

**AGENDA FOR A MEETING OF THE TENDERS SUBCOMMITTEE TO BE HELD IN THE
CIVIC CENTRE, 6 WAIPAREIRA AVENUE, LINCOLN, WAITAKERE CITY,
ON FRIDAY, 27 MAY 2005, 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 Chairperson 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 - 13 May 2005

RECOMMENDATION

That the minutes of the Meeting of the Tenders Subcommittee held on Friday, 13 May 2005, as circulated, be taken as read and now be confirmed.



4 APPROVAL TO EXTEND CONTRACT NO. PK 03600F - CEMETERY LANDSCAPE MAINTENANCE

PURPOSE OF THE REPORT

The purpose of this report is to seek approval from the Tenders Subcommittee to extend Contract No. PK 03600F - Cemetery Landscape Maintenance for a further period of one year from 1 July 2005 to 30 June 2006 as stipulated in the contract documents.

BACKGROUND

This contract forms part of Council's ongoing landscape maintenance programmes. The existing contract was awarded to Techscape Limited in April 2003 for a period of 27 months with a contract renewal period of one (1) plus one (1) plus one (1) years. The initial 27 month period ends on 30 June 2005.

SCOPE OF WORK

The requirements of this contract involve the maintenance of the grounds of the Waikumete and Swanson Cemeteries including mowing, gardening, litter collection, toilet cleaning and other minor related maintenance.

PERFORMANCE

Techscape Limited's performance has been professional and all physical works undertaken have been of a high standard. The audits undertaken on a fortnightly basis by the Asset Manager: Environmental indicates Techscape's high level of performance

The contract has been delivered within budget.

JOB COSTS

	<u>EXCL. GST</u>
2005/2006 12 month period contract sum	\$267,312.20
Contingency	\$ 12,687.80
Engineering and Supervision	\$ 0.00

Total Job Cost	\$280,000.00

Engineering and supervision will be provided by Parks staff therefore there is no external cost associated with this contract.

Techscape Limited's proposed contract sum for the extension of the Cemetery Landscape Maintenance contract is higher than the original sum of \$199,784.80 per year submitted in 2002/2003. This is due to the increase in scheduled items such as the extra gardens developed during 2003/2004 and the extra toilet cleans of the recently refurbished toilet block and escalation in fuel and labour. Techscape Limited's contract sum is within the available budget.

SOURCE OF FUNDING

Budget Description (from draft Annual budget)	Budget	Committed to Other Projects	Allocation to This Project	Unallocated Balance
Cemetery Maintenance	\$280,000.00	Nil	\$280,000.00	Nil

As well, a commitment to fund the Cemetery Landscape Maintenance, estimated at \$280,000, is requested from the 2005/2006 Annual Plan.

RECOMMENDATIONS

1. That the Approval to Extend Contract No. PK 03600F - Cemetery Landscape Maintenance report be received.
2. That the renewal of Contract No. PK 03600F - Cemetery Landscape Maintenance for 2005/2006 to Techscape Limited for the sum of \$267,312.20 plus \$33,414.03 GST, totalling \$300,726.23 be accepted.
3. That the commitment to the Annual Plan 2005/2006 for Contract No. PK 03600F - Cemetery Landscape Maintenance in the sum of \$280,000.00 plus \$35,000.00 GST, totalling \$315,000.00 be approved.
4. That authority to extend Contract No. PK 03600F - Cemetery Landscape Maintenance for a further one (1) plus one (1) years subject to the quality of the contractor's performance and availability of funding be delegated to the Group Manager: Asset Management.

Report prepared by: Debbie Chapman, Asset Manager: Environmental.



5 CONTRACT NO. PK 05001C - PLANT AND ANIMAL PEST MAINTENANCE

PURPOSE OF THE REPORT

The purpose of this report is to seek approval from the Tenders Subcommittee to award Contract No. PK 05001C - Plant and Animal Pest Maintenance.

BACKGROUND

Approval was granted by the Tenders Subcommittee at the 1 April 2005 meeting to invite public tenders for the plant and animal pest maintenance contract for two (2) years with extensions of two (2) plus two (2) years, as follows:

“That approval be given to invite public tenders for Contract No. PK 05001C - Plant and Animal Pest Maintenance, for two (2) years with extensions of two (2) plus two (2) years.”

477/2005

This contract is a continuation of Council's routine maintenance programme for the control of plant and animal pests. The principal objectives of the programme are to maintain or improve the ecological integrity of Council's park and road reserve through the control of environmental weeds, possums, wasps and wild bees.

SCOPE OF WORK

The new Plant and Animal Pest Maintenance Contract involves the combination of several smaller contracts. The scope of work includes programmed and response work involving the programmed control of environmental weeds on roadside and in parks, response to community requests, possum and wasp and wild bee treatment.

All other response and non programmed maintenance is to be undertaken by a separate response maintenance contractor.

TENDERS RECEIVED

Tenders were publicly advertised with four (4) sets of documents being uplifted. Two (2) tenders were received by the closing date of 3 May 2005. These are summarised in Table 1 below:

TENDERER	REG OFFICE	TENDER PRICE (excl. GST)
Techscape Limited	8 Paul Matthews Road, Albany, Auckland	\$ 828,881.17
Te Ngahere Limited	686 Rosebank Road, Avondale, Auckland	\$ 883,499.86
Pre-tender contract estimate		\$ 850,000.00

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".

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 No. PK 05001C
									Total Weights
	Weights	15	15	10	10	15	15	20	100
Tenderer	Tender Sum	Grades							INDEX
Techscape Ltd	\$828,881.17	90	90	90	85	75	85	53	79
Te Ngahere Ltd	\$883,499.86	90	90	90	85	85	85	47	79
Med.n Tender Price	\$856,190.52								

Table 2 - Summary of Tender Evaluation

The weighting for price is 20 percent due to the specialist skills required to carry out a contract of this nature at a high quality standard.

Both Techscape Limited and Te Ngahere Limited have carried out contracts with the Waitakere City Council parks department during 2004/2005 to a good standard.

TAGS, ERRORS OR OMISSIONS

There were no tags, errors or omissions.

CREDIT CHECK

A credit check dated 8 March 2005 on Techscape Limited revealed no adverse information.

CONCLUSION

The results of the tender evaluation as summarised in Table 2 shows that both Techscape Limited and Te Ngahere Limited achieved the same index of 79. Techscape Limited's tender is the lowest priced tender.

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 (2 YEARS)

EXCL. GST

Tender sum - Techscape Limited	\$828,881.17
Contingency	\$ 40,000.00
Engineering and Supervision	\$ 0.00
Total Job Cost	\$868,881.17

Engineering and supervision will be provided by Parks staff and therefore there is no external cost associated with this contract.

SOURCE OF FUNDING

Budget Description (from draft Annual budget)	Budget	Committed to Other Projects	Allocation to This Project	Unallocated Balance
Weed & Pest Maintenance	\$723,000.00	\$394,052.30	\$328,947.70	Nil
Quarry Revegetation	\$70,000.00	\$63,295.36	\$6,704.64	Nil
Kay Road Revegetation	\$70,000.00	\$62,177.92	\$7,822.08	Nil
Waikumete Cemetery Weed Control	\$130,000.00	\$39,033.84	\$90,966.16	Nil

As well, the following funding commitments are required:

- A commitment to fund the Plant and Animal Pest Maintenance estimated at \$434,440.58 is requested from the Annual Plan 2005/2006;
- A commitment to fund the Plant and Animal Pest Maintenance estimated at \$434,440.58 is requested from the Annual Plan 2006/2007.

RECOMMENDATIONS

1. That the Contract No. PK 05001C - Plant and Animal Pest Maintenance report be received.
2. That the tender from Techscape Limited for Contract No. PK 05001C - Plant and Animal Pest Maintenance in the sum of \$828,881.17 plus \$103,610.15 GST, totalling \$932,491.32 be accepted.
3. That the commitment to the Annual Plan 2005/2006 for Contract No. PK 05001C - Plant and Animal Pest Maintenance in the sum of \$434,440.58 plus \$54,305.07 GST, totalling \$488,745.65 be approved
4. That the commitment to the Annual Plan 2006/2007 for Contract No. PK 05001C - Plant and Animal Pest Maintenance in the sum of \$434,440.58 plus \$54,305.07 GST, totalling \$488,745.65 be approved.

5. That authority to extend Contract No. PK 05001C - Plant and Animal Pest Maintenance for a further two (2) plus two (2) years be delegated to the Group Manager: Asset Management.
6. That authority to enter into Contract No. PK 05001C - Plant and Animal Pest Maintenance on behalf of Council be delegated to the Group Manager: Asset Management.

Report prepared by: Debbie Chapman, Asset Manager: Environmental.



6 CONTRACT NO. SP-03-002-D - STURGES WEST COMMUNITY HOUSE

PURPOSE OF THE REPORT

The purpose of this report is to seek approval from the Tenders Subcommittee to award Contract No. SP-03-002-D -Sturges West Community House.

BACKGROUND

Council in October 2003 resolved to construct a 300m² Community House on the Council owned site at the corner of Summerland Drive and Brookwood Drive. Detailed design was completed in late 2004 and once the resource consent was obtained in February 2005, public tenders for the project were advertised.

SCOPE OF WORK

This contract is for the physical works required to construct the Sturges West Community House.

The work includes the construction of the community house of approximately 294m² in floor area, associated car parking, access and landscaping, to be located at 58 to 60 Summerland Drive and 1 to 5 Brookwood Drive. The community house will incorporate an Information Management Learning Centre that will be used in close association with the Summerland Primary School.

PUBLIC TENDER PROCESS

Tenders were publicly advertised with six sets of documents being uplifted. Three tenders were received by the closing date of 8 March 2005. These are summarised in Table 1 below:

TENDERER	REG OFFICE	TENDER PRICE (EXCL. GST)
PCL Progress Construction Limited	PO Box 13044 - Onehunga	\$726,194.55
Edgecity Builders Limited	PO Box 15320 New Lynn	\$795,599.00
EP Maddren Construction	PO Box 244 Kumeu	\$846,085.00
Pre-tender contract estimate		\$ 660,135.00

Table 1 - Summary of Tender Prices

TENDER EVALUATION

All tenders included a number of tags. In particular the 2 lowest tenders did not allow for the landscaping works. The lowest tenderer PCL Progress Construction was requested to price this item and came in with a price of \$119,177.30 (excl GST) resulting in an adjusted tender price of \$845,371.85 (excl GST). The second lowest tenderer was not requested to price their numerous tags as they were clearly well above the lowest tenderer.

All tenders received were deemed to be inflated due to the current overheated construction market. The lowest adjusted tender price received of \$845,371.85 (excl GST) was \$185,236.85, which equates to approximately 28%, above the pre-tender contract estimate and further negotiations were deemed unlikely to achieve the magnitude of price reduction necessary to meet the budget.

NEGOTIATED TENDER PROCESS

Publicly re-advertising the tender was considered unlikely to produce a satisfactory result in the current construction market. The New Zealand construction industry has been experiencing extremely buoyant conditions over the past 24 months or so. This has had the effects of causing construction costs to escalate rapidly and reducing the availability of contractors and subcontractors as they are working at capacity and are only prepared to tender for the more lucrative contracts. As a result, the tender process was formally closed in the form of a letter to each tenderer.

Experience on recent building projects, i.e. Glen Eden Library, Trusts Stadium and Waitakere Central Library & Unitec Development and Waitakere Central Civic Centre, clearly demonstrate that a negotiated tender procurement process of evaluation and negotiation has produced a more satisfactory result in terms of value for ratepayers in the current heated construction market.

DJ Wood Building Contractor was invited to submit a tender price for the physical works. This contractor has regularly carried out maintenance works on Council buildings over a long period of time and has successfully completed building projects for Council including the Bethells Fire Station, for which a construction tender was successfully negotiated with considerable value input from DJ Wood Building Contractor.

Negotiations were carried out with DJ Wood Building Contractor including savings achieved through a buildability review provided by the contractor and included in the tender negotiation price. This contractor played a significant role in this process and demonstrated co-operation in reaching a final tender price close to the pre-tender contract estimate. It was deemed that this tender price was both competitive and trimmed to meet the brief requirements of the project.

The negotiated tender price for the physical works is shown in Table 2 below:

TENDERER	REG OFFICE	TENDER PRICE (EXCL. GST)
D.J. Wood Building Contractor	Unit 5, 13 Roberts Road, Te Atatu	\$685,281.00
Pre-tender contract estimate		\$660,135.00

Table 2 - Final Revised Tender Price

CREDIT CHECK

A credit check dated 10 May 2005 brought up no information on DJ Wood Building Contractor. This contractor has carried out work for Council over many years with an excellent service history and there have been no financial problems in dealings with them over this time.

CONCLUSION

The public tender process has not produced a satisfactory result with all tenders received being deemed to be inflated and well over budget allocation due to the current heated construction market. The tender process was formally closed in the form of a letter to each tenderer.

As for other recent building projects, a negotiated tender process for the Sturges West Community House project has produced a tender price which is competitive and represents best value for Council and its ratepayers.

The invited tenderer, DJ Wood Building Contractor has a long record of excellent service delivery to Council and its ratepayers. DJ Wood Building Contractor's tender price of \$685,281.00 (excl GST) is close to the pre-tender contract estimate and considered to be market related.

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

Item	Total Cost
Tender sum - DJ Wood Building Contractor	\$685,281.00
Contingency	\$ 60,000 00
Design, supervision and project costs	\$164,865.00
Total Job Costs	\$ 910,146.00

SOURCE OF FUNDING

The negotiated tender sum exceeds the allocated budget by \$25,146.00. Funding for this shortfall is proposed to be re-allocated from 2004/2005 Capital Fund surpluses.

It is proposed that the contract be awarded in the full sum of \$685,281.00 with reduced contingency of \$34,854.00 and that re-allocated funds from 2004/2005 Capital Fund surpluses in the amount of \$25,146.00 be added to the contingency sum to make up the full contingency of \$60,000.00 upon approval.

Budget Description (from Annual Budget line item)	Codes	Budget	Committed to Other Projects	Allocation to This Project	Unallocated Balance
Summerland Community facility	75-9710-48010-**	\$75,000	nil	\$75,000	nil
Leisure Facilities Improvement	75-9710 -49450-**	\$750,000	nil	\$750,000	nil
Summerland Reserve Landscape	75-9825 49340-**	\$60,000	nil	\$60,000	nil
Re-allocated from 2004/2005 Capital Fund surpluses	t.b.a.	\$25,146	nil	\$25,146	nil
	TOTALS	\$910,146	nil	\$910,146	nil

RECOMMENDATIONS

1. That the Contract No. SP-03-002-D - Sturges West Community House report be received.
2. That the tender from DJ Wood Building Contractor for Contract No. SP-03-002-D - Sturges West Community House in the sum of \$685,281.00 plus \$85,660.13 GST, totalling \$770,941.13 be accepted.
3. That a recommendation be forwarded from the Tenders Subcommittee to the Long Term Council Community Plan and Annual Plan Special Committee that \$25,146.00 plus GST be re-allocated from the 2004/2005 Capital Fund surpluses to the Sturges West Community House project.
4. That authority to enter into Contract No. SP-03-002-D - Sturges West Community House on behalf of Council be delegated to the Director: City Services.

Report prepared by: Paul McDaid: Project Engineer.



7 CONTRACT NO. SP02504H - WAITAKERE CENTRAL CIVIC CENTRE - CONSTRUCTION: CONTRACT VARIATION

PURPOSE OF THE REPORT

The purpose of this report is to seek approval from the Tenders Subcommittee to award a contract variation within the approved contingency sum for Contract No. SP02504H Waitakere Central Civic Centre - Construction and to seek temporary financial delegation for the Project Sponsor for future variations to this contract.

BACKGROUND

This construction contract forms part of the Council's Waitakere Central Civic Centre project. The contract provides for a fixed time period for construction with provision for Liquidated Damages to be applied to late practical completion.

Following its meeting on 6 October 2004, at which the Council approved the award of Contract SP02504H Waitakere Central Civic Centre Construction, construction progress has been reported monthly to the Projects Special Committee. These reports provided updated construction status and included progress relating to the assessment and secondary design measures required to effectively isolate freight train ground vibrations.

In summary, while primary measures to isolate the buildings from freight train ground vibrations were introduced into the design process, the designers flagged the necessity of undertaking further in-situ tests on installed piles in order to determine the extent of any secondary vibration isolation measures. Coupled to this, indication from NZ RailCorp that their double tracking project could permit speeds of future freight trains up to 80 km/h, required an adjustment of design parameters relating to freight train ground vibration.

In-situ vibration test results together with revised design parameters necessitated partial redesign of piling, ground floor slabs and associated services, which impacted on the construction programme. During the assessment and redesign process, the design team worked in close collaboration with Canam Construction Limited (Canam) in order to minimise the impact on the construction programme. However, Canam's revised programme for the above works and minor miscellaneous contingent construction issues resulted in an extension of time claim submitted by Canam. This claim was initially based on the concept detail available at the time and later adjusted when the detailed design measures became available.

Estimated cost and time impacts of this claim were reported in the monthly status reports to the Projects Special Committee from 3 March 2005.

ASSESSMENT OF CLAIM

As a result of in-situ assessment for secondary vibration isolation measures, delays caused to critical path construction activities were assessed by Canam and submitted as a claim for extension of time for the construction works. The Council's project team, including an expert in construction programming, evaluated the claim and provided a professional assessment.

The claim together with the professionally evaluated assessment from the Council's project team is quantified in Table 1 below:

CLAIM ASSESSMENT			
Item	Description	Time Claimed (working days)	Professional Assessment (working days)
1	Location of existing pipeline in ex-rail land	3	Nil
2	Piling work at grids A12-A16	8	4 (prov.)
3	Revision of drainage design	2	2
4	Obstruction to pile 18 by in-situ rock	5	1
5	Redesign to ground floor slab A1-A16 (based on concept detail).	13 (prov.)	13
6	Subsequent assessment to item 5 based on detailed design information including services and under floor pre-cast ducting.	13	10 (time at nil cost to the Principal)
Totals		44	30

Table 1 - Claim Assessment

NEGOTIATED SETTLEMENT OF CLAIM

Subsequent negotiations were held with Canam to negotiate and reach formal settlement of this claim. Individual items forming the claim were evaluated by the Council's project team and Canam and a mutually acceptable agreement was reached, which was determined by both parties to be in fair settlement of the claim. The Council's project team recognised Canam's concern at their risk of Liquidated Damages being applied for late completion and an agreement was reached to defer the application date of Liquidated Damages to 2 weeks following practical completion. The agreed settlement is quantified below:

- Extension of time at scheduled P&G daily rate: 20 working days
- Extension of time at nil cost: 10 working days
- Deferment of application of Liquidated Damages: 2 weeks following Practical Completion

The excellent working relationship that currently exists between the Council and Canam has been maintained throughout this negotiation process. This relationship has been pivotal in the successful outcome of the ongoing value engineering programme which has achieved substantial cost savings on the project to date. The Council's project team values and encourages this working relationship with Canam and recognises the benefit that the project and the Council receives from it.

CONTRACT VARIATION VALUE

In accordance with the conditions of the contract, provision is made for variations to the contract time period at a daily rate cost for preliminary and general items at \$8,890 per day. As agreed above, an extension of time of 20 working days at this daily rate results in a variation cost of \$177,800, which equates with the estimated value previously reported to the Projects Special Committee for this item.

The combined results of value engineering and contingent expenditure on the contract to date allow for the cost of this variation to be accommodated within the contract contingency sum, yielding net expenditure to date, inclusive of this variation cost, of 14% of the contingency sum. No additional project funding is required.

TIMELINE AND FINANCIAL STATUS

Current timeline and financial status for the construction contract are provided in Tables 2 and 3 below:

TIMELINE STATUS			
Key contract dates / times	As at contract award 10/ 2004	Change	As at May 2005
Acceptance of Tender	7 October 2004	-	7 October 2004
Contract Commencement	3 November 2004	-	3 November 2004
Contract Period	350 working days	-	350 working days
Extension of Time (costed at tendered daily rate)	-	20 w.d.	20 working days
Extension of Time (at no cost)	-	10 w.d.	10 Working days
Due Date for Completion (Practical Completion)	12 April 2006	(30 w.d.)	29 May 2006
Due Date for Liquidated Damages Application	12 April 2006	PC + 2 wks	9 June 2006
Fit Out and Commissioning (10 working days)	1 May 2006	-	13 June 2006
Contingency Time	33 working days		23 working days
“The Move” (To be conducted on a week-end)	17/18 June 2006	20 w.days	15/16 July 2006

Table 2 - Timeline Status

FINANCIAL STATUS			
Project Costs	As at contract award 10/04	Change	As at May 2005
Net Tender Sum	\$36,042,399	-	\$36,042,399
Primary Vibration Isolation Measures	\$243,800	-	\$243,800
Tender Award Value (excl. contingency)	\$36,286,199		\$36,286,199
Secondary Vibration Isolation Measures	\$200,000	\$208,716	\$408,716
Contract Variations	-	\$379,552	\$379,552
Value Engineered Savings	-	(\$479,966)	(\$479,966)
Extension of Time (20 w.days at \$8,890 per day)	-	\$177,800	\$177,800
Contingency Sum	\$2,000,000	(\$286,102)	\$1,713,898
Total Construction Cost (incl. contingency)	\$38,486,199		\$38,486,199

Table 3 - Financial Status

FINANCIAL DELEGATION

As the most significant building project undertaken by the Council to date, the Waitakere Central Civic Centre requires extraordinary and unprecedented levels of financial decision making from the Project Sponsor in the normal course of contract management. By nature of the fast pace of construction contracts of this scale, expedient decisions are required on an ongoing basis in order to minimise risk of over expenditure and time delay.

The Council policy limits the cumulative value of variations awarded by individual officers during any three month period to the financial delegation set for individual officers. On a contract of this scale, this condition would be met in the normal course of contract management, on an ongoing basis. Currently, financial decisions which exceed the Project Sponsor's delegation level must be reported through the Tenders Subcommittee. The time required by this decision making process is inappropriate in the construction industry and exposes the Council to extraordinary high levels of financial risk and potential time delays to the construction project.

To put these values in perspective, consideration should be given to the expected cash flow levels of this contract. It is expected that cash flow will reach approximately \$3 million per month during the major works portion of the contract. Delays to the critical path at this time could result in extraordinarily high financial claims from the contractor.

In order to minimise the abovementioned risks, a more expedient financial decision making process is required for the duration of this project. To this end, a temporary extension of the Project Sponsor's financial delegation to a delegated value of \$1 million is sought from the Tenders Subcommittee to approve and issue future variations to the construction contract within the contingency sum approved by the Council. Ongoing monthly contract status reports to the Projects Special Committee will provide regular opportunity for review of this process, while permitting the Council to avoid exposure to the significant risks stated above.

CONCLUSION

As a result of secondary vibration isolation measures determined from vibration tests carried out on in-situ piles, certain portions of the piling, ground floor slabs and associated services required amendments and additional works. This process resulted in design amendments, additional works and extension of time to the construction programme.

Close collaborative working relations with Canam resulted in a mutually acceptable outcome from a negotiated claim for extension of time to the construction programme. The cost of the extension of time has been minimised through the ongoing good working relationship existing between Canam and the Council's staff. The value of the resulting contract variation and agreed time extensions has been deemed by both parties to be a fair assessment of the value of additional work and related time requirements.

The net cost effect of all variations to date combined with the ongoing value engineering programme has resulted in a net 14% expenditure of the contingency sum to date, inclusive of the cost of this variation. In terms of general industry practice, this would be considered to be a healthy financial status.

Temporary financial delegation is sought for the Project Sponsor to approve and issue future variations to this contract, within the contingency sum approved by the Council to a delegated value of \$1 million.

RECOMMENDATIONS

1. That the Contract No. SP02504H - Waitakere Central Civic Centre - Construction: Contract Variation report be received.
2. That a variation for Contract No. SP02504H - Waitakere Central Civic Centre - Construction in the sum of \$177,800.00 plus \$22,225.00 GST, totalling \$200,025.00 be approved.
3. That authority to issue a contract variation in the value of \$177,800.00 excl. GST to Contract No. SP02504H - Waitakere Central Civic Centre - Construction Contract Variation on behalf of the Council, be delegated to the Director: City Services.
4. That authority to approve and issue future contract variations on behalf of Council to a delegated value of \$1 million for Contract No. SP02504H Waitakere Central Civic Centre - Construction Contract Variation , within the overall contingency sum of \$2 million, be delegated to the Director: City Services.

Report prepared by: John Schermbrucker, Special Projects Manager.



8 WAITAKERE CENTRAL - HENDERSON TRANSPORT INTERCHANGE DESIGN

PURPOSE OF THE REPORT

The purpose of this report is to seek authorisation from the Tenders Subcommittee for execution of:

- a contract with Architectus Bowes Clifford Thomson Limited (Architectus) for the developed and detailed design of components of the Waitakere Central - Henderson Transport interchange and services as engineer to the contract; and
- a contract with WT Partnership New Zealand Limited (WT Partnership) for quantity survey services in relation to the Waitakere Central - Henderson Transport Interchange.

BACKGROUND

Architectus were engaged to undertake concept design for the development of Waitakere Central, which included aspects of the transport interchange, in early 2004. These designs were the basis for a funding application to Infrastructure Auckland. Given the close fit between the station precinct and the civic development, and the importance of the link bridge to the design of the Civic Centre, a decision was made for Waitakere City Council to lead the design work for the transport interchange. WT Partnership were engaged to undertake the quantity survey work in relation to the concept design given their role in undertaking quantity survey work for all other stations being developed within the Auckland network.

Through a competitive tender, the Council engaged Architectus to design the Civic Centre project, which included a concept plan for the connection with the rail and bus interchanges. WT Partnership provided costings in relation to the concept design.

At its meeting on 12 November 2004 the Tenders Subcommittee received a report seeking approval of a preferred contractor arrangement in relation to Architectus and WT Partnership. The following resolutions were made:

- "2. That officers seek Auckland Regional Council agreement to waive the condition of the Infrastructure Auckland grant in relation to a competitive tender for the design component.
3. That officers seek Auckland Regional Council agreement to waive the requirement of a competitive tender (or acknowledge that this condition will be satisfied using a similar process to that carried out by the Council in relation to selected contractors for the Civic Centre project).
4. That the Chief Executive be given authority to negotiate a contract with Architectus for developed design, subject to prior agreement by the Auckland Regional Council to vary the conditions of the funding grant for the Waitakere Central - Henderson Transport Interchange, and that this be reported back to the Tenders Subcommittee for approval prior to the contract being entered into.
5. That the Chief Executive be given authority to negotiate a contract with WT Partnerships for quantity survey, subject to prior agreement by the Auckland Regional Council to vary the conditions of the funding grant for the Waitakere Central - Henderson Transport Interchange, and that this be reported back to the Tenders Subcommittee for approval prior to the contract being entered into.
6. That the Chief Executive be given authority to enter into discussions with Canam in relation to a negotiated contract for the construction of the transport interchange (excluding the platform and amenities, trackwork, signals, railbridge at Henderson Valley Road)."

STRATEGIC CONTEXT

Development of the rail network is a key component of meeting Council's strategic goals, particularly given that the rail network runs through some of the City's main town centres. Development of the rail network and its integration with other transport modes are key components of meeting the goals of the Regional Land Transport Strategy and the Regional Growth Strategy.

Station location, development, and linkages are important parts of developing the rail network. Stations are the key interface between the rail corridor, town centres and communities. Given the importance of the Henderson Town Centre, and the level of development occurring, including the Waitakere Central Library, Unitec, Waitakere Central and the many other private sector developments, the linkages that the station makes between rail, other public transport, surrounding development and the Henderson Town Centre are critical.

ISSUES

The contract with Architectus is in relation to the developed and detailed design of components of the Waitakere Central - Henderson Transport Interchange and services as engineer to the contract. The total contract price is \$474,830 plus GST.

The contract with WT Partnership is for quantity survey services in relation to the Waitakere Central - Henderson Transport Interchange. The total contract price is \$109,000 plus GST.

Architectus and WT Partnership have carried out substantial work on the basis of the contracts which they have signed but have yet to be signed by the Council.

A peer review of the Architectus contract has been carried out and indicated that the amount of the fees is reasonable and consistent with the rates charged in relation to the Civic Centre project and industry standards.

An update on costs incurred in relation to the project was provided to the City Development Committee at its meeting on 5 May 2005. Payments to date in relation to the design work and quantity surveying services total \$253,892.50 (plus GST), comprising:

\$118,950.00 (plus GST) developed design
\$134,192.50 (plus GST) progress payment on detailed design
\$750.00 (plus GST) quantity surveying services

The Tenders Subcommittee resolved at its meeting:

"That the engagement of Architectus to carry out the Design work be endorsed."

754/2005

The Infrastructure Auckland grant has a number of conditions including the requirement for a competitive tender in relation to components covered by the grant, including design. Auckland Regional Transport Authority confirmed in a letter dated 25 February 2005 that it "accepted that integration of the Henderson Station with the Civic Centre development is of primary importance and sufficient reason for the Council to engage Architectus in advance of uplifting the grant."

There is an outstanding condition relating to the grant regarding the requirement to reduce costs at other train stations. This matter is still under discussion and an alternative funding proposal has been requested from Auckland Regional Transport Authority. Although there remains uncertainty whether the design costs could be recovered from the Infrastructure Auckland grant, it is essential that these costs are met by the Council in order for the detailed design work to be completed.

RESOURCES

In April 2004 Infrastructure Auckland offered a grant of up to \$9,565,000 in relation to the transport interchange and double tracking works. Conditions relating to this grant have yet to be agreed by the Council and other parties.

Council has included \$960,000 in the Annual Plan 2004/2005 and \$2,218,048 in the 2005/2006 draft Annual Plan. An application for a further \$3,000,000 has been made to Land Transport New Zealand to provide the balance of funding required for the project.

Payments in relation to the design work and quantity survey work have been made out of the \$960,000 budget.

CONCLUSION

Substantial progress is being made in the design of the Waitakere Central - Henderson Transport Interchange. The ongoing involvement of Architectus and WT Partnership will allow for continued consistency between the Civic Centre and the transport interchange projects.

RECOMMENDATIONS

1. That the Waitakere Central - Henderson Transport Interchange Design report be received.
2. That the arrangements entered into with Architectus Bowes Clifford Thomson Limited for developed design, detailed design and engineer to the contract services in relation to the Waitakere Central Henderson Transport Interchange project be confirmed and authorisation be given to the Director: Strategy & Development to enter into a formal contract.
3. That the arrangements entered into with WT Partnership New Zealand Limited for quantity surveying services in relation to the Waitakere Central Henderson Transport Interchange project be confirmed and authorisation be given to the Director: Strategy & Development to enter into a formal contract.

Report prepared by: Kevin Wright, Manager Transport Strategy.

