Attachment A.
7. The City has accepted an offer for majority funding from the NSW Government as part of the Transport for NSW Active Transport Program for the construction costs of the project.

Relevant Legislation

8. 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.
9. 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.
10. 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

11. Works commenced on site in November 2023 and are forecast to be completed by August 2025.

Risk

12. The more significant identified project risks include:
 - Latent ground conditions and services conflicts - site investigations prior to the main works are partially effective.
 - Delays and additional costs as a result of approvals from services authorities, such as Transport for NSW and Ausgrid, that are required as works progress. The approvals can affect project time frames and conditions can affect design and costs.
 - Work Health and Safety (WHS) hazards associated with construction on a site with a high level of pedestrian and vehicle activity. These risks are managed through the head contractor's WHS Management Plan.
13. This approach is within the City's risk appetite, which states:
 - We are committed to complying with all applicable laws, regulations and financial reporting standards. We have no appetite for financial losses arising from non-compliance with legal and regulatory requirements.
 - We aim to strike a balance between achieving our strategic objectives and ensuring the long-term sustainability of infrastructure assets; and preserving and promoting culture and heritage, embracing innovation, and ensuring the long-term sustainability and accessibility of cultural/heritage assets.

Options

14. An alternative option is to seek a new construction contractor through a new tender process. This option is not recommended because the project is currently in construction; initiating this process would disrupt the current construction methodology and delay the program. Additionally, this approach will result in higher costs to the City.

Public Consultation

15. During construction, there will continue to be close liaison between residents, property owners, local businesses, City staff and the contractors to minimise disruption to the area. The contractor has a Community Liaison Officer in place for the project.

KIM WOODBURY

Chief Operating Officer

Anton Leddin, Delivery Manager