



Hastings District Council

Civic Administration Building
Lyndon Road East, Hastings

Phone: (06) 871 5000

Fax: (06) 871 5100

WWW.hastingsdc.govt.nz

OPEN

A G E N D A

TENDERS SUBCOMMITTEE MEETING

Meeting Date: **Thursday, 4 October 2012**

Time: **9.00am**

Venue: **Landmarks 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, 4 OCTOBER 2012

VENUE: Landmarks 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.

Leave of Absence had previously been granted to Councillor Twigg

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 20 September 2012.
(Previously circulated)

4. CON2012030 - Second Coat and Maintenance Resealing 2012-2014

- 5. Additional Business Items**
- 6. Extraordinary Business Items**
- 7. Recommendation to Exclude the Public from Item 8** **5**
- 8. Civic Square Redevelopment - Advancement of Project**

REPORT TO: TENDERS SUBCOMMITTEE

MEETING DATE: THURSDAY 4 OCTOBER 2012

**FROM: TRANSPORTATION OPERATIONS ENGINEER
BILL BLAIR**

**SUBJECT: CON2012030 - SECOND COAT AND MAINTENANCE
RESEALING 2012-2014**

1.0 SUMMARY

- 1.1 The purpose of this report is to obtain an approval from the Tenders Subcommittee on the award of Contract CON2012030 Second Coat and Maintenance Resealing 2012 to 2014.
- 1.2 Public tenders were invited and tenders closed at 4pm on 29 August 2012.
- 1.3 The Contract is expected to run from 1 October 2012 to 30 June 2014. Council have annual options to extend the Contract for a further 3 years with one year extensions, subject to a satisfactory annual review of the performance by the Contractor.
- 1.4 This report concludes by recommending that Contract CON2012030 Second Coat and Maintenance Resealing 2012 to 2014 be awarded to Downer New Zealand Ltd at the tendered price of \$4,781,529.97 (excl. GST).

2.0 BACKGROUND AND SCOPE OF WORK

- 2.1 This Contract is for the Second Coat and Maintenance Resealing of Council's Urban Plains (Rating Area 1) and Rural Network Roads (Rating Area 2) as described in the Contract Documents.
- 2.2 The Contract requires the implementation of applying new road surfacing within the Hastings Roding Network.
- 2.3 The Contract has a very strong emphasis on technical criteria such as job mix formulae design for new asphaltic concrete on intersections and roundabouts based on in depth pavement testing parameter analysis of existing pavements at the locations involved. The new surfacing treatment has to take into account best of whole of life cost. It was crucial that the Tenderers understood these requirements and could show that they were capable of achieving these outcomes. Tenderers were also advised that Council were looking to trial Emulsion Binders as a replacement for hot bitumen binders as a possible sustainable environmental and Health and Safety alternative and were required to state their experience and technical development in this area. As well as this the contractor is also responsible for design and construction of chip seal resurfacing.
- 2.4 The Contract physical works include Second Coat and Maintenance Resealing of existing roads and resurfacing of existing asphaltic concrete surfaces, with the majority of asphaltic concrete being intersections and roundabouts within the Urban and Plains area (DRA1).

2.5 The value of the work is fundamental to the day to day running of the transport asset and responding to ratepayer enquiries.

3.0 TENDERS RECEIVED

3.1 Tenders were publicly advertised on Tenderlink with tenders closing at 4pm on Wednesday 29 August 2012.

3.2 Three tenders for this contract were received from the following:

- Fulton Hogan Limited
- Downer New Zealand Ltd
- Higgins Contractors Limited

4.0 TENDER EVALUATION PROCESS

4.1 The Tender Evaluation Team (TET) comprised the following:

- Jag Pannu – Hastings District Council (HDC) Convener and TET Leader – Qualified CPP Evaluator
- Les Glock – Hastings District Council
- Bill Blair – Hastings District Council
- William Gray – Independent Evaluator

4.2 The tender evaluation was undertaken using the Price Quality Method (PQM).

4.3 Price quality is a supplier selection method where the quality attributes of suppliers are graded, and the preferred supplier is selected by balancing price and quality through the use of a formula.

4.4 The Price Quality Method is used in situations where the method of carrying out the work can have an impact on the overall life and performance of the asset being treated and the lowest price tendered may not be the best value service being offered.

4.5 The evaluation process required that each Tenderer submit 2 envelopes.

- Envelope 1 contained the Non Price Attribute information in accordance with the NZTA Procurement Manual requirements. The attribute weightings were nominated by Council. The attributes requested and the weightings were as follows:

❖ Relevant Experience	10%
❖ Track record	PASS/FAIL
❖ Relevant Skills	15%
❖ Resources	5%
❖ Methodology	20%
❖ Price	50%
- Envelope 2 contained the Tender Price form and the Schedule of Prices.

4.6 The Envelope 1 Non Price Attributes for each tenderer were graded and the supplier quality premiums (SQP) were calculated and confirmed. The SQP represents the extra amount that the approved organisation is prepared to pay

for a higher quality supplier. The Envelope 2 Tender form and Schedule of Prices remained unopened at this stage of the evaluation process.

- 4.7 The Scores resulting from the Evaluation of the non-price attributes were resulting in SQP values of:

Name of Tenderer	Score	SQP
Downer New Zealand Ltd	45	\$228,616.79
Higgins Contractors Limited	43	\$0.00
Fulton Hogan Limited	44	\$50,609.82

- 4.8 Following the confirmation of SQP the price envelopes of all three Tenders were opened and the prices summarised below:

Name of Tenderer	Tender Price (ex GST)	Value of Fixed Sums from the Schedule of Prices	Net Tender Price
Downer New Zealand Ltd	\$4,781,529.97	\$150,000.00	\$4,631,592.97
Higgins Contractors Ltd	\$4,638,624.26	\$150,000.00	\$4,488,624.26
Fulton Hogan Limited	\$6,147,144.01	\$150,000.00	\$5,997,144.01

Note: The Engineer's Estimate for the work covered by the Tender Price is \$5,385,498.94.

- 4.9 The prices were checked for consistency with the price schedule in the Request for Tender (RFT) and for any arithmetic errors. No errors were found.
- 4.10 The Tender Evaluation Team (TET) considered all submitted Tender attribute information and the Tenderer's presentations to the TET and although this resulted in close Price Quality Method scoring, Downer New Zealand Ltd clearly showed they have a greater capability to provide an enhanced service and this is reflected in them being assigned the highest SQP.
- 4.11 The SQP values were then deducted from the Net Tender Price (Tender Price less any fixed sums) to determine the lowest evaluation price. This is summarised in the following table:

Name of Tenderer	Net Tender Price	Less SQP Value	Evaluation Price
Downer New Zealand Ltd	\$4,781,592.97	\$228,616.79	\$4,552,976.18
Higgins Contractors Ltd	\$4,638,624.26	\$0.00	\$4,638,624.26
Fulton Hogan Limited	\$6,147,144.01	\$50,609.82	\$6,096,534.19

- 4.12 The preferred supplier is the supplier that presents the proposal that is within the RFT's scope and requirements, passes on all non-price attributes and has the lowest evaluation tender price.

4.13 Downer New Zealand Ltd is the preferred tenderer.

5.0 BUDGET

5.1 Council's Budget Allocation for the work covered by this Contract is as follows:

Budget Area	Total Budget	Tender Cost	Variance
DRA1 and DRA2	\$4,730,756.00	\$4,781,529.97	-\$50,773.90

5.2 The total budget in the table above reflects the NZTA cut in subsidy for the surfacing renewal work and the requirement for stabilisation of intersection pavement bases prior to resurfacing in asphaltic concrete resulting in a reduced resurfacing programme. This reduced budget has resulted in Council unable to deliver the full original programmed resurfacing work for this contract. A prioritised workshop on the effect of the subsidy cut on the resurfacing work will be held with Council in October 2012. The Variance (Total Budget minus Tender Cost) of -\$50,773.90 will need to be found from another maintenance budget or seek savings within the contract costs.

6.0 RECOMMENDATION

- A) That the report of the Transportation Operations Engineer titled "Contract CON2012030 Second Coat and Maintenance Resealing 2012 to 2014 dated 18 October 2012 be received.
- B) That Contract CON2012030 be awarded to Downer New Zealand Ltd at the tendered price of \$4,781,529.97 (excl GST).

Attachments:

There are no attachments for this report.

HASTINGS DISTRICT COUNCIL
TENDERS SUBCOMMITTEE MEETING
THURSDAY, 4 OCTOBER 2012

RECOMMENDATION TO EXCLUDE THE PUBLIC

SECTION 48, LOCAL GOVERNMENT OFFICIAL INFORMATION AND MEETINGS ACT 1987

THAT the public now be excluded from the following part of the meeting, namely:

8. Civic Square Redevelopment - Advancement of Project

The general subject of the matter to be considered while the public is excluded, the reason for passing this Resolution in relation to the matter and the specific grounds under Section 48 (1) of the Local Government Official Information and Meetings Act 1987 for the passing of this Resolution is as follows:

<i>GENERAL SUBJECT OF EACH MATTER TO BE CONSIDERED</i>	<i>REASON FOR PASSING THIS RESOLUTION IN RELATION TO EACH MATTER, AND PARTICULAR INTERESTS PROTECTED</i>	<i>GROUND(S) UNDER SECTION 48(1) FOR THE PASSING OF EACH RESOLUTION</i>
<p>8. Civic Square Redevelopment - Advancement of Project</p>	<p>Section 7 (2) (h) The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities. Impending commercial and contractual negotiations.</p>	<p>Section 48(1)(a)(i) Where the Local Authority is named or specified in the First Schedule to this Act under Section 6 or 7 (except Section 7(2)(f)(i)) of this Act.</p>