



Waitakere City Council  
*Te Taiao o Waitakere*

## AMENDED NOTICE OF MEETING

# TENDERS SUBCOMMITTEE

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

**DATE:**            Friday                    28 July 2006                    **REVISED TIME:** 10.30 am

**REVISED 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.

20 July 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, 28 JULY 2006, COMMENCING AT 10.30 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 CONTRACT NO. SP04002D - CIVIL DEFENCE EMERGENCY MANAGEMENT HEADQUARTERS UPGRADE - ARCHITECTURAL SERVICES - EXTENSION TO ENGAGEMENT**

**PURPOSE OF THE REPORT**

The purpose of this report is to seek approval to extend the engagement of Architectus Bowes Clifford Thomson (Architectus) to provide architectural services for the completion of the Civil Defence Emergency Management Headquarters Upgrade project and approve the acceptance of their lump sum fee offer of \$178,385 plus GST.

**BACKGROUND**

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

At its meeting in August 2005 Council resolved:

- “1. *That work on a preliminary concept and feasibility for a new Civil Defence Emergency Management Headquarters be commenced and reported back to Council for consideration at the earliest opportunity.*”

1590/2005

Subsequently, architectural and other professional services were engaged for the project. At its meeting on 25 November 2005, the Tenders Subcommittee resolved:

- “2. *That approval be given for the issuing of a sole invitation to tender for the Civil Defence Emergency Management - Emergency Operations Centre project based on the excellent track record of Architectus Bowes Clifford Thomson (and the results of the benchmarking process relating to the costs).*
3. *That approval be given to engage Architectus Bowes Clifford Thomson to provide architectural services for the new Civil Defence Emergency Management - Emergency Operations Centre Project.”*

2306/2005

A preliminary design report was submitted to Council on 19 April 2006 for consideration. Council resolved:

- “1. *That approval is given to proceed with the new Civil Defence Emergency Management - Emergency Operations Centre project, based on the preliminary design report.*
2. *That further funding of \$761,000 be recommended for inclusion in the 2006/2007 Annual Plan for the Civil Defence Emergency Management - Emergency Operations Centre project for consideration by the Long Term Council Community Plan and Annual Plan Special Committee and that a report on the desirability of those features not at present in this sum be presented to the Long Term Council Community Plan and Annual Plan Special Committee during the final round of discussions in May/June 2006.”*

652/2006

Following consideration by the Long Term Council Community Plan and Annual Plan Special Committee, sufficient funding has been provided for in the Long Term Council Community Plan to complete this project.

At its meeting on 5 July 2006, the Projects Special Committee resolved:

- “2. *That approval to proceed to the detailed design stage of the project be provided.*
3. *That an array of photovoltaic cells at an approximate cost of \$16,500 be included in the design for the Emergency Operating Centre, and that if additional budget is required to fund this item, a report be submitted through the six-monthly budget review process recommending provision of additional funding.”*

1324/2006

## **SCOPE OF WORK**

Architectus has now completed preliminary and significant developed design work. The scope of architectural services for the completion of the Civil Defence Emergency Management Headquarters Upgrade project comprises the following:

Completion of project:

- Finalise developed design;
- Resource Consent process;
- Detailed design/contract documentation;
- Construction supervision;
- Contract administration.

The Architect is to act as the Principal Consultant and engage the necessary engineers, planners and surveyors as sub-consultants. This will continue the arrangements of the preliminary design phase.

### EXTENSION OF CONTRACT ENGAGEMENT

The contract entered into with Architectus envisaged a two stage commission, the first for the initial design phases, with the second comprising the detailed design to project completion. This was to enable Council to evaluate the design and cost prior to committing to construction of the project. Now that Council has committed to the project, it is appropriate to formally confirm the second part of the design contract.

As previously reported to the Tenders Subcommittee the overall fee for the project (i.e. stage 1 and stage 2 combined) was expected to be within 11-12% of the estimated construction value. This percentage is in line with the pre-tender expectations of the project manager for a project of this scale.

Architectus has submitted a total lump sum fee of \$178,385 plus GST for the stage two architectural services as detailed above. When previous architectural fees of \$19,500 for the preliminary design are taken into account the overall cost of architectural services compares favourably with the projected cost of \$207,447 reported to Project Special Committee in July 2006, and against industry benchmarking work undertaken. The total cost of architectural services represents approximately 10.9% of estimated construction value of this project which is below the expected percentage of 11-12%.

On this basis it is recommended that the offer be accepted.

### SUMMARY

Council has resolved to proceed with the Civil Defence Emergency Management Headquarters Upgrade project. In order to complete the project it is necessary to extend the engagement of the architectural service provider and lead consultant, Architectus, by confirming the acceptance of their fee offer.

### SOURCE OF FUNDING

Budget Description (from Annual Budget item)	Codes	Budget	Committed to Other Projects	Allocation to This Project	Unallocated Balance
New Civil Defence Headquarters	75-9210-49570	\$2,511,132	Nil	\$178,385	\$2,332,747

## **RECOMMENDATIONS**

1. That the Contract No. SP04002D - Civil Defence Emergency Management Headquarters Upgrade - Architectural Services - Extension to Engagement report be received.
2. That the fee proposal from Architectus Bowes Clifford Thomson for Contract No. SP04002D - Civil Defence Emergency Management Headquarters Upgrade - Architectural Services contract in the sum of \$178,385 plus \$22,298.12 GST, totalling \$200,683.12 be accepted.

Report prepared by: Steve Burris, Special Projects Engineer.



## **4 DOUGLAS TRACK AND FIELD GRANDSTAND PROJECT - APPROVAL TO NEGOTIATE WITH CANAM CONSTRUCTION LIMITED**

### **PURPOSE OF THE REPORT**

The purpose of this report is to seek the approval of the Tenders Subcommittee to allow The Trusts Stadium to negotiate directly with Canam Construction Limited, which will ensure eligibility to access Council's contribution for this project.

### **BACKGROUND**

Douglas Track and Field, situated at The Trusts Stadium, Central Park Drive, is Waitakere City's premier sports field for sports and events. The Trusts Stadium has undergone significant development over the past two years with the redevelopment of Douglas Track and Field to that of a first class sand slit playing field and international standard all weather athletics track, the building of two further slit fields, the Chris Timms jetty, playground, car parking for 250 vehicles and extensive landscaping.

Early in 2006 council officers and The Trusts Stadium partnered in the production of a preliminary study looking at the feasibility of building a 3,000 seat grandstand with function room and corporate host capability, on Douglas Track and Field replacing the existing concrete terraces. Budget of \$5 million is in the Long Term Council Community Plan to be provided for the Grandstand construction and was given on the provision that The Trusts Stadium matched this sum (thus creating a total funding envelope of \$10 million) and that they complied with policies and procedures of Waitakere City's Procurement Manual.

A1-A3

The Trusts Stadium has now written to the Chief Executive Officer as attached at pages A1 to A3, seeking support in their request to obtain permission to negotiate directly with Canam Construction Limited. Whilst this is a deviation from Waitakere City's Procurement Manual, The Trusts Stadium and Council believe that significant benefits to the projects success can be obtained by negotiating with a preferred supplier as opposed the public tender method of procurement.

### **STRATEGIC CONTEXT**

The building of the Grandstand at The Trusts Stadium meets Council's Strong Innovative Economy strategic platform by attracting national and internationally significant events into the City.

## ISSUES

Funding support for this project has been provided on the basis that The Trusts Stadium complies with Council's Procurement Manual however, The Trusts Stadium believe that the principles behind Council's policy when procuring goods works and services can be fulfilled without the need for public tender.

The Trusts Stadium propose the use of Canam Construction Limited as their preferred supplier on the basis of the company's proven track record and the success of The Trusts Stadium project. Whilst the tender process for The Trusts Stadium project started out as a public tender process, the process evolved through necessity to become a negotiated process, because the public tender process failed to deliver an affordable price. The subsequent negotiation process with Canam Construction Limited resulted in their Director Nick Page becoming an integral part of the project team and the benefits of his construction experience significantly contributed to the success of the overall project. The Trusts Stadium want to repeat the success of this project and to achieve this the same partnership with Council has been formed and the same design team has been engaged for the preliminary design study. The Trusts Stadium feel that the bringing Canam Construction Limited into the design team at the earliest possible stage will further enhance the chances of success and provide the following benefits:

- A true team approach to the project by all parties;
- The contractor has buy-in to the project which leads to shared goals and objectives with the project sponsor;
- The value engineering process can begin in the design phase which will provide major benefits utilising the contractor's experience which will improve buildability and bring more efficiencies to the construction;
- Both parties are aware of margins and are able to agree on those margins;
- Because of the team approach and previous history the design team will be more efficient at problem solving;
- By involving the contractor in the design process the buildability of the project is maximised, greatly enhancing the chances of completing the project on time and within budget.

It is the goal of The Trusts Stadium to have the grandstand built in time for key sporting events in March 2008. In order to achieve this, the project needs to be completed during December 2007. A full tender process will add months to this timeline and, based on previous experience, may not even provide a suitable result. By progressing with direct negotiation there is a greater chance of keeping this timeline intact.

To uphold the principles behind the Council's procurement policy The Trusts Stadium propose to develop a formal negotiation document, which is to be agreed by both The Trusts Stadium and Council staff. The negotiation process will also be subject to due diligence and the evaluation team will be selected from Stadium and Council staff. By entering into this process it doesn't guarantee that Canam will automatically be awarded the contract.

Initial negotiations would seek to achieve a consensus in regard to Canam Construction Limited's margin and, as part of the proposed process the costs could be benchmarked to ensure value for money. Once The Trusts Stadium and Council is satisfied that the costs are fair and reasonable they will be fixed for the duration of the project. Thereafter the sub-contract packages, which comprise most of the building (approximately 80-90%), would be selectively tendered by Canam Construction Limited to ensure competitiveness and fairness. This approach would allow the project team to be involved in the tender process, be party to all cost information and have input into the selection of sub-contractors.

An open book negotiation process with Canam Construction Limited together with a peer review by an independently appointed Quantity Surveyor will further help to ensure that Council and The Trusts Stadium receive optimum value for its investment.

## **RESOURCES**

\$15,000 was allocated from the 2005/2006 Annual Plan 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.

## **CONCLUSION**

In regard to Council's procurement principles the following will be achieved through direct negotiation with Canam Construction Limited:

- The right outcome and best value for money can be achieved through working with Canam Construction Limited who have a proven record of working with The Trust Stadium to deliver on time, budget, quality and safety standards;
- Value engineering can take place during the design phase which will provide for greater efficiencies than if undertaken further along into the process;
- Management of risk while being innovative is addressed through this team approach where costs are viewed on an open book manner and a team approach is taken to problem solving;
- Fairness can be demonstrated in that up to 90% of the costs will be competitively tendered through the sub-trades;
- Best management practice has already been demonstrated with Canam Construction Limited in its performance with the construction of the Trusts Stadium.

In addition to these points it is believed that the involvement of Canam Construction Limited during the early stages of the design process will greatly enhance the speed at which design issues can be solved and help to enhance ease of construction. These benefits will increase the probability of completing this project within budget and by the desired deadline of early 2008.

The approval being sought to negotiate directly with Canam Construction Limited is to be given on the basis that Nick Page is involved in the project team and that a formal negotiated process will follow and the outcome will not necessarily guarantee the award of the tender.

## **RECOMMENDATIONS**

1. That the Douglas Track and Field Grandstand Project - Approval to Negotiate with Canam Construction Limited report be received.
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.

Report prepared by: Steve Burris, Special Projects Engineer.

