

NOTICE OF EXTRAORDINARY MEETING

TENDERS SUBCOMMITTEE

I hereby give notice that pursuant to Standing Order 14.1 an Extraordinary Meeting of the Tenders Subcommittee will be held on:-

DATE: **Wednesday 23 July 2003** **TIME:** **9.15 am**

VENUE: **Civic Centre, 6 Waipareira Avenue, Lincoln, Waitakere City**

to consider Contract No. TA03500B Foothpath, Kerb and Channel, Cesspit and Drainage Repairs 2003/2004 and to take any necessary action connected therewith.



18 July 2003

Owena Schuster
COMMITTEE SECRETARY

Telephone (09) 836 8000 extn 8864

MEMBERSHIP:

Councillors JM Clews, QSO, JP (Chairperson)
 GB Presland (Deputy Chairperson)

Chief Executive

Director: City Services

Director: Corporate & Civic Services

Director: Strategy & Development

Director: Quality Assurance

Director: Finance

Maori Issues Manager

Mayor Bob 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 AN EXTRAORDINARY MEETING OF THE TENDERS SUBCOMMITTEE
TO BE HELD IN THE CIVIC CENTRE, 6 WAIPAREIRA AVENUE, LINCOLN,
WAITAKERE CITY, ON WEDNESDAY, 23 JULY,
COMMENCING AT 9.15 AM.**

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1 APOLOGIES



2 CONTRACT NO. TA03500B FOOTPATH, KERB AND CHANNEL, CESSPIT AND DRAINAGE REPAIRS 2003/2004

PURPOSE OF THE REPORT

The purpose of this report is to seek approval to award Contract No. TA03500B Footpath, Kerb and Channel, Cesspit and Drainage Repairs 2003/2004.

BACKGROUND

Waitakere City Council currently has approximately 800km of footpaths along with kerb and channel and cesspits that require routine maintenance. Footpath replacement, along with kerb and channel and cesspit repair is required to maintain a minimum service level. The existing contract is due to expire on 31 July 2003.

SCOPE OF WORK

This maintenance contract provides for the inspection, marking out, programming and construction maintenance of Waitakere City Council's footpaths, kerbs and channels, cesspits and drainage facilities. It also includes for emergency/urgent work on footpaths, kerbs and channels, cesspits and drainage facilities.

Two options were tendered - Option 1 allows for a Contract Completion Date of 30 June 2004, and Option 2 for a Contract Completion Date of 30 June 2005. Both options provide for a 12-month extension solely at Council's discretion based on the satisfactory performance of the Contractor.

TENDERS RECEIVED

Public Tenders were called. Six (6) tender documents were uplifted and three (3) tenders submitted for the contract as shown in table 1.

TENDERER	REG OFFICE	TENDER PRICE OPTION 1 (EXCL. GST)	TENDER PRICE OPTION 2 (EXCL. GST)
HEB Contractors Ltd	Drury	\$ 786,527.32	\$1,589,690.28
Fulton Hogan Ltd	Christchurch	\$1,080,321.62	\$2,140,818.12
Works Infrastructure Ltd	Wellington	\$1,206,638.34	\$2,423,868.01
Pre-tender contract estimate		\$ 927,362.50	\$1,854,725.00

Table 1 - Summary of Tender Price

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".

The "two envelope process" as described in Section 2.7 of the above manual was followed. Under this method, only the first tender envelope is opened and the non-price attributes evaluated for all tenders before the second envelope containing the tender price is opened, with the tender prices subsequently included in the evaluation.

HEB Contractors Ltd were requested to confirm their tender price following concerns about the low tender price. HEB Contractors Ltd withdrew their tender after advising finding errors in their tender price. The remaining tenders were evaluated.

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

Tender Evaluation	Attributes	Exper.	Track Record	Tech. Skill	Resour.	Manag. Skill	Method.	Price	Contract Number TA03505B (Option 1)
		Total Weights							
	Weights	5	5	5	5	5	5	70	100
Tenderer	Tender Sum	Grades							INDEX
Fulton Hogan Ltd	\$1,080,321.62	75	75	75	70	75	80	50	58
Works Infrastructure Ltd	\$1,206,638.34	75	65	65	70	70	60	38	47
Med.n Tender Price	\$1,143,479.98								

Table 2A - Summary of Tender Evaluation (Option 1)

Tender Evaluation	Attributes	Exper.	Track Record	Tech. Skill	Resour.	Manag. Skill	Method.	Price	Contract Number TA03505B (Option 2)
		Total Weights							
	Weights	5	5	5	5	5	5	70	100
Tenderer	Tender Sum	Grades							INDEX
Fulton Hogan Ltd	\$2,140,818.12	75	75	75	70	75	80	50	58
Works Infrastructure Ltd	\$2,423,868.01	75	65	65	70	70	60	37	46
Med.n Tender Price	\$2,282,343.07								

Table 2B - Summary of Tender Evaluation (Option 2)

A comparison of the weighted attribute indices in Table 2A and Table 2B demonstrates that Fulton Hogan Limited ranked highest in both options. They also have the lowest tender for both options.

An evaluation of their submitted rates indicates a 1.0% cost savings for a 24-month contract over a 12-month contract (\$19,825.12 saving). A 24-month contract would provide savings in professional services fees in the order of \$4,500 as a result of the contract not requiring re-tendering in 12 months time and probable savings of inflation of approximately \$26,512 (based on a rate of 2.5% per annum). The total saving is approximately \$50,837 over 24 months.

It is recommended that the option 2 contract be awarded and, on the satisfactory performance of this tenderer, and at the discretion of Waitakere City Council, a further 12 month extension to the contract be offered. This has been allowed for in the Tender.

TAGS, ERRORS OR OMISSIONS

There were rounding errors in the tender submission from Fulton Hogan Ltd for both options 1 and 2, the rounding errors were negligible and were deemed to have no effect on the outcome of the tender evaluation. There were tags included with the tender from Fulton Hogan Ltd that gave clarification of their understanding of some scheduled items. The tags have no outcome or cost implications as the clarification is in accordance with the intention of the tender document. No tags, errors or omissions were identified in the tender from Works Infrastructure Ltd.

CREDIT CHECK

A credit check dated 28 May 2003 revealed Fulton Hogan Ltd has a "high" risk of paying in a severely delinquent manner (90+ days past terms). This slowness of payment can be the result of disputes over invoices, merchandise etc and does not imply a cash-flow problem. The credit check revealed no other adverse information and in view of the low risk of exposure to Council in awarding this contract (the cost to Council in re-tendering this contract in the event of Fulton Hogan Ltd being dissolved is offset by the contractor's bond that is lodged at the start of the contract), is considered to be of no concern. A statement confirming this tenderer's financial status and their ability to service this contract has been supplied.

SUMMARY

The results of the tender evaluation as summarised in Table 2A and Table 2B shows that the tender submitted by Fulton Hogan Ltd achieved the highest index of 58 for option 1 and 58 for option 2. This tender is also the lowest priced tender for both options.

Fulton Hogan Ltd is a civil engineering contracting company that was founded in 1933 and has been operating in Auckland since 1989.

Fulton Hogan Ltd is responsible for the general road maintenance works for 24 Local Authorities, including Auckland and North Shore City Councils and approximately 40% of Transit New Zealand's roading network nation wide. They have also carried out resealing works for Waitakere City Council, most recently in the 2001/2002 financial year, to Council's satisfaction.

Reference checks made on a selection of clients indicated a well-resourced, well-managed and capable Contractor.

As part of City Services vision "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

	<u>EXCL. GST</u>
Tender - Fulton Hogan Ltd (Option 2)	\$2,140,818.12
Contingency	\$ 40,000.00
Engineering and Supervision	\$ 210,000.00

Total Job Cost	\$2,390,818.12

SOURCE OF FINANCE

Physical Works

Budget description (2003/04 Annual Plan)	Codes	Budget	Committed to other projects	Allocation to this project	Unallo- cated balance
Footpath renewals	75-9861-24680-280	550,000	40,000	510,000	Nil
Parks Car parks Cesspits	75-9861-31570-280	135,000	121,300	10,000	3,700
Culverts and cesspits- urban	75-9860-24240-280	165,000	40,000	125,000	Nil
Culverts and cesspits- rural	75-9860-39220-280	72,000	35,000	35,000	2,000
Kerb and channel repairs	75-9860-24270-280	220,160	20,000	161,000	39,160
Kerb drainage control	75-9860-38030-280	100,000	30,000	10,000	60,000
Renew drainage control systems	75-9860-24670-280	250,000	10,000	70,000	170,000
RAMM	46-7154-24570-280	150,000	102,540	30,000	17,460
Non subsidized vehicle crossings	46-7174-24690-280	47,000	5,000	40,000	2,000
Shoulder Maintenance - Urban	46-7114-24300-280	230,000	95,000	80,000	55,000
Surface water channel - urban	46-7114-24320-280	125,000	90,000	20,000	15,000
	Total Physical works 2003/2004			<u>\$1,091,000</u>	
PROFESSIONAL SERVICES					
Urban Maintenance	46-7114-24360-132	93,000	68,000	25,000	Nil
Rural Maintenance	46-7118-24360-132	105,000	15,600	10,000	79,400
Non Subs - vehicle crossing	46-7174-24690-132	47,000	40,000	5,000	2,000
Prof Services - Amenities	46-7174-24360-132	60,000	15,000	25,000	20,000
Kerb & channel repair	75-9860-24270-132	220,160	161,000	20,000	39,160
Footpath Maintenance	75-9861-24680-132	550,000	530,000	20,000	Nil
	Total Professional Services 2003/2004			<u>\$105,000</u>	
	Total Project cost 2003/2004			<u>\$1,196,000</u>	
	Project cost required 2004/2005			<u>\$1,196,000</u>	

RECOMMENDATIONS

1. That the information be received.
2. That the tender for Option 2 (ending 30 June 2005) from Fulton Hogan Ltd for Contract No. TA03500B Footpath, Kerb and Channel, Cesspit and Drainage Repairs 2003/2004 in the sum of \$2,140,818.12 plus \$267,602.27 GST, totalling \$2,408,420.39 be accepted.
3. That the commitment of \$1,196,000.00 plus GST to the 2004/2005 Annual Plan for Contract No. TA03500B Footpath, Kerb and Channel, Cesspit and Drainage Repairs 2003/2004 be approved.
4. That authority to enter into Contract No. TA03500B Footpath, Kerb and Channel, Cesspit and Drainage Repairs 2003/2004 on behalf of Council be delegated to the Director: City Services.
5. That authority to extend Contract No. TA03500B Footpath, Kerb and Channel, Cesspit and Drainage Repairs 2003/2004 for an additional one year to end on 30 June 2006 based on the satisfactory performance by the contractor be delegated to the Director: City Services.

Report prepared by: Ara Ovanessoff, Principal Transportation Engineer, Transport Assets.

