



Waitakere City Council  
*Te Taiao o Waitakere*

## NOTICE OF MEETING

# TENDERS SUBCOMMITTEE

I hereby give notice that a Meeting of the Tenders Subcommittee will be held on:-

**DATE:**        **Friday**                    **20 October 2006**                    **TIME:**        **9.00 am**

**VENUE:**        **Waitakere Central, 6 Henderson Valley Road, Henderson, Waitakere**

to consider the business as set out herein and to take any necessary action connected therewith.

16 October 2006

Ngareta Delamere  
**COMMITTEE SECRETARY**

Telephone (09) 836 8000 extn 8552

### **MEMBERSHIP:**

Councillors    JM     Clews, QSO, JP (Chairman)  
                  RI     Clow (Deputy Chairman)

Chief Executive Officer

Director: City Services

Director: Corporate & Civic Services

Director: Strategy & Development

Director: Quality Assurance

Director: Finance

Maori Issues Manager

Mayor RA Harvey, QSO, JP (ex officio)

Deputy Mayor CA Stone (ex officio)

(Quorum 4 members)

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(The reports and recommendations contained in all agendas are reports and recommendations only and are not to be construed, in any way, as Council policy until adopted.)

**AGENDA FOR A MEETING OF THE TENDERS SUBCOMMITTEE TO BE HELD AT  
WAITAKERE CENTRAL, 6 HENDERSON VALLEY ROAD, HENDERSON,  
WAITAKERE, ON FRIDAY, 20 OCTOBER 2006,  
COMMENCING AT 9.00 AM**

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**1 APOLOGIES**



**2 URGENT BUSINESS**

Section 46A(7) of the Local Government Official Information and Meetings Act 1987 provides that where an item of business is not on the agenda, it may only be dealt with at the meeting if:

- (i) the Committee by resolution so decides; and
- (ii) the Chairman has explained at the beginning of the meeting (when open to the public) that the item will be raised for discussion and decision, why the item is not on the agenda, and why it cannot be delayed until a subsequent meeting.

The Committee may make a decision on a matter determined to be urgent.

**NOTE:** Urgent Business need not be dealt with now and may be delayed until later in the meeting.



**3 CONFIRMATION OF MINUTES**

Meeting Minutes - 6 October 2006

**RECOMMENDATION**

That the minutes of the Meeting of the Tenders Subcommittee held on Friday, 6 October 2006, as circulated, be taken as read and now be confirmed.



**4 AUCKLAND REGIONAL TRANSPORT AUTHORITY FUNDING PROFESSIONAL SERVICES 2006-2008**

**PURPOSE OF THE REPORT**

The purpose of this report is to seek permission from the Tenders Subcommittee to invite a tender from a number of consultants that have registered interest for providing professional services to carry out and assist with Auckland Regional Transport Authority funding applications over a three year contract period with option to extend the contract for additional term of one year plus an additional term period of a further one year (plus 1+1) based on the satisfactory performance of the consultant and at Council's discretion.

## **BACKGROUND**

Each financial year Territorial Local Authorities are required to submit to the Auckland Regional Transport Authority (ARTA) their funding applications for roading projects that qualify for funding assistance from Land Transport New Zealand. The requirements of the applications have become increasingly complex and demanding extensive supporting information to process the application successfully.

## **STRATEGIC CONTEXT**

The Waitakere City Council's 'Integrated Transport and Communication' platform provides the strategic context for this report. The vision is for public transport and communications systems that provide fast, effective services, and for city travel facilitated by integrated, environmentally responsible, and innovative design, with a focus on meeting the essential needs of all, for access, communication, and safety.

For each financial year Waitakere City Council applies for funding assistance to be allocated by Land Transport New Zealand. Applications are required with supporting information to gain approval for the funding requests.

## **ISSUES**

Council has adopted a ten year roading and transport programme. The majority of the work categories qualify for funding assistance from Land Transport New Zealand. A list of proposed projects for any financial year is required to be submitted to Auckland Regional Transport Authority by October of the previous year. This is then followed by collating all relevant supporting information including scheme assessment, draft design, cost estimates, consultation outcomes, consents and indications for any land acquisition. These must be submitted to Auckland Regional Transport Authority by the end of March of the following year. In April Auckland Regional Transport Authority will then submit these projects to Land Transport New Zealand who will study and consider the projects and if in compliance will approve (CAT 2) projects to be included and prioritised within the proposed list of projects for that financial year. These will be notified within the National Land Transport Programme issued by June each year.

During the respective financial year, Council may submit for funding approval the projects (CAT 1) that will be implemented after preparing and completing all detailed design, cost estimates, peer review of scheme, safety audit of the project, land purchase and consents approved.

All this information has to be input electronically online at the Land Transport New Zealand website and continuously updated in coordination and negotiation with Land Transport New Zealand staff and Auckland Regional Transport Authority staff.

This funding application demands considerable resources and requires a full time staff member to be engaged for this work. Transport Assets have staff vacancies and are lacking technical engineers for the planning and design work including renewals. Transport Assets have not been able to engage new engineers because of the high demand on engineers within the New Zealand and international markets.

It is proposed to engage a consultant who will provide a resource to work along with Council staff to prepare, arrange, collate, coordinate and input information into the system on time and in compliance with Land Transport New Zealand requirements to ensure funding is approved on time.

## RESOURCES

The Long Term Council Community Plan 2006-2016 provides for Forward Design of Capital works. It is estimated that cost of the annual contract will be approximately \$80,000. After the tendering process is concluded, the full tender evaluation report will be submitted to the Tenders Subcommittee for approval.

## CONCLUSION

The funding application process to Auckland Regional Transport Authority has defined milestones and requires applications to be submitted in accordance with a strict technical framework.

Transport Assets do not have the capacity or the staff to dedicate to the funding applications. It is recommended to engage a consultant to carry out the tasks of gathering project information, collating, coordinating with Auckland Regional Transport Authority and Land Transport New Zealand, inputting electronically online to ensure that Council funding applications are approved on time.

## RECOMMENDATIONS

1. That the Auckland Regional Transport Authority Funding Professional Services 2006-2008 report be received.
2. That approval be given to invite tenders among registered consultants to provide professional services with Auckland Regional Transport Authority funding applications over a three year contract period with the option to extend the contract for an additional term of one year plus an additional term period of a further one year (plus 1+1) based on the satisfactory performance of the consultant and at Council's discretion.

Report prepared by: Ara Ovanessoff, Service Manager, Transport Assets.



## 5 WAITAKERE STADIUM GRANDSTAND AND FLOODLIGHT PROJECT

### PURPOSE OF THE REPORT

The purpose of this report is to provide to the Tenders Subcommittee the information supporting the decision not to publicly tender the construction contract for the proposed grandstand at Waitakere Stadium, as requested at the Tenders Subcommittee meeting on 28 July 2006.

### BACKGROUND

At its meeting on 28 July 2006, the Tenders Subcommittee resolved the following:

- "2. That authority be given to The Trusts Stadium to deviate from Council procurement policy and enter into negotiation with Canam Construction Limited on the basis of a sole preferred supplier for the construction of the Douglas Track and Field Grandstand, subject to Nick Page being on the project group and a formal negotiation process being undertaken prior to any contract award.

3. *That The Trusts Stadium inform Canam Construction Limited that by agreeing to this process that award of the contract is not guaranteed.*
4. *That the Douglas Track and Field Grandstand Project be reported to the Projects Special Committee on the same template basis as the Waitakere Central Project.*
5. *That a further report be brought back to the Tenders Subcommittee on this process which is to include the information supporting the decision not to publicly tender this contract, which was presented orally to the Tenders Subcommittee at its meeting on Friday, 28 July 2006."*

1412/2006

This report contains the information supporting the decision not to publicly tender this contract.

### **COUNCIL'S PROCUREMENT POLICY**

It is the Council's policy when procuring goods, works or services to:

- Achieve the right outcomes and best value for money for its ratepayers and citizens;
- Manage risk while allowing staff to exercise business judgement and be innovative;
- Be able to demonstrate fairness;
- Reflect best management practice which includes:
  - Value for money, competitive prices, and cost controls;
  - Timeliness;
  - Technical standards of workmanship, physical quality and performance;
  - Increase staff effectiveness and efficiency in the management of tenders and contracts;
  - Avoidance of legal actions or disputes;
  - Meeting all corporate, political, legal and other obligations (e.g. health and safety).

Any procurement option adopted must be consistent with these principles.

### **ISSUES**

In June 2006, Mr Simon Wickham (The Trusts Stadium Chief Executive Officer) wrote to Council's, Chief Executive Officer, requesting permission to negotiate directly with Canam Construction Limited (Canam). A report was subsequently presented to the Tenders Subcommittee on 28 July 2006, with the Trusts Stadium's letter as an attachment.

The benefits of adopting a negotiated approach were outlined in that report to the Subcommittee on 28 July 2006 and approval to enter into negotiations with Canam was duly provided, however, the Subcommittee also requested that the information presented orally in support of the decision not to publicly tender this contract be brought back to the Tenders Subcommittee in a further report.

In broad terms, the reasons for not publicly tendering the contract can be summarised as:

- Timeframe;
- Attributes of Canam;
- Team Approach;
- Value for Money.

These are discussed in more detail below:

### **Timeframe**

One of the main project goals for the Waitakere City Stadium Trust (The Trust) is to have the grandstand complete by March 2008. The Trust is currently liaising with representatives from the International Association of Athletics Federation in regard to the possibility of hosting a major athletics grand prix event at the Douglas track in March 2008, which would require the grandstand project to be complete by then. In order to ensure that the grandstand is complete by this date, construction of the grandstand needs to commence in January 2007, meaning that the contract needs to be awarded before Christmas 2006. In order to award the contract by Christmas 2006, part of the procurement process for the construction contract needs to run concurrently with the design process, and as such the process does not suit a public tender type process. Furthermore, a public tender process in this instance would not allow for a preferred contractor to get involved in the design stages of a construction budget and this early involvement can result in significant savings being identified through expert comment on build ability, risk management and value management processes.

In this instance the timing factors or delivery date for this project have prohibited a procurement process which would have possibly allowed a public registration of interest process which would have lead to a preferred contractor with which a "partnered" contract could have been negotiated.

### **Attributes of Canam**

Canam have excellent relevant experience for this project having successfully constructed The Trusts Stadium. They have recent first hand knowledge of the site, the design team, the clients and extensive experience in constructing numerous other similar (and larger) sized projects throughout New Zealand.

Canam has a proven track record with both the Waitakere City Stadium Trust (formerly the Waitakere Regional Sports Trust) and Waitakere City Council. The projects that Canam has delivered for both parties have been delivered on time, within budget, to quality specifications and to health and safety standards.

The technical skills of the Canam staff are excellent, particularly those of the Director, Nick Page. The Director is a qualified engineer and this background, combined with his experience as a contractor, means that Canam provide a high level of technical skills to the projects that they deliver. The 'hands on' approach of the Director also ensures that the management of construction contracts by Canam is excellent.

Canam have demonstrated through their delivery of large and complex projects that they have the necessary resources to successfully deliver the grandstand project in the required timeframe.

### **Team Approach**

In delivering the grandstand and floodlights project, The Trust desires to repeat the success of The Trusts Stadium project. One of the key factors in making sure that the success is repeated is to ensure that there is a true team approach, as this has been identified as one of the major reasons for the success of The Trusts Stadium project.

The fact that Canam, and more specifically the Director already has a good working relationship with other members of the design/project team is a major advantage. As a local contractor with a desire to deliver successful projects in the City, Canam's personal buy-in through the Director helps to ensure that The Trust's goals and objectives for the project are shared with the design/ project team.

Successful contracts are those forged between parties that have built upon mutual trust, respect, compatible values, credibility, capability, capacity and collaboration. The relationship between the parties, or the team approach, is the key and is as important, if not more important, than the price.

### **Value for Money**

A public tender process can create a confrontational situation on a project whereby the contractor has little or no buy-in to a project and spends significant time and effort trying to recover costs and/ or maximise profits. This approach can compromise the project and result in a final cost to the client which is significantly more than expected.

A negotiated process helps to overcome this situation by agreeing the profit margin and other preliminary costs with the contractor up front. These costs can then be benchmarked and negotiated if required. Thereafter an open book tender/negotiation process can be conducted in conjunction with the contractor and this ensures competitiveness and value for money with up to 85% of the sub-trades being tendered.

The contractors' profit margin and other preliminary costs are checked by the quantity surveyor to ensure competitive pricing, industry benchmarked and subject to approval by the negotiation team.

A negotiated tender therefore will provide a satisfactory result in terms of value for ratepayers and citizens.

## **PROCESS**

### **Negotiation Process**

An initial meeting with Canam has been held and it has been agreed in principle that the negotiation process be based on the process utilised for the Council's Civic Centre project, whereby an open book tender/ negotiation process is conducted. This process is transparent and is executed in a competitive market environment to ensure the process meets the wider objective of awarding a contract within the budget and demonstrating that the Trust has received value for money.

A draft open book tender/negotiation methodology document has been provided to The Trust Board for its review and has been approved. Canam have been formally advised of The Trust's intention to enter into negotiations with them and a copy of the open book tender/negotiation methodology document has also been provided to them for their approval. Canam have also been requested to provide details of their proposed margin and preliminary and general costs.

The margin and preliminary and general costs provided will be reviewed by the negotiation team and if they are deemed acceptable then the tender/negotiations process will proceed to the next stage. In the unlikely event that the negotiations are unsuccessful then the tender/ negotiation process will be terminated and an alternative contractor or procurement process will be considered.

### **Due Diligence**

A due diligence process will be conducted on the open book tender/ negotiation process. The process will generally follow the due diligence process that was conducted on the tender/ negotiation process for the Waitakere Central Civic Centre contract.

## RESOURCES

\$15,000 was allocated from the Annual Plan 2005/2006 for feasibility study work. This amount has now been used to pay for feasibility study work to date.

\$5 million capital contribution has been approved in the Long Term Council Community Plan 2006-2016 for the grandstand and floodlight project.

## CONCLUSION

In terms of Council's Procurement Policy the procurement option recommended is consistent with the principles. The only principle in question was the one of being able to demonstrate fairness as there may well be other contractors who are equal to the task in terms of traditional non-price attributes, but given that Canam were the preferred contractor for the recently constructed Waitakere Central Civic Centre (and they were selected after a public registration of interest process) it is deemed unlikely.

On this project it is likely that up to 85% of the final agreed tender sum with Canam will have gone to sub-contractors who will tender competitively under the "Open Book Tender/ Negotiation Methodology" and it is deemed that the direct negotiation sum with Canam is a small component (approx. 15%) of the final construction cost.

The reasons for not publicly tendering the grandstand construction contract are as follows:

- The critically short timeframes associated with the project;
- The attributes of Canam, as experienced by both The Trust and Council, are excellent;
- Because of the desire to create a strong team approach in delivering the project with a proven team; and
- The proposed negotiation process is competitive and will demonstrate value for money;
- The proposed negotiation process will demonstrate fairness for up to 85% of the value.

The open book tender/negotiation process proposed for the grandstand project is based on the proven process utilised for Council's Civic Centre project. A due diligence process will be conducted by Council staff, generally in accordance with the due diligence process carried out for Council's Civic Centre project.

## RECOMMENDATION

That the Waitakere Stadium Grandstand and Floodlight Project report be received.

Report prepared by: Alan Tresadern, Group Manager: Project Services.



6 **CONTRACT NO. SP04002E - CIVIL DEFENCE EMERGENCY MANAGEMENT HEADQUARTERS UPGRADE - PHYSICAL WORKS**

**PURPOSE OF THE REPORT**

The purpose of this report is to seek approval from the Tenders Subcommittee to award Contract No. SP04002E - Civil Defence Emergency Management Headquarters Upgrade - Physical Works.

**BACKGROUND**

Council has recognised the need to upgrade its Civil Defence Emergency Management Headquarters to meet the current and future needs of the City.

Sufficient funding has been provided in the Long Term Council Community Plan 2006-2016 to complete this project.

At its meeting on 19 April 2006 Council resolved:

*"That approval be given to proceed with the new Civil Defence Emergency Management - Emergency Operations Centre project, based on the preliminary design report."*

1324/2006

Estimated cost increases were identified in an update report submitted to the Projects Special Committee on 6 September 2006. During the presentation it was advised that there is sufficient scope within the project's design to undertake a value management process if it becomes necessary to reduce the total cost to meet budget following the receipt of tenders from the open market.

On the basis of the presentation, the Projects Special Committee resolved:

*"2. That approval be given for the construction of the Civil Defence Emergency Management New Emergency Operations Centre project to proceed to tender."*

1719/2006

**SCOPE OF WORK**

The scope of works will include the demolition and removal of the current premises at 7 Elcoat Avenue and construction of a new Civil Defence Emergency Management Headquarters building on the cleared site. The design of the new building is in line with that previously approved by Council and the Projects Special Committee.

The contractor will be responsible for all aspects of the construction phase, including programme, site management, health and safety management, environmental management and traffic management.

The total floor area of the new premises will be approximately 445 square metres, with 297 square metres on the ground floor and 148 square metres on the first floor. The ground floor will provide two emergency operations/training rooms (divided by an operable wall), a radio communications room, garage, plant room, sick bay, toilets and a briefing room. The first floor will accommodate three offices, staff room and a storage room.

The contractor will be responsible for all items of work including the external hard and soft landscaping works but will not be responsible for the following items;

- Specialist radio communications equipment fit out and commissioning
- Telephone and data hardware installation and commissioning
- Furniture and equipment fit out

These excluded items, with the exception of the telephone and data installation which will be undertaken by Council staff, will be handled under separate contracts.

## TENDERS RECEIVED

Tenders were publicly advertised with six sets of documents being uplifted. Three tenders were received by the closing date of 3 October 2006. These are summarised in Table 1 below:

TENDERER	REG OFFICE	TENDER PRICE (excl. GST)
Aspec Construction Limited	P.O. Box 108-004, Symonds Street, Auckland	\$1,709,231.00
Skyward Construction Limited	Private Bag 41907, St Lukes, Auckland	\$1,709,946.00
Watts and Hughes Construction Limited	P.O. Box 68-113, Newton, Auckland	\$1,899,633.00
<b>Pre-tender contract estimate</b>		\$1,735,000.00

Table 1 - Summary of Tender Prices

## TENDER EVALUATION

In accordance with the conditions of tendering, tenders were evaluated in line with the Weighted Attribute Method contained in Transfund New Zealand's "Competitive Pricing Procedures Manual".

These procedures require that where the tender includes Provisional Sums (work valued by the Principal and placed within the Schedule of Prices) they are deducted from the Tender Sum prior to evaluating each tender.

In this contract the total value of Provisional Sums is \$27,000.

A summary of the evaluation results is shown in Table 2:

Tender Evaluation	Attributes	Exper.	Track Record	Tech. Skill	Resour.	Manag. Skill	Method.	Price	Contract Number SP04002E
									Total Weights
	<b>Weights</b>	<b>10</b>	<b>10</b>	<b>5</b>	<b>5</b>	<b>10</b>	<b>0</b>	<b>60</b>	<b>100</b>
Tenderer	Tender Sum	Grades							INDEX
Skyward Construction Ltd	\$1,681,325.00	70	75	70	70	70	100	55	61
Aspec Construction Ltd	\$1,761,397.00	75	75	70	75	75	100	50	60
Watts and Hughes Construction Ltd	\$1,855,083.00	75	70	70	75	75	100	45	56
<b>Med.n Tender Price</b>	\$1,761,387.00								

Table 2 - Evaluation Results

## Summary of Tender Evaluation

All three tenderers failed to submit prices fully based on the items specified in the issued tender documentation. Submissions were based on a combination of specified items, exclusions, alternative specifications and tags. After an assessment of the prices submitted it was decided to hold a tender clarification meeting with the two lowest tenderers due to the number of tags and close margin between their offers. An initial review of the submission from Watts and Hughes Construction Limited (Watts and Hughes) indicated that a potential saving of \$17,550 could be achieved if tags and exclusions were priced. However, it was decided not to proceed with a tender clarification meeting with them at that point as it felt that due to their submission being in excess of the lowest by more than \$100,000, even after potential savings had been applied, it was unlikely that discussions would affect the overall outcome.

At the tender clarification meeting with Aspec Construction Limited (Aspec) it was confirmed that prices were required for eight items that had been excluded from their submission. In addition, Aspec had included a provisional sum for the internal glazing which was asked to be removed and replaced with a fixed price. Fixed prices have been received for these excluded and provisional items and the net result increased their submission by \$79,166.00

At the tender clarification meeting with Skyward Construction Limited (Skyward) it was confirmed that the majority of items that had been identified as excluded due to the fact that they were not specifically identified on their submission were actually included under other headings. Two items required pricing and were confirmed by Skyward at an additional cost of \$3,500. This extra was offset by the fact that Skyward had allowed for the supply of whiteware appliances to the staff kitchen even though this had not been requested in the tender documentation. These items have been budgeted elsewhere in the project and therefore were removed from Skywards offer resulting in a confirmed saving of \$5,121.. The net result of the tender clarification meeting with Skyward resulted in a confirmed saving of \$1,621 on their submitted price.

An analysis of the non priced attributes from each tenderer revealed that both Aspec and Watts and Hughes were evenly matched in terms of their experience, track record, technical skills, resources and management skills. Both companies formed in the mid 80's and boast a similar range of projects and levels of staff experience and numbers. Watts and Hughes were awarded a slightly lower track record score due to their performance on the New Lynn Library project.

In comparison to the other two tenderers, Skyward are a relatively new company having commenced trading in 2002. A review of their company profile showed that whilst they have ample resources to undertake this particular project the scale of their operation is smaller than the other two tenderers. This is not perceived as a risk to the project but is reflected in slightly lower scores for their resources and management skill availability. Due to the comparatively short time they have been trading Skyward cannot claim to have completed the same volume of projects as the other tenderers however, the projects that have been completed by this company are comparable to this project in value and nature and to date they claim a 100% track record of completing by the agreed deadline and to the agreed budget.

In order to verify this, additional references were requested and enquiries returned favourable responses. This resulted in an above average score for their track record but slightly less than the other tenderers. During the clarification meeting representatives from Skyward mentioned that they would be completing three large projects prior to the desired commencement of this project and this allowed them to offer a choice of site manager and project manager from their pool of resources. During the reference checks two staff in particular were highly recommended by a number of the referees and Skyward have confirmed that these individuals are available for allocation to this project. As a result of this Skyward were given an above average score for their technical skills.

It is recommended that Skyward be awarded the contract as they scored highest on the weighted attribute index and are also the lowest tenderer.

### TAGS, ERRORS OR OMISSIONS

As mentioned previously all tenders received contained a number of tags and omissions. At the tender clarification meeting with the two lowest tenderers it was confirmed that all tags that had been requested to be removed would be and that fixed prices would be submitted for omitted items. The net effect of Skyward's confirmed prices has reduced their tender submission by \$1,621 whilst the price confirmation from Aspec has increased their tender submission by \$79,166.

### CREDIT CHECK

A credit check on Skyward Construction Limited dated 4 October 2006 revealed no adverse information.

### SUMMARY

The results of the tender evaluation as summarised in Table 2 shows that the tender submitted by Skyward Construction Limited has achieved the highest index value of 61. This tender is also the lowest priced tender.

The higher price attribute score given to Skyward has been offset by the slightly lower non priced attribute scores which are due to the age and smaller scale of their organisation in comparison to the other tenderers. As a result of additional reference checks it is felt that this does not represent significant risk to Council for this particular project. Assurances have been provided that adequate levels of technical resources can be provided to successfully complete the required facility within the designated timeframe and to budget.

As part of Council's contracting process "Quality and Health and Safety is not negotiable" - all contractors have had this focus clearly reinforced through the contract documents and this will be strongly reiterated at the subsequent pre-start meeting and imposed during the contract period.

### JOB COSTS

	<b>excl. GST</b>
Tender sum - Skyward Construction Limited	\$1,708,325.00
Contingency	\$ 140,000.00
Professional Services	\$ 289,570.00
Furniture Fittings and Equipment	\$ 300,000.00
Other - Consents, legal, disbursements	\$ 60,000.00
Project Contingency	\$ 13,237.00
	-----
Total Job Cost	\$2,511,132.00

### SOURCE OF FUNDING

Budget Description (from Annual Budget line item)	Codes	Budget	Committed to Other Projects	Allocation to This Project	Unallocated Balance
	75-9210-49570	\$2,511,132	0	\$2,511,132	0

## **RECOMMENDATIONS**

1. That the Contract No. SP04002E - Civil Defence Emergency Management Headquarters Upgrade - Physical Works report be received.
2. That the tender from Skyward Construction Limited for Contract No. SP04002E - Civil Defence Emergency Management Headquarters Upgrade - Physical Works in the sum of \$1,708,325.00 plus \$213,540.63 GST, totalling \$1,921,865.63 be accepted.
3. That authority to enter into Contract No. SP04002E - Civil Defence Emergency Management Headquarters Upgrade - Physical Works on behalf of Council be delegated to the Director: Corporate & Civic Services.

Report prepared by: Steve Burris, Senior Project Engineer.



## **7 CONTRACT NO. EW05004H - GLENGARRY ROAD 46-68 STORMWATER UPGRADE**

### **PURPOSE OF THE REPORT**

The purpose of this report is to seek approval from the Tenders Subcommittee to award Contract No. EW05004H - Glengarry Road 46-68 Stormwater Upgrade.

### **BACKGROUND**

Properties between 46 and 68 Glengarry Road are presently subject to nuisance overland flow from higher ground due to lack of public stormwater reticulation and no surface inlets.

The project aims to reduce flooding nuisance by:

- Installing new public stormwater reticulation in the area with connections to individual properties;
- Connecting existing drains to the new stormwater system, buffered by rain tanks;
- Directing selected surface water flows to new grided stormwater manholes and catchpits.

### **SCOPE OF WORK**

This contract involves the installation, within private property, of:

- Approximately 180 metres of public stormwater pipeline from 160 mm to 200 mm diameter using a mixture of trenchless drilling/thrusting and conventional open cut construction;
- Twenty rain water tanks of 5,000 litres capacity, including plumbing and fittings;
- Spouting and re-use of guttering to connect roof runoff to the tanks;
- Approximately 850 metres of 100 mm diameter private drainage connections to the new public stormwater pipeline using trenchless drilling/thrusting and conventional open cut construction.

## TENDERS RECEIVED

Tenders were publicly advertised with ten (10) sets of documents being uplifted. Seven (7) tenders were received by the closing date of Tuesday, 26 September 2006. These are summarised in Table 1 below:

TENDERER	REG OFFICE	TENDER PRICE (excl. GST)
H & H Contractors Limited	PO Box 15 - 084, New Lynn, Auckland	\$305,253.00
Horizontal Earth Drilling Limited	PO Box 65133 Mairangi Bay	\$319,568.00
Coast Digger Services Limited	33 Anvil Road, Silverdale	\$333,755.00
JB Pipeline Services Limited	PO Box 13447, Onehunga, Auckland	\$348,954.00
Asset Construction Limited	PO Box 39-243, Howick, Auckland	\$372,120.00
Land & Marine Limited	PO Box 74-218, Market Road, Auckland	\$375,134.00
Civil Construction Group Limited	PO Box 104-183 Lincoln North, Auckland	\$388,089.00
Pre Tender Estimate		\$239,872.00

**Table 1 - Summary of Tender Prices**

## TENDER EVALUATION

In accordance with the conditions of tendering, tenders were evaluated in line with the Weighted Attribute Method contained in Transfund New Zealand's "Competitive Pricing Procedures Manual".

A summary of the evaluation results is shown in Table 2:

Tender Evaluation	Attributes	Exper	Track Record	Tech Skills	Resources	Mang. Skill	Method.	Price	Contract No. EW05004H
									Total Weights
	Weights	10	5	10	5	10	10	50	100
Tenderer	Tender Sum	Grades							Index
H & H Contractors Limited	\$305,253.00	70	75	70	65	75	70	63	67
Horizontal Earth Drilling Limited	\$319,568.00	75	70	70	70	70	70	58	65
Coast Digger Services Limited	\$333,755.00	70	70	70	70	70	70	54	62
JB Pipeline Services Limited	\$348,954.00	70	70	75	75	65	75	50	61
Asset Construction Limited	\$372,120.00	70	80	70	65	75	70	43	58
Civil Construction Group Limited	\$388,089.00	70	80	65	70	75	65	39	55
Land & Marine Limited	\$375,134.00	65	70	65	60	65	60	42	54
<b>Median Tender Price</b>	\$348,954.00								

**Table 2 - Summary of Tender Evaluation**

Scores for the non-price attributes were determined on the basis of information provided in each tender, on the information gathered from the referees nominated by the tenderers and on any recent experience with the tenderers.

The lowest priced tender was from H & H Contractors Limited and the price is 27% above the pre-tender contract estimate. This is attributable to market pressures on trenchless construction which is very much in demand. This tenderer has proposed a team with the necessary resources and expertise to manage and undertake the work.

H & H Contractors Limited has undertaken works of a similar nature for Council and other local authorities in the region and this company has a good recent track record with stormwater and wastewater projects.

### **TAGS, ERRORS OR OMISSIONS**

The tender from H & H Contractors Limited (lowest tender) included six qualifications. An arithmetic error of +\$100 was discovered in the rate extension for Item 6.2.2 which was carried through to the total. The qualifications were addressed and satisfactorily resolved. As the contract is a measure and value contract and the arithmetic error did not affect the item rate, on which payments would be made, it was not necessary to address the error.

The second lowest tender from Horizontal Earth Drilling Limited was unqualified. An extension error of -\$7,500 in Item 8.1 was carried to the total. This was not addressed as resolution would not have affected the outcome.

The third lowest Tender from Coast Digger Services Limited was unqualified. An extension error of -\$800 in Item 4.2.2 was carried to the total. This was not addressed as resolution would not have affected the outcome.

There were no omissions in these tenders.

### **CREDIT CHECK**

A credit check on H & H Contractors Limited dated 29 September 2006 revealed no adverse information.

### **SUMMARY**

The results of the tender evaluation as summarised in Table 2 show that the tender submitted by H & H Contractors Limited achieved the highest overall index of 67. This tender is also the lowest priced tender received. While the price is higher than the budget estimate (prepared nine months prior) it is felt that this is a reflection of market trends. Re-tendering this contract is unlikely to produce a better result.

It is considered that H & H Contractors Limited has the necessary expertise and resources to carry out the works satisfactorily.

As part of the Council's contracting process "Quality and Health and Safety is not negotiable" - all contractors have had this focus clearly reinforced through the contract documents and this will be strongly reiterated at the subsequent pre-start meeting and imposed during the contract period.

<b>JOB COSTS</b>	<b>excl. GST</b>
Contract Price - H & H Contractors Limited	\$305,253.00
Contingency (10%)	\$ 30,525.30
Engineering & Supervision	<u>\$ 30,525.30</u>
Total Job Cost	\$ 366,303.60

## SOURCE OF FUNDING

Budget Description (from Annual Budget line item)	Codes	Budget	Committed to Other Projects	Allocation to This Project	Unallocated Balance
Stormwater Upgrades	85-9815-33100	\$500,000.00	\$46,491.00	\$ 366,303.60	\$87,205.40

## RECOMMENDATIONS

1. That the Contract No. EW05004H - Glengarry Road 46-68 Stormwater Upgrade report be received.
2. That the tender from H & H Contractors Limited for Contract No. EW05004H - Glengarry Road 46-68 Stormwater Upgrade in the sum of \$305,253.00 plus \$38,156.63 GST, totalling \$343,409.63 be accepted.
3. That authority to enter into Contract No. EW05004H - Glengarry Road 46-68 Stormwater Upgrade on behalf of Council be delegated to the Group Manager: Project Services.

Report prepared by: David Nelson, Manager: Water Projects.



## 8 CONTRACT NO. EW06048A - PROJECT TWIN STREAMS - PROFESSIONAL SERVICES, 2006-2009

### PURPOSE OF THE REPORT

The purpose of this report is to seek approval from the Tenders Subcommittee to invite tenders for Contract No. EW06048A - Project Twin Streams - Professional Services, 2006-2009 for a three year period on a 1+1+1 year basis.

### BACKGROUND

Project Twin Streams involves the improvement of water and riparian quality of the Oratia, Opanuku, Waikumete, Pixie and Swanson streams (and several of their associated tributaries), and Henderson Creek. These outcomes are to be achieved mainly through:

- purchasing property for riparian margin restoration purposes;
- weed clearance;
- re-vegetation planting;
- stream bank stabilisation.

Due to the large scale of the project (the extensive project area and the complexity of managing a Quadruple Bottom Line project), the project needs professional services and engineering support for the project management, planning and implementation phases of the project.

Assistance with project management and planning is required to ensure that works are planned to:

- comply with District Plan rules;
- comply with rules of other regulatory authorities;
- follow the Council's protocols and procedures;
- implement best industry practices;
- is integrated with programmes of other units within the Council;
- meets community expectations.

Community participation has been encouraged during both the planning and implementation phases of Project Twin Streams. To ensure that community groups are resourced, knowledgeable, up-skilled and experienced to be able to successfully contribute in this sustainable partnership, Council needs to ensure sufficient resources are put into empowering community groups and addressing these issues.

### **SCOPE OF WORK**

The scope of services required from the Consultant has been apportioned into three components, and includes the following tasks:

#### **1. Project Management**

- Managing the property purchase and covenant acquisition processes;
- Liaising with private property owners for property acquisition, access through private properties or resource consents affecting private properties, as required;
- Developing and implementing strategies for carrying out Project Twin Streams streamside restoration on private properties, in conjunction with other work streams including environmental and community groups;
- Provide regular progress updates on the property and easement acquisition process;
- Liaising with other units within Council and develop plans for the future use of the acquired land within the floodplain;
- Prepare resource consents for Project Twin Streams related to property acquisition and environmental works programme, as required;
- Working with the Project Twin Streams team to review project budgets and activity plans and mapping these to track progress;
- Development of project briefs and contract documents or parcels of work as defined by the Client;
- Ensuring compliance of consent conditions.

#### **2. Engineering Services**

- Developing and obtaining approvals for planting and restoration plans within the riparian margins;
- Managing engineering works, including, but not limited to geotechnical investigations, flood mitigation, regulatory constraints and earthworks;
- Assisting with planning of environmental works programme, including best environmental practice;
- Investigating options for storm water discharge mitigation in accordance with Council's Integrated Catchment Management Plan procedures and providing recommendations;

- Providing advice on wetland construction regulatory constraints;
- Assisting with the development and maintenance of project databases.

### 3. Restoration Projects

- Co-ordinating streamside planting events with multiple stakeholders, including but not limited to Council staff, community groups and contractors;
- Co-ordinating between Council staff and community organisations;
- Providing advice on ecological restoration to various clients, including, but not limited to Council staff, community groups and schools;
- Reporting on progress of restoration works;
- Co-ordinating forward planning of stream restoration works with community groups.

### INVITATION TO TENDER

It is proposed to invite ten tenderers from the Registration of Interest database to tender for Contract No. EW06048A Project Twin Streams - Professional Services, 2006-2009 for a three year period on a 1+1+1 year basis, subject to the successful Consultant's performance review.

An invited tender process is required for the following reasons:

- A specialist skillset not available within the Council is required.
- The works are unable to be resourced internally at present.
- External involvement is appropriate for the work requirements.

The Registration of Interest was publicly notified during June 2006. The database at 3 October 2006 shows the following companies have expressed interest in tendering for the proposed professional services as described in the scope:

1. Thomas Civil Consultants Limited, Waitakere City;
2. URS Limited, Auckland;
3. MWH Limited, Auckland;
4. OPUS International Limited, Auckland;
5. Andrew Stewart Limited, Auckland;
6. Babbage Consultants Limited, Auckland;
7. Synergine Group Limited, Auckland;
8. GHD Limited, Auckland;
9. AWT NZ Limited, Auckland;
10. Skellerup Industries Limited, Hamilton.

The proposal to tender the works for a three year period on a 1+1+1 year basis provides the following benefits to the Council:

- Long term contracts provide the best basis for achieving a low hourly rate;
- It takes time to train Consultants in the process and gain efficiencies;
- Provides dedicated services from the Consultants;
- Productivity gains as the Consultants become confident with the processes;

- Decreases the Council's administration time as the tendering process does not have to be repeated annually;
- Renewal of the contract can be reviewed if the Consultant's performance is not satisfactory;
- Continuity of knowledge.

## RESOURCES

Funding for this contract will be provided by Auckland Regional Holdings Limited (formerly Infrastructure Auckland). It is estimated that the cost of this contract for the three year period will be \$1,848,115.20 (excl GST) and has been included in the Project Twin Streams budget as per the Long Term Council Community Plan 2006-2016. The costs associated to the Project Management component are to be covered between the Project Twin Streams project and the Walk/Cycleway project. Based on the nature of these professional services, Council will be able to claim the full amount from Auckland Regional Holdings Limited.

## SUMMARY

It is proposed to invite tenders for Contract No. EW06048A Project Twin Streams - Professional Services, 2006-2009 for a three year period on a 1+1+1 year basis, subject to the Consultant's quality and performance. Interest has been registered by ten Consultants to perform the professional services describe in the scope, all of which will be invited to tender.

## SOURCE OF FUNDING

Budget Description (from Annual Budget line item)	Codes	Budget	Committed to Other Projects	Allocation to This Project	Unallocated Balance
Project Twin Streams (2006/2007)	85-9815-63780-022	\$1,325,000	\$154,448	\$457,760.	\$712,792
Project Twin Streams (2007/2008)	85-9815-63780-022	\$1,250,000	nil	\$685,266.	\$564,734
Project Twin Streams (2008/2009)	85-9815-63780-022	\$875,000	nil	\$705,088.	\$169,912

## RECOMMENDATIONS

1. That the Contract No. EW06048A - Project Twin Streams - Professional Services, 2006-2009 report be received.
2. That approval be given to the Group Manager: Asset Management to invite tenders for Contract No. EW06048A - Project Twin Streams - Professional Services, 2006-2009 for a three year period on a 1+1+1 year basis.
3. That the result of the tender evaluation process for Contract No. EW06048A - Project Twin Streams - Professional Services, 2006-2009 be reported back to the Tenders Subcommittee for approval.

Report prepared by: Lawrence Butcher, Sustainable Engineering Manager.

