

**AGENDA FOR AN ORDINARY MEETING OF THE TENDERS SUBCOMMITTEE
TO BE HELD IN THE CIVIC CENTRE, 6 WAIPAREIRA AVENUE, LINCOLN,
WAITAKERE CITY, ON FRIDAY, 11 JUNE 2004,
COMMENCING AT 9.00 AM**

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1 APOLOGIES



2 URGENT BUSINESS

Section 46A(7) and (7A) of the Local Government Official Information Act 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 item is a minor matter; and
- (ii) the Chairperson has explained at the beginning of the meeting (when open to the public) that the item will be raised for discussion, why the item is not on the agenda, and why it cannot be delayed until a subsequent meeting; and
- (iii) the Committee resolves to deal with the item.

No resolution, decision, or recommendation may be made in respect of the item except to refer the item to a subsequent meeting for further discussion.

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



3 CONFIRMATION OF MINUTES

Ordinary - Friday, 28 May 2004

RECOMMENDATION

That the minutes of the Ordinary Meeting of the Tenders Subcommittee held on Friday, 28 May 2004, as circulated, be taken as read and now be confirmed.



4 **CONTRACT NO. TA 03552B - MAIN STREET LIGHTS (OVERHEAD TO UNDERGROUND) 2003/2004**

PURPOSE OF THE REPORT

The purpose of this report is to seek approval from the Tenders Subcommittee to award Contract No. TA 03552B - Main Street Lights (Overhead to Underground) 2003/2004.

BACKGROUND

In previous years Waitakere City Council has undertaken the works of installing new streetlights in the power lines undergrounding programme areas. The undergrounding programme is reviewed and prioritised by the Trust (United Networks Shareholders Society), which is also responsible for approving the expenditure. The works include the replacement of overhead streetlight fittings with new dedicated poles and lanterns and have been approved in the 2003/2004 and 2004/2005 Annual Budget.

Since Vector has taken over United Networks last year, Vector Limited has negotiated with Council and Telecom to incorporate the three parties' programmes into one integrated programme.

Building on the Partnering arrangements between Waitakere City Council and Vector Limited, a combined Tender document was prepared and released by Vector including Waitakere City Council's and Telecom's participating works in the project. In addition to undergrounding the power lines, and installing new street lighting, telephone lines will be undergrounded and where necessary watermains upgraded.

SCOPE OF WORK

This contract is for the supply and installation of street lighting in Waitakere City. The works include the following:

- Remove and store existing reusable lighting fittings;
- Supply and install streetlight's poles and lanterns;
- Ducting and cabling to the nearest streetlight pilot connection point;
- Update United Networks streetlight records as per their requirements;
- Provide Certificates of Compliance of electrical works;
- Provide as-built drawings and fill in RAMM inventory forms for new lighting;
- All other associated works.

The locations of works are as follows:

- a) The section of Te Atatu Road between Bridge Avenue and McLeod Road.
- b) All Edmonton Road.
- c) The section of McLeod Road between Te Atatu Road and Finlow Drive.

According to the May 2004 agreement between Waitakere City Council and Vector Limited relating to participation in United Network's undergrounding project at Te Atatu, Vector shall administer the Contract and carry out of the works under the Contract. Council is required to pay to Vector, in accordance with clause 6 of the agreement between the two parties, the Council's portion of the cost of undertaking the works.

TENDERS RECEIVED

Six (6) preferred tenders were invited, but four of them chose not to tender because they had significant commitments to other projects and insufficient resources available to consider this project. However, two tenders were received by the closing date of 26 March 2004. The tender price for Waitakere City Council's portion of this contract only are summarised in Table 1 below:

Table 1 - Summary of Tender Prices

| TENDERER | Streetlight Contractor | TENDER PRICE (Excl. GST) |
|------------------------------|------------------------|--------------------------|
| Northpower | Northpower | \$182,188.20 |
| Fulton Hogan | Alstom | \$192,321.35 |
| Pre-tender contract estimate | | \$188,000.00 |

TENDER EVALUATION

Tenders were submitted using the 'two envelope' format: non-priced attributes, and price attributes.

The "two envelope process" as described above 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, and the tender prices duly included in the evaluation and scored independently. Then the results are combined to provide an overall recommendation.

The attributes and weightings were set by all the three stakeholders (Waitakere City Council, Vector and Telecom) prior to the evaluation of tenders.

A summary of the evaluation results for the Waitakere City Council's portion is shown in Table 2:

Table 2 - Summary of Tender Evaluation

| Tender Evaluation | Attributes | Health, Safety & Environmental Management | Customer Focus & Satisfaction | Management Structure & Resources | Construction Methodology & Programme | Quality Assurance & Risk Manag. | Price | Total Weight | |
|---------------------|--------------|---|-------------------------------|----------------------------------|--------------------------------------|---------------------------------|-------|--------------|--|
| Tenderer | Weight | 15 | 15 | 12 | 9 | 9 | 40 | 100 | |
| | Tender Sum | Grades | | | | | | Index | |
| Northpower | \$182,188.20 | 60 | 75 | 90 | 65 | 65 | 53 | 64 | |
| Fulton Hogan | \$192,321.35 | 60 | 65 | 60 | 65 | 65 | 47 | 57 | |
| Median Tender Price | \$187,254.78 | | | | | | | | |

Each tender submission was rated using a scale of 1 (poor) to 10 (excellent) for each of the six criteria, with weighting applied to the rating to give a final weighted-attribute percentage against each criteria. Weighted scores were assigned for both non-price and priced attributes. The results were compiled for comparative evaluation.

To provide maximum opportunity for scoping issues to be resolved and tags to be removed, a series of Tender Clarification Requests were issued to tenderers for formal response, and Tender Clarification Meetings held with each tender as a forum for each offer to be discussed in detail.

Representatives from Waitakere City Council, Vector, Telecom and an independent consultant (PB Power) have been involved in the Tender Clarification Meetings and the evaluation process.

TAGS, ERRORS OR OMISSIONS

There were some omissions and clarification needed in the Northpower tender for some of the prices of the scheduled items, but has been cleared and confirmed in writing to the satisfaction of Council's Engineer.

There were tags, errors or omissions in Fulton Hogan tender, but these do not affect the evaluation.

CREDIT CHECK

A credit check on Northpower has been carried out by Vector in April 2004, revealing no adverse information.

SUMMARY

The results of the tender evaluation as summarised in Table 2 show that the tender for Waitakere City Council's portion submitted by Northpower achieved the highest index of 64. This tender is also the lowest priced tender.

Northpower has carried out similar contracts for Vector and have a good track record. They have the necessary skills and resources to carry out this contract.

There will not be a contract between Council and Northpower, but Vector will invoice the Council at the end of each month to include amounts in respect of the cost share under the agreement between Council and Vector Limited, who will utilise Northpower as an approved sub-contractor by Council.

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>EXCLUDE GST</u> |
|-------------------------|---------------------------|
| Tender sum - Northpower | \$182,188.20 |
| Contingency | \$ 18,351.80 |
| | ----- |
| Total Job Cost | \$200,540.00 |

SOURCE OF FUNDING

| Budget Description (from Annual Budget line item) | Codes | Year | Budget | Committed to Other Projects | Allocation to This Project | Unallocated Balance |
|---|---------------|-----------|-----------|-----------------------------|----------------------------|---------------------|
| Street Lighting Main Street Development | 75-9814-30580 | | | | | |
| | | 2003/2004 | \$200,000 | \$15,460 | \$184,540 | Nil |
| | | 2004/2005 | \$200,000 | Nil | \$16,000 | \$184,000 |
| Total | | 2003/2005 | \$400,000 | \$15,460 | \$200,540 | \$184,000 |

As the financial commitment includes two financial years, it is recommended that the 2003/2004 funding be carried over.

RECOMMENDATIONS

1. That the Contract No. TA 03552B - Main Street Lights (OHUG) 2003/2004 report be received.
2. That Northpower be approved as the sub-contractor to Vector Limited for Council's portion of the work under Council's agreement with Vector Limited.
3. That authority to proceed with the work for 'Contract TA 03552B - Main Street Lights (OHUG) 2003/2004' under the current agreement with Vector Limited in the sum of \$182,188.20 plus \$22,773.52 GST, totalling \$204,961.72 be accepted.
4. That authority be delegated to the Group Manager, Asset Management to act on behalf of Council, to request Vector Limited to include in its contract with Northpower Limited for the United Networks Undergrounding Project at Te Atatu, the Waitakere City Council's Contract No. TA 0355B - Main Street Lights (OHUG) 2003/2004, in the sum of \$182,188.20 plus \$22,773.52 GST, totalling \$204,961.72.
5. That funding of \$184,540 from the 2003/2004 year and \$16,000 from the 2004/2005 year be committed to Contract TA 03552B - Main Street Lights (OHUG) 2003/2004.
6. That consequent to resolution 5 above it is recommended to the Long Term Council Community Plan and Annual Plan Special Committee that funding of \$184,540 be carried forward from the 2003/2004 financial year to 2004/2005.

Report prepared by: Hussam Abdul-Rassol, Senior Transport Engineer.



5 TE ATATU UNDERGROUNDING PROJECT - WATERMAIN RENEWALS

PURPOSE OF THE REPORT

The purpose of this report is to seek the Tenders Subcommittee's approval to conclude an agreement with Vector Limited to include in its Te Atatu Undergrounding contract a specific variation for watermain renewals for the Waitakere City Council.

BACKGROUND

As a part of its "United Networks Undergrounding Project at Te Atatu" in Waitakere City, Vector Limited is proposing to underground the power lines along Te Atatu, Edmonton and Flanshaw Roads. The project also includes the simultaneous undergrounding of the telephone lines and the installation of new street lighting.

There are old asbestos cement watermains nearing the end of their service life in many areas where the undergrounding work is proposed, and since a number of these have already been identified for replacement in the near future, it is considered an opportunity for Council to replace the watermains at the same time.

At its meeting held on 14 May 2004 the Tenders Subcommittee resolved, as follows:

- *That the Group Manager: Asset Management be authorised to negotiate with Vector Limited to include the water main renewal work identified with the power under grounding project.*
- *That the outcome of the negotiations be reported back to the Tenders Subcommittee for approval.*

785/2004

Because Vector Limited has already awarded a contract with Northpower Limited to carry out its undergrounding work, the Council's proposed watermain renewal work would be treated as a variation to that contract. Through Vector Limited, Waitakere City Council has received a price from Northpower Limited to undertake the watermain renewal work.

SCOPE OF WORK

The scope of work for the watermain renewal includes the supply and installation of the watermain pipes together with service connections and associated valves and fittings along Te Atatu, Edmonton and Flanshaw Roads. The approximate quantities are as follows:

- 20 metres of 335 mm diameter pipe;
- 280 metres of 180 mm diameter pipe;
- 780 metres of 125 mm diameter pipe;
- 2,620 metres of 63 mm diameter pipe;
- 21 fire hydrants;
- 25 sluice valves of various diameters and 31 peet valves;
- 233 service connections;
- 26 standard rider main connections;
- All connection fittings such as tees, bends and gibaults; and
- Testing, sterilising, preparing as-built details and commissioning.

THE NEGOTIATION PROCESS

As Vector Limited's head contractor, Northpower Limited invited four firms acceptable to the Council to submit prices for the watermain renewal work based on a price schedule provided by the Council. One of the invited firms chose not to participate because of other commitments, and so three sets of prices were received.

The lowest price was submitted by Drilltech (1996) Limited, who is already a subcontractor to Northpower Limited for a substantial portion of the contract works. Northpower Limited advises that the other two prices were respectively 7% and 380% higher than that of Drilltech (1996) Limited. After further negotiation by Northpower Limited (on Council's behalf) and price adjustments to account for a small amendment to the scope of work, the price of Drilltech (1996) Limited was finalised at \$401,080. This is the base subcontract price without the head contractor's mark-up.

In its negotiations with the Council, Northpower Limited has agreed to limit its mark-up on the subcontract costs to only the "on site" Preliminary and General costs associated with the main contract that are directly related to the Council's works. This is because it is clearly preferable for Northpower Limited to have the watermain renewal work being carried out by one of its current subcontractors instead of having to work with another contractor on the site and having to deal with the consequent problems. Therefore, the mark-up does not include any direct profit margin for Northpower Limited, and has been agreed to be 17%. It is to be applied to each of the subcontractor's unit rates, as the contract is of the "measure and value" type.

After applying the head contractor's mark-up, the final price of the watermain renewal work to Council is \$469,263.60.

This is considered to be a fair price, as the Engineer's estimate is \$478,350.

PROPOSED CONTRACTUAL ARRANGEMENT

Council has already entered into an agreement with Vector Limited "Relating to Council's Participation in United Networks Undergrounding Project at Te Atatu". This agreement provides for the inclusion of works that might be undertaken on behalf of Council. Therefore, it is proposed to execute the proposed watermain renewal work through this existing agreement.

JOB COSTS

| | <u>EXCL. GST</u> |
|--|------------------|
| Watermain Renewals (as a variation to the Vector's contract with Northpower Limited) | \$469,263.60 |
| Contingency | \$ 23,400.00 |
| Engineering and Supervision | \$ 30,000.00 |
| | ----- |
| Total Job Cost | \$522,663.60 |

SOURCE OF FUNDING

| Budget Description (from Annual Budget line item) | Codes | Budget | Committed to Other Projects | Allocation to This Project | Unallocated Balance |
|---|-------------------|-------------|-----------------------------|----------------------------|---------------------|
| Watermain Renewals 2004/2005 | 85-9855-60000-999 | \$2,000,000 | \$0.00 | \$522,663.60 | \$1,477,336.40 |

CONCLUSION

There are clear advantages to Council to renewing its watermains in the Te Atatu area at the same time that Vector Limited is undergrounding its power lines. Because new street lighting is being installed and the telephone lines are also being undergrounded at the same time, all of the participants in the project derive cost and organisational benefits by being able to share in common health and safety procedures, customer and public relations, and quality control. Having all of this work being carried out together also minimises environmental impact and minimises the disruption to the public, who can see the project as a demonstration of cooperation amongst the parties.

Specifically, because it is clearly preferable for Vector Limited's head contractor, Northpower Limited, to have the watermain renewal work being carried out by one of its current subcontractors instead of having to work with another contractor on the site, Council is able to get this work done at a competitive price.

RECOMMENDATIONS

1. That the Te Atatu Undergrounding Project - Water Main Renewals report be received.
2. That the price of \$469,263.60 plus \$58,657.95 GST, totalling \$527,921.55 that has been negotiated with Vector Limited's head contractor, Northpower Limited, for undertaking the Te Atatu Undergrounding Project - Watermain Renewals be accepted.
3. That the commitment to the 2004/2005 financial year for the Te Atatu Undergrounding Project - Watermain Renewals totalling \$522,663.60 plus GST be approved.
4. That authority be delegated to the Group Manager: Asset Management to act on behalf of Council, to request Vector Limited to include in its contract with Northpower Limited for the United Networks Undergrounding Project at Te Atatu, the Waitakere City Council's Te Atatu Undergrounding Project - Water Main Renewals, in the sum of \$469,263.60 plus \$58,657.95 GST, totalling \$527,921.55, and execute the associated documents.

Report prepared by: Richard Taylor, Assets and Network Manager.

