



Hastings District Council

Civic Administration Building
Lyndon Road East, Hastings

Phone: (06) 871 5000

Fax: (06) 871 5100

WWW.hastingsdc.govt.nz

OPEN AGENDA

TENDERS SUBCOMMITTEE MEETING

Meeting Date: **Thursday, 22 September 2016**

Time: **9.00am**

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

Subcommittee Members	Chair: Councillor Kerr Councillors Lyons, Lester, Nixon and Watkins (Deputy Chair) Chief Executive, Mr R McLeod, and Group Manager: Asset Management, Mr C Thew
Officer Responsible	Executive Advisor/Manager: Office of the Chief Executive (Mr M Maguire) (Quorum = 4)
Committee Secretary	Jackie Evans (Extn 5018)

Tenders Subcommittee – Terms of Reference

A Subcommittee of the Works and Services 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 \$8,000,000
Responsibility to provide oversight and direction on tendering processes in general and/or specific issues relating to a particular project

HASTINGS DISTRICT COUNCIL
TENDERS SUBCOMMITTEE MEETING
THURSDAY, 22 SEPTEMBER 2016

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

TIME: 9.00am

A G E N D A

1. Apologies

An apology from Councillor Lester has been received.

At the close of the agenda no requests for leave of absence 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 Executive Advisor/Manager: Office of the Chief Executive (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 Thursday 11 August 2016.
(Previously circulated)

4.	CON2016004 Hawke's Bay Crematorium Development - Engagement of contractor	5
5.	Provision of professional services to support aspects of the District Plan	11
6.	CON2016039 - Irongate Bulk Water Services (Water Supply and Wastewater)	17
7.	Additional Business Items	
8.	Extraordinary Business Items	

REPORT TO: TENDERS SUBCOMMITTEE

MEETING DATE: THURSDAY 22 SEPTEMBER 2016

**FROM: PARKS AND BUILDING PROJECTS OFFICER
TONY MCHANNIGAN**

**SUBJECT: CON2016004 HAWKE'S BAY CREMATORIUM
DEVELOPMENT - ENGAGEMENT OF CONTRACTOR**

1.0 SUMMARY

- 1.1 The purpose of this report is to seek approval from the Tenders Subcommittee to award Contract No. CON2016004 – Hawke's Bay Crematorium Development.
- 1.2 Tenders were invited under the Weighted Attributes Method. Four tender submissions were received.
- 1.3 This tender recommendation is submitted to the Tenders Subcommittee for approval because tender submissions received from all tenderers exceed the available budget for this project, therefore officers seek approval to award the contract to the successful tenderer, but not at the tendered rate.
- 1.4 Officers also seek approval to work with the successful tenderer on a Design and Build method to construct a building that meets the budgetary constraints of \$842,000 (excl. GST). If the successful tenderer cannot achieve this budgetary constraint at design stage, the project will not proceed onto the construction stage.
- 1.5 To achieve a new building within these budgetary constraints the building will need to be re-designed with an altered layout and material specifications. These changes will be approved by the Crematorium Committee before proceeding to construction documentation.
- 1.6 This report concludes by recommending that Contract CON2016004 Hawke's Bay Crematorium Development be awarded to Gemco Construction on a Design and Build basis where the contract value shall not exceed \$842,000 (excl. GST).

2.0 BACKGROUND AND SCOPE OF WORK

- 2.1 In July 2014 the Hawkes Bay Crematorium Committee resolved to replace the crematorium facility due to it posing an earthquake risk as well as the need to house the replacement cremator.
- 2.2 An architectural services contract was awarded in February 2015 to design, cost and contract manage a worthy replacement building. The Hawkes Bay Crematorium Committee approved design was completed and tendered for construction in May 2016.

- 2.3 The Hastings District Council is the Administering Authority and owner of the crematorium facility, and as such it has the responsibility of project managing the design and building phases of this project.
- 2.4 The HBCC resolved that the cost of the redevelopment will be loan funded and the cost of servicing the loan is to be met by increasing the cremation fee.
- 2.5 With all the tenders received being in excess of the budget allocation, officers have reported back to the HBCC with a re-scoped project that recommended a design and build option. The Committee have endorsed a design and build proposal on the proviso that the work is achieved within the remaining funds allocated to this project and that the design meets with their approval.
- 2.6 At its meeting of 15th September 2016, Council ratified the resolution of the HBCC which endorsed the re-scoping of the Crematorium facility project to meet budget constraints.

3.0 PROCUREMENT APPROACH

- 3.1 The procurement strategy for engaging a suitable building contractor was developed taking into consideration key factors such as;
- Council's procurement policy and guidelines
 - Achieving best value for Council
 - Minimising procurement and construction risk
 - Achieving a high level of market interest
- 3.2 Based on an assessment of these factors, the preferred procurement approach was to follow a Request for Tender (RFT) Procurement Approach to the open market. The tender submissions were then to be evaluated using the Weighted Attributes method. The open tender was publicly advertised nationally to cast the net widely to help ensure competitive, affordable and quality services were procured.

4.0 TENDERS RECEIVED

- 4.1 Tenders were publicly advertised on Tenderlink with four sets of documents being uplifted. Four tenders were received by the closing date of Wednesday 8th June 2016. Attribute Information Envelopes were received and opened at that time in the presence of the Business Services Officer and recorded by the Legal Officer.
- 4.2 The following companies submitted tenders;

Name of Tenderer	Tendered Price	Tags Yes/No
1. Atkin Construction	\$1,525,710	No
2. Gemco Construction	\$1,679,798	No
3. Simkin Construction	\$1,835,480	No
4. Alexander Construction	\$1,740,920	No

5.0 TENDER EVALUATION

In accordance with the conditions of tendering, tenders were evaluated in line with the **Weighted Attribute Method**. This required that each tenderer submit information on attributes nominated in the RFT which were weighted as follows:

Price 70%
Non-Price Attributes 30%

Non-price Attributes were then weighted as follows.

Relevant Experience 15%
Track Record 10%
Relevant Skills 25%
Resources 10%
Methodology 40%

5.1 A summary of the evaluation results are shown below.

Tender Evaluation	Relevant Experience 15%	Track Record. 10%	Relevant skills 25%	Resources 10%	Methodology. 40%	Total Attribute Weight Index 100%
Tenderer	Tender Grades					Tender Index
Atkin Construction	100	80	50	50	80	72.5
Gemco Construction	100	100	100	100	100	100
Simkin Construction	100	70	40	40	80	68
Alexander Construction	70	40	60	40	50	53.5

Summary of Attribute Grades

Median Tender Price Formula

$$\text{Grade} = \frac{\text{Median Conforming Tender Price} - \text{Tender Price}}{\text{Median Conforming Tender Price}} \times 100 + 50$$

Median Conforming Price = \$1,710,359

	Atkin	Gemco	Simkin	Alexander		Atkin	Gemco	Simkin	Alexander
Attributes	72.5	100	68	53.5		21.75	30	20.4	16.05
Price 70%	60.8	51.79	42.68	48.21		42.56	36.25	29.88	33.75
	Overall Total					64.01	66.25	50.28	49.8

Overall Grading

5.2 The result of the evaluation process was that Gemco Construction scored the highest, with an overall grading of **66.25**. While Gemco Construction did not submit the lowest conforming price, using the **Weighted Attribute** evaluation method, their high attribute rating made their overall grading higher than the lowest price conforming tender. Had there been sufficient budget, in

accordance with the weighted attribute tender method Gemco Construction would have been awarded the tender based on their overall top scoring non-price attributes.

- 5.3 The engineer's estimate for the Hawke's Bay Crematorium Development construction was \$900,000 (excl GST).

6.0 VALUE ENGINEERING (IF ALLOWED FOR IN THE DOCUMENTS)

- 6.1 The Council's tender documents allow for the principal to negotiate changes in scope, time, price, quality, or any other aspect of the proposed contract with a preferred tenderer, identified from the tender evaluation.

- 6.2 In this instance, all tender submissions exceeded the budget, therefore a Design and Build option has been explored and discussed in detail with **Gemco Construction**.

- 6.3 As a result of these discussions, Gemco Construction have confirmed they are willing to undertake a design and build contract for a redesigned Crematorium building within the available budget. The new design will be presented to the Crematorium Committee for approval, at the concept design phase before proceeding any further.

- 6.4 As part of this design phase Gemco Construction will work with their nominated designer, rather than the original Council commissioned architect. Gemco Construction is very confident and satisfied this approach will meet budget constraints and deliver good quality architectural services.

- 6.5 Council will end their contractual agreement with Moller Architects to accommodate this new design and build approach. This is allowed for in the contract agreement between Moller Architects and Hastings District Council.

7.0 BUDGET

- 7.1 The budget allocation for this project is as follows:

Total Budget	Funds expended to date	Available Funds for re-scoped project	Design and Build allocation	Estimated Fees for Consents and Professional	Variance
\$1,000,000	\$96,000	\$904,000	\$842,000	\$32,000	\$30,000

Table 3

- 7.2 The table above shows a total remaining budget of \$904,000 to complete the re-scoped project. The proposed design and build component is priced at \$842,000. This leaves a balance of \$62,000 for consents and engineering fees and a small contingency allocation. While this contingency is quite small, it is deemed sufficient, given the site is relatively free of underground infrastructure constraints that typically can draw unplanned expense on a project contingency.

8.0 IMPLEMENTATION ISSUES

- 8.1 While there are no major implementation issues anticipated with this contract, officers note that the current architect's commission will need to be terminated. Advice to date confirms that this can be attained quite easily.
- 8.2 The contract period comprises of two stages. Firstly the design phase, which will take three months, and secondly the construction stage that will take six months.
- 8.3 Gemco Construction have a long and trusted relationship with Council on delivering building projects. Their positive attributes clearly showed through the tender evaluation process which led to them being the winning tenderer.
- 8.4 Gemco Construction have committed to delivering the desired outcome within the remaining budget. To ensure an appropriate design is delivered within the budget constraints, a reviewed concept design will be presented to the HB Crematorium Committee for approval, prior to proceeding to construction. These constraints will ensure that the project stays firmly within budget. Gemco Construction will be paying for the architectural drafting services.

9.0 RECOMMENDATION

- A) That the report of the Parks and Building Projects Officer titled "CON2016004 Hawke's Bay Crematorium Development - Engagement of contractor" dated 22/09/2016 be received.
- B) That the tender from Gemco Construction Ltd for Contract No – CON2016004 Hawke's Bay Crematorium Development - Engagement of contractor, at the revised scope and for the sum of \$842,000,000 plus GST, be approved.
- C) That the revised scope of the contract include the design and build of the new facility for the sum of \$842,000,000 plus GST.
- D) That the Group Manager, Asset Management be authorized to spend the remaining \$62,000 (excl gst) that is available, for the costs of all consents, engineering fees and a project contingency, be approved.
- E) That the Decision be released to the Public in respect of the tender for CON2016004 Hawke's Bay Crematorium Development - Engagement of contractor."

Attachments:

There are no attachments for this report.

REPORT TO: TENDERS SUBCOMMITTEE

MEETING DATE: THURSDAY 22 SEPTEMBER 2016

**FROM: PROCUREMENT MANAGER
SHARON O'TOOLE**

**SUBJECT: PROVISION OF PROFESSIONAL SERVICES TO SUPPORT
ASPECTS OF THE DISTRICT PLAN**

1.0 SUMMARY

- 1.1 The purpose of this report is to seek approval to directly engage Sage Planning HB Ltd. to assist Council in a number of areas which includes drafting variations to the proposed plan on the Irongate industrial and Howard Street industrial projects. This engagement will also include assistance with appeals on these variations should they arise, project work and HPUDS reporting.
- 1.2 The contract is expected to run for an initial period of six (6) months with an opportunity to renew the Contract for a further six (6) months. For clarity the Contract term will be 6 months + 6 months commencing 1st October 2016.
- 1.3 The value of the work is estimated to be up to \$194,400 (excluding GST) over the maximum twelve month contract term at the maximum weekly requirement of 30 hours per week.
- 1.4 This tender recommendation is submitted to the Tenders Subcommittee for approval because of the value of the contract is significant.
- 1.5 This report concludes by recommending that the Contract for the provision of professional services to support aspects of the district plan be awarded to Sage Planning HB Ltd. at the tendered price of up to \$194,400 (excluding GST) for the maximum twelve month contract term.

2.0 BACKGROUND AND SCOPE OF WORK

- 2.1 The Hastings District Council resolved at its meeting 17th November 2015 to progress immediately with the following work streams:
 - Plan variation for Irongate Industrial
 - Plan variation for Omahu Industrial
 - Plan variation for Howard Street new residential growth
 - Appeals to the decisions on the proposed district plan
- 2.2 The Planning and Regulatory group reviewed their anticipated workloads over the 2016/2017 financial year and this indicated a requirement for additional resource to meet the expected requirements.

- 2.3 Council is seeking to engage external services to help with the planning and regulatory workload, it includes assisting Council with drafting variations to the proposed plan on Irongate industrial and the Howard Street residential projects and assistance with appeals on these variations should they arise.
- 2.4 In addition to the workstreams highlighted Council also requires external support for:
- Heretaunga Plains Urban Development Strategy (HPUDS) reporting
 - Resource consents
 - Project work e.g. Clifton revetment

3.0 PROCUREMENT OPTIONS

- 3.1 This Project supports the Hastings District Plan Review and follows Council's Procurement Policy for procuring services and supplies. This policy, sets out a range of options for procuring services including quotations, open tender and invitation to tender. These options are guided by the scale of the project, associated risk and the total project costs. The policy provides for the direct engagement of services in certain circumstances.
- 3.2 Directly procuring from a single supplier may be a valid approach where "*the goods or services require specialised skills or are very complex and there is a limited number of qualified suppliers*".
- 3.3 Many local planning firms have been engaged by individuals or groups with an active interest in projects such as Irongate Industrial, Omahu Industrial and for the Howard Street new residential area. Many of these individuals and groups oppose Council's view and therefore the planning consultants that they have been engaged to represent them cannot be engaged to represent Council as they are deemed to have a conflict of interest.
- 3.4 Sage Planning HB Ltd. is a relatively new business and does not have the historic relationships and potential conflicts of interest that more established planning consultants have.
- 3.5 Sage Planning HB Ltd. have a consultant that has worked extensively on HPUDS and has a specialized background in this area and policy planning, in addition to having worked with Council on previous occasions.
- 3.6 Council officers have reviewed their requirements for assistance with the planning and regulatory workload and anticipate a planning consultant input would be required between fifteen (15) – thirty (30) hours per week for an initial period of six months.
- 3.7 Prior to the completion of the initial six month term Council Officers will assess the ongoing requirements for assistance in the areas identified. Any contract extension will be dependent upon a successful review of the work that has

been completed by Sage Planning HB Ltd. in the initial six month period and a review of the forward programme of work.

- 3.8 Council officers in the planning and regulatory team consider the support from an external consultant is the best option to ensure they are able to progress the key projects identified within the required timeframes.

4.0 FINANCIAL ASSESSMENT

- 4.1 The anticipated costs based on the anticipated minimum and maximum weekly hours are as follows:

Weekly hours required	Cost (ex GST)	
	6 months	12 months
15	\$48,000	\$97,000
30	\$97,000	\$194,400

Table 1: Cost of maximum and minimum weekly hours over the contract term

- 4.2 The anticipated breakdown of cost across the different planning and regulatory activities is as follows:

Activity	%	Cost (ex GST)
Variations come from the district plan	52%	\$106,935
Resource consents	44%	\$89,424
Heretaunga Plains Urban Development Strategy (HPUDS) reporting	2%	\$5,400
Project work e.g. Clifton revetment	2%	\$5,130
TOTAL	100%	\$194,400

Table 2: Anticipated allocation of costs across the different service activities

5.0 BUDGET

- 5.1 Council's Budget Allocation for the provision of contracted services to support the District planning project and other aspects of the required external service provision are as follows:

Activity	Financial year 16/17	Financial year 17/18
Variations come from the district plan	\$477,011	
Heretaunga Plains Urban Development Strategy (HPUDS) reporting		
*Resource consents	\$45,000	\$47,340
Project work e.g. Clifton revetment	\$200,000	-----

Table 3: Budget lines relating to contract activities

**The revenue from resource consent processing fees will offset the majority of the Sage Planning HB Ltd. costs for this activity*

- 5.2 It is anticipated that the Sage Planning HB Ltd. costs for a twelve month maximum term will be up to \$194,400 (excluding GST).

5.3 There is sufficient budget available to fund the planning and project activities outlined in this report i.e. the costs for the maximum twelve month year term at the maximum weekly requirement of 30 hours per week are within the budget(s) provided.

6.0 CONCLUSION

6.1 It is considered that the direct engagement of Sage Planning HB Ltd. for these services is the most appropriate means of procurement and aligns with the overarching obligation of providing the best outcome for rate payers.

7.0 IMPLEMENTATION ISSUES

7.1 There are no expected implementation issues with this contract.

8.0 RECOMMENDATION

8.1 The purpose of this report is to seek approval to directly engage Sage Planning HB Ltd. to assist Council with drafting of variations to the proposed plan on Irongate industrial and Howard Street residential developments. This will include assistance with appeals on the variations should they arise.

8.2 This report is to recommend that Council awards the contract for the provision of planning services to Sage Planning HB Ltd. The maximum cost of the contract is expected to be \$194,400 (excluding GST) over the twelve month contract term at the maximum weekly requirement of 30 hours per week.

8.3 The Project Manager John O'Shaughnessy confirms that he has no personal relationships with any owners, directors, or employees of any of the suppliers involved in the request for quotation, or any financial or commercial interest that would create a conflict of interest with respect to this recommendation.

A) RECOMMENDATION

B) That the report of the Procurement Manager titled "Provision of professional services to support aspects of the district plan" dated 22/09/2016 be received.

C) That the direct engagement of Sage for the "Provision of professional services to support aspects of the district plan" in the sum of up to \$194,400 (plus GST) over the twelve month maximum term of the contract be accepted and approved.

D) That authority to enter into "Provision of professional services to support aspects of the district plan" services be delegated to the Group Manager: Planning and Regulatory.

E) That authority to award contract variations in regard to the Contract renewal periods on behalf of the Council be delegated to the Group Manager: Planning and Regulatory.

Attachments:

There are no attachments for this report.

REPORT TO: TENDERS SUBCOMMITTEE

MEETING DATE: THURSDAY 22 SEPTEMBER 2016

**FROM: WASTEWATER MANAGER
DAVID JAMES**

**SUBJECT: CON2016039 - IRONGATE BULK WATER SERVICES
(WATER SUPPLY AND WASTEWATER)**

1.0 SUMMARY

- 1.1 The purpose of this report is to seek approval from the Tenders Subcommittee to award Contract No. CON2016039 – Irongate Bulk Water Services.
- 1.2 Request for Tender was advertised via Open Tender on Tenderlink. Four tenders were received.
- 1.3 The contract is expected to run for 35 weeks and is to be completed by 30 June 2017.
- 1.4 This report concludes by recommending that Contract CON2016039 Irongate Bulk Water Services be awarded to Fulton Hogan Ltd at the negotiated price of \$2,542,875.41 (excl. GST).

2.0 BACKGROUND

- 2.1 The Irongate Industrial Area in the vicinity of Irongate Road to the south of Hastings was rezoned to deferred industrial in 2009.
- 2.2 Recently Council has been working with potential developers and landowners on servicing options, costs and staging to allow development in the zone to occur.
- 2.3 Council aims to provide the bulk water services for the Irongate Industrial Area by June 2017.

3.0 SCOPE OF WORK

- 3.1 This contract is for the construction of bulk potable water pipelines, a pressure sewer system and ancillary items to service the proposed Irongate Industrial Area.
- 3.2 The scope of works includes:
 - 75m of 150mm diameter water main renewal and upgrade on Wilson Rd.
 - 600m of 150mm diameter water main on Irongate Rd. East
 - 4,290m of 200mm diameter water main on Maraekakaho Rd. and Wilson Rd.
 - 770m of 300mm diameter water main on Irongate Rd. West

- 690m of 63mm pressure sewer pipeline on Maraekakaho south of Irongate Rd.
- 600m of 90mm pressure sewer pipeline on Irongate East Rd.
- 1,760m of twin 75mm & 110mm pressure sewer pipelines on Maraekakaho Rd. between Irongate Rd. and Oliphant Rd.

3.3 The contract period will be for a total of 35 weeks with physical works to be completed by 30 June 2017.

3.4 The construction contract requires all proposed pipelines on Maraekakaho Road from Irongate Road East to Stortford Lodge be installed via trenchless pipe installation unless technically not possible. This requirement is to minimise the construction impact on the community and risks associated with the reinstatement of Maraekakaho Road.

4.0 TENDERS RECEIVED

4.1 Tenders were publicly advertised on Tenderlink with 18 sets of documents being uplifted.

4.2 Four tenders were received by the closing date of Wednesday 17th August 2016. These are summarised in Table 1 below:

Name of Tenderer	Tendered Price	TAGS Yes / No
1. Fulton Hogan Ltd	\$2,505,318.41	No
2. GT Civil & Universal Underground JV	\$3,183,996.97	No
3. Smythe Contracting Ltd	\$2,660,736.04	Yes
4. Te Aratika Drilling Ltd	\$3,051,743.00	No

Table 1 - Summary of Tender Prices

4.3 The Engineer's Estimate for the contact was calculated at \$2,655,730.71.

5.0 TAGS, ERRORS OR OMISSIONS

5.1 There were no tags, errors or omissions in the lowest price conforming tender evaluated (that of Fulton Hogan Ltd).

6.0 TENDER EVALUATION

6.1 In accordance with the conditions of tendering tenders were evaluated based on the Lowest Price Conforming Methodology as outlined within the Request for Tenders (RFT) including relevant experience, track record, technical skills and methodology.

6.2 The Fulton Hogan Ltd tender is conforming in terms of all attribute information, including the required health and safety documentation.

6.3 The Fulton Hogan Ltd tender is the lowest priced tender and is below the pre-tender contract estimate.

- 6.4 Fulton Hogan Ltd have undertaken several projects of a similar nature to the tendered works, including Deleat's Liquid Waste Pumping Main and Tauroa Subdivision Stage 7 Services and Roothing. They have extensive experience in long lengths of pipeline installation, pipe welding and reinstatement of various areas.
- 6.5 Reference checks on Fulton Hogan Ltd indicate that they are an experienced, skilled and well-resourced contractor able to meet the challenges of this project.
- 6.6 The Fulton Hogan Ltd methodology submitted adequately addresses the key risks and issues related to the works.
- 6.7 Overall the Fulton Hogan Ltd tender was assessed as conforming and Fulton Hogan Ltd have been identified as the preferred tenderer.

7.0 TENDER NEGOTIATION

- 7.1 Council's tender documents provide for the opportunity to enter into discussion with the preferred tenderer to explore possible risk transfer opportunities, which could benefit the Council.
- 7.2 The Tender Evaluation Team (TET) identified potential risks and additional costs in the order of \$0.5M should trenchless construction be proven unsuitable during the construction period. Therefore, the ownership of risk associated with ground conditions that make trenchless installation via directional drilling difficult have been explored and discussed in detail with Fulton Hogan Ltd.
- 7.3 Negotiations were successful and Fulton Hogan have agreed to take ownership of all risk associated with ground conditions and trenchless pipeline construction.
- 7.4 As a result of the negotiations with Fulton Hogan, an additional amount of \$37,557 was agreed for the risk transfer to the contractor. This represents good value to Council, and avoids potential disputes on the key risk element of the works.
- 7.5 The revised negotiated total tender price is \$2,542,875.41 (excl. GST).

8.0 BUDGET

- 8.1 Council's Budget Allocation for this Project is as follows:

Budget Area	Tender Cost	Other Costs	Total Project Cost	Budget	Variance
Irongate Industrial Development - Water	\$1,895,833.84	\$130,000.00	\$2,025,833.84	\$2,373,660.00	\$347,826.16
Irongate Industrial Development - Sewer	\$647,041.57	\$80,000.00	\$727,041.57	\$1,282,230.00	\$555,188.43
Total	\$2,542,875.41	\$210,000.00	\$2,752,875.41	\$3,655,890.00	\$903,014.59

Note: Other Costs include: Fees, Auxiliary Works, and Site Investigation Works etc.

- 8.2 NOTE: that NZS 3910:2003 provides for certain events and circumstances to be treated as variations, resulting in additional costs and time extensions. The tendered price includes a Contingency Allowance of \$300,000.00.

- 8.3 The remaining \$347,826.16 Water Supply budget is still required to construct the proposed firefighting ring main within the development area itself as development progresses.
- 8.4 The remaining \$555,188.43 Wastewater budget will be retained as a management contingency until contract completion.

9.0 IMPLEMENTATION ISSUES

- 9.1 This report has been prepared on the basis that all conditions precedent to committing Council to the provision of the infrastructure have been met.
- 9.2 The contract award and implementation will commence on the Chief Executive's approval to proceed.

10.0 RECOMMENDATION

- A) That the Wastewater Manager's report titled "CON2016039 - Irongate Bulk Water Services (Water Supply and Wastewater)" dated 22/09/2016 be received.**
- B) That Contract No. CON2016039 – Irongate Bulk Water Services be awarded to Fulton Hogan Ltd at the price of \$2,542,875.41 (excl. GST).**
- C) That authority to enter into Contract No. CON2016039 – Irongate Bulk Water Services on behalf of Council be delegated to the Chief Executive when he is satisfied that appropriate developer commitment within the Irongate Industrial Development exists.**

Attachments:

There are no attachments for this report.