



Hastings District Council

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OPEN AGENDA

TENDERS SUBCOMMITTEE MEETING

Meeting Date: **Thursday, 23 August 2012**

Time: **9.00am**

Venue: **Guilin Room
Ground Floor
Civic Administration Building
Lyndon Road East
Hastings**

Subcommittee Members	Chair: Councillor Kerr Mayor Yule Councillors Henderson, Lester, Nixon and Twigg (Deputy Chair) Chief Executive, Ross McLeod and Group Manager: Asset Management, David Fraser
Officer Responsible	Group Manager: Corporate and Customer Services – Mr Mike Maguire
Committee Secretary	Carolyn Hunt (Ext 5634)

Tenders Subcommittee – Terms of Reference

A Subcommittee of the Finance and Monitoring Committee

Fields of Activity

The Tenders Subcommittee is responsible for assisting council in its general overview of procurement and tender activity by accepting tenders which exceed the Chief Executive's delegated authority to approve, for projects previously approved by Council or a Standing Committee within the delegated authority.

Membership

Chairman appointed by the Council
4 members appointed by the Council
Chief Executive
Group Manager Asset Management

For the avoidance of doubt the references in this delegation to the 'Chief Executive' and 'Group Manager: Asset Management' extends to include any persons from time to time appointed in writing to those roles in an acting capacity.

Quorum – Any four members.

Delegated Powers

Authority to accept tenders for individual projects previously approved by the council or a standing committee of the council up to a value of \$7,000,000

Responsibility to provide oversight and direction on tendering processes in general and/or specific issues relating to a particular project

The Committee reports to the Finance and Monitoring Committee

HASTINGS DISTRICT COUNCIL
TENDERS SUBCOMMITTEE MEETING

THURSDAY, 23 AUGUST 2012

VENUE: Guilin Room
Ground Floor
Civic Administration Building
Lyndon Road East
Hastings

TIME: 9.00am

A G E N D A

1. Apologies

At the close of the agenda no apologies had been received.

2. Conflict of Interest

Members need to be vigilant to stand aside from decision-making when a conflict arises between their role as a Member of the Council and any private or other external interest they might have. This note is provided as a reminder to Members to scan the agenda and assess their own private interests and identify where they may have a pecuniary or other conflict of interest, or where there may be perceptions of conflict of interest.

If a Member feels they do have a conflict of interest, they should publicly declare that at the start of the relevant item of business and withdraw from participating in the meeting. If a Member thinks they may have a conflict of interest, they can seek advice from the Chief Executive or Group Manager Corporate & Customer Services (preferably before the meeting).

It is noted that while Members can seek advice and discuss these matters, the final decision as to whether a conflict exists rests with the member.

3. Confirmation of Minutes

Minutes of the Tenders Subcommittee Meeting held 28 June 2012.
(Previously circulated)

4. Tender Recommendations: CON2011050 - Park Road North Reconstruction

5. Additional Business Items

6. Extraordinary Business Items

REPORT TO: TENDERS SUBCOMMITTEE

MEETING DATE: THURSDAY 23 AUGUST 2012

**FROM: TRANSPORTATION MANAGER
JAG PANNU**

**SUBJECT: TENDER RECOMMENDATIONS: CON2011050 - PARK ROAD
NORTH RECONSTRUCTION**

SUMMARY

- 1.1 The purpose of this report is to gain the subcommittee's approval to award CON2011050 – Park Road North reconstruction.
- 1.2 This work involves the full road reconstruction of Park Road North between St Aubyn Street and Terrace Road.
- *** 1.3 The full report of the tender evaluation team is attached as **Appendix 1**.
- 1.4 The author has reviewed the process and is satisfied that it complies with Council's requirements.
- 1.5 This report concludes by recommending that Contract CON2011050 – Park Road North Reconstruction be awarded to Russell Roads at the tendered price of \$621,645.10 (excl. GST).

BACKGROUND

- 2.1 The works are required because the road and sewer infrastructure are at the end of their economic life.
- 2.2 The works form part of the LTP renewals budgets.
- 2.3 Tenders were invited under the "Lowest Price Conforming" method. Three conforming tenders were received.

Name of Tenderer	Tendered Price
1. Russell Roads	\$621,645.10
2. Higgins Contractors	\$678,256.91
3. Infracon Limited	\$758,497.27

- 3.2 The Engineer's Estimate for the tendered works was \$739,276.60. The main differences between the Engineer's Estimate and the tendered price were the stormwater, concrete and pavement construction rates.

FINANCIAL IMPLICATIONS

- 3.1 Asset Managers for the various services council provides to the community are charged with the responsibility of managing the works identified in Council's Annual Plan within the budget allocations Council has assigned to the activity involved.
- 3.2 This is achieved by monitoring expenditure and making appropriate adjustments and predictions throughout the year as actual charges are brought to account.

If, as a consequence of expenditure incurred, a funding shortage appears likely, the Asset Manager will report to the Works and Services Committee seeking approval to either expend unbudgeted funds or agreement to defer other works proposed in the Annual Plan in order to free up the required funds.

- 3.3 It is currently anticipated that the full programme of works will be delivered. If, at any point, it becomes clear that this cannot be achieved, a report on the impact of any adjustments on the programme proposed in the Annual Plan will be made to the Works and Services Committee.
- 3.4 Funds for the works identified in this contract come from within Council's budget allocations for Transportation and Water Services renewals.
- 3.5 The tender evaluation has compared the funds originally identified in the preliminary estimates to prices received in the contract tender for the various components of work to be delivered. This identified that preliminary estimates allowed sufficient funds for all proposed works in the Wastewater, Stormwater, Subsidised and Unsubsidised Roading categories. This is summarised in the following table.

Budget Area	Tender Cost	Ancillary Costs	Total Project Cost	Funds Allocated	Variance
Subsidised Roading	\$248,738.10	\$19,254.76	\$267,992.86	\$275,000.00	\$7,007.14
Unsubsidised Roading	\$120,229.00	\$61,927.58	\$182,156.58	\$195,000.00	\$12,843.42
Stormwater	\$60,070.00	\$37,743.00	\$97,813.00	\$176,000.00	\$78,187.00
Wastewater	\$192,608.00	\$24,530.00	\$217,138.00	\$240,700.00	\$23,562.00
Total	\$621,645.10	\$143,455.34	\$765,100.44	\$886,700.00	\$121,599.56

NOTE: NZS 3910:2003 Conditions of contract for building and civil engineering construction provides for certain events and circumstances to be treated as variations, resulting in additional costs and time extensions. The Contract price includes a Contingency Allowance of \$70,000.

RECOMMENDATION

- A. That the report of the Transportation Manager titled "Tender Recommendations: CON2011050 - Park Road North Reconstruction" dated 23/08/2012 be received.
- B. That Contract CON2011050 – Park Road North Reconstruction be awarded to Russell Roads at the tendered price of \$621,645.10 (excl. GST).

Attachments:

- 1 Appendix 1 - Tender Evaluation Team Report PRJ11-9-0053

MEMORANDUM

TO: TRANSPORTATION MANAGER – JAG PANNU

DATE: 13 AUGUST 2012

FROM: PROJECT MANAGER – DEREK BENSEMANN (MWH)

SUBJECT: TENDER RECOMMENDATION: CON2011050 – PARK ROAD NORTH RECONSTRUCTION

1.0 SUMMARY

- 1.1 The purpose of this report is to provide supporting information for the Transportation Manager to gain the Subcommittee's approval to award CON2011050 – Park Road North Reconstruction.
- 1.2 Tenders were called under the Hastings District Council's prequalification system. The work was classified as Class 1, with a work category of Complex A for Road construction, Simple B for Sewer construction, Simple B for Storm water construction and Simple B for Water construction.
- 1.3 Tenders were invited under the "Lowest Price Conforming" method. Three conforming tenders were received.
- 1.4 This report concludes by recommending that CON2011050 – Park Road North Reconstruction be awarded to Russell Roads at the tendered price of \$621,645.10 (excl. GST).

2.0 BACKGROUND

- 2.1 This contract involves the full road reconstruction of Park Road North between St Aubyn Street and Terrace Road. The work is included in the 2012/15 LTP and budgets have been approved by Council as part of the 2012/13 Annual Plan.
- 2.2 The reason for the work is that the road and sewer infrastructure are at the end of their economic life.
- 2.3 This project is programmed to start on the 3 September 2012 and it is anticipated that completion will be on the 21 December 2012.

- 2.4 Only Tenderers qualifying for the highest work category may tender for the Contract, in this case Roothing Complex A. The Prequalified Tenderers invited to submit tenders are listed below:

Invited Tenderers
Higgins Contractors Ltd
Russell Roads
Downers EDI Works
Infracon – Hawke’s Bay
Fulton Hogan
QRS (Wairoa)

3.0 TENDERS RECEIVED

- 3.1 Tenders for the above contract closed at 4.00pm on Wednesday 8 August 2012 and were opened in the presence of Peter Woodroffe and Robyn Comrie.
- 3.2 The tenders were recorded by Peter Woodroffe as follows:

Name of Tenderer	Tendered Price
1. Russell Roads	\$621,645.10
2. Higgins Contractors	\$678,256.91
3. Infracon Limited	\$758,497.27

- 3.3 The Engineer’s Estimate for the tendered works was \$739,276.60. The main differences between the Engineer’s Estimate and the tendered price were the stormwater, concrete and pavement construction rates.

4.0 TENDER PROCESS

- 4.1 Tender documents indicated that the successful Tenderer would be determined based on the Prequalification - Lowest Price Conforming Method of the New Zealand Transport Agency Competitive Pricing Procedures.

5.0 TENDER EVALUATION PROCESS

- 5.1 The evaluation was carried out by Graeme McHattie (Certified Evaluator - MWH), Ansonica Botha (HDC) and Derek Bensemman (MWH).
- 5.2 The evaluation team confirm that none of them have personal relationships with any owners, directors or employees of the companies listed above, or any financial or commercial interest in any of the companies that would create a conflict of interest with respect to this tender evaluation process.

- *** 5.3 A copy of the evaluation information is appended to this report.

6.0 FINANCIAL IMPLICATIONS

- 6.1 The works are to be funded from within the Council's financial allocations for Park Road North Reconstruction in the 2012/2013 capital works assignments.
- 6.2 The table below shows project costs for the 2012/2013 financial year and compares the costs anticipated as a result of this tender to the allocated funds. (The allocated funds are based on officers' preliminary estimates for the individual projects to develop the renewals budgets plus any adjustments made by the Asset Managers to the project budgets in the interim as the work programme is delivered). The design was carried out in the 2011/2012 and 2012/2013 financial years and the construction is programmed for the 2012/2013 year.
- 6.3 The funds Officers assigned for this Project are shown below:

Budget Area	Tender Cost	Ancillary Costs	Total Project Cost	Funds Allocated	Variance
Subsidised Rooding	\$248,738.10	\$19,254.76	\$267,992.86	\$275,000.00	\$7,007.14
Unsubsidised Rooding	\$120,229.00	\$61,927.58	\$182,156.58	\$195,000.00	\$12,843.42
Stormwater	\$60,070.00	\$37,743.00	\$97,813.00	\$176,000.00	\$78,187.00
Wastewater	\$192,608.00	\$24,530.00	\$217,138.00	\$240,700.00	\$23,562.00
Total	\$621,645.10	\$143,455.34	\$765,100.44	\$886,700.00	\$121,599.56

- 6.4 A Contract contingency of \$70,000 has been included in the above costs.
- 6.5 The "Ancillary Costs" items include design fees, auxiliary works by others outside the contract, site investigation works, and construction materials procured under the Pipe Supply Contract.

7.0 RECOMMENDATION

- A) That the report of the Alliance Projects Manager – titled "Tender Recommendation: CON2011050 – Park Road North Reconstruction" dated 13 August 2012 be received.
- B) That Contract CON2011050 – Park Road North Reconstruction be awarded to Russell Roads at the tendered price of \$621,645.10 (excl. GST).

