

# Regional Council

**Report circulated under separate cover for Regional Council meeting on Thursday, 1 November 2018 commencing at 9.30 am:**

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***Item 9.6 of Agenda: Capital Works Procurement Plan 2018/19, including Appendix 1 – Procurement Plan for 2018-19 Capital Works (R&D and Lakes)***

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29 October 2018







**Report To:** Regional Council

**Meeting Date:** 01 November 2018

**Report From:** Chris Ingle, General Manager, Integrated Catchments

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## **Capital Works Procurement Plan 2018/19**

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### **Executive Summary**

This paper seeks approval for the Procurement Plan (Appendix 1) relating to six capital works projects in the Rivers and Drainage Schemes Activity and Rotorua Lakes Activity, budgeted in Year 1 and 2 of the approved Long Term Plan 2018-2028.

Previously staff have brought separate procurement plans to Council when they are above the Chief Executive's delegation, however grouping the planning for the delivery of these six projects is considered to be more efficient.

The Council's procurement framework recommends staff gain approval on their method of procurement before they go to the open market. The procurement plan establishes the method of engagement of suitably qualified and experienced contractors with the skills and resources necessary to carry out planned works.

The proposed outcome of the procurement process is to tender, then engage the most appropriate contractors to undertake the physical works as required.

The estimated value of four of the six capital projects is expected to be more than the Chief Executive's delegation of \$400,000. Staff recommend that Council sub-delegate to the Chief Executive the authority to approve the award of contract and to execute the contracts with the successful tenderers for each of the projects included in the procurement plan.

### **Recommendations**

**That the Regional Council:**

- 1 Receives the report, Capital Works Procurement Plan 2018/19;**
- 2 Approves the attached Procurement Plan for 2018/19 Capital Works; and**
- 3 Approves going to market to invite tenders for the six capital works projects as set out in the attached Procurement Plan.**
- 4 Delegates to the Chief Executive the authority to award the contracts for each capital project, providing the tender price is within the approved capital project budgets as set out in the Long Term Plan 2018-2028 (see section 4);**

**5 Delegates to the Chief Executive the authority to execute the contracts with the successful tenderers.**

## **1 Background**

The New Zealand Government is recommending as good practice for all organisations to gain approval on their method of procurement before they go to the market. The Council's procurement framework is based on this good practice guidance for the public sector.

Historically, the Engineering Team, on behalf of Rivers and Drainage, has procured capital works contractors on a project by project basis. However, it is considered more efficient to produce one procurement plan that covers the programme of works over the coming year. This approach is followed to avoid construction delays and make the most of good construction weather windows while these are available.

## **2 Procurement Plan**

This paper seeks an overall approval for the procurement plan relating to the six 2018/19 capital works projects in the Rivers and Drainage Schemes and Rotorua Lakes Activity areas estimated at \$4.82 million value.

The projects have been grouped together in one Procurement Plan (see appendix 1). The budgets relating to this procurement plan are included mostly in Year 1; except for project 4 (Whakatāne River Stopbank upgrade) being a 2 year project which has half the budget in year 1 and half in year 2 of the Long Term Plan 2018-2028.

The procurement plan establishes the method of engagement of suitably qualified and experienced contractors with the skills and resources necessary to carry out planned works. This includes the projects to be covered, the funding source, the contract type, the method of procurement, the tendering process, an evaluation methodology, an evaluation of the risks associated with procurement and the roles and responsibilities.

The proposed outcome of the procurement process is to tender, and then engage the most appropriate contractors to undertake the physical works as required.

The estimated value of some of the individual capital projects contained in the procurement plan is expected to exceed the Chief Executive's delegation of \$400,000 and for this reason, staff recommend to Council to sub-delegate to the Chief Executive the authority to approve the award of contract and to execute the contracts with the successful tenderers for each of the six projects included in the procurement plan.

## **3 Council's Accountability Framework**

### **3.1 Community Outcomes**

This project/proposal directly contributes to the Safe and Resilience Communities and Freshwater for Life Community Outcome in the council's Long Term Plan 2018-2028.

### **3.2 Long Term Plan Alignment**

This work is planned under the Rivers and Drainage and Lakes Programme Activities in the Long Term Plan 2018-2028.

## 4 Financial Implications

### 4.1 Current Year budget

This work is being undertaken within the current budget for the Rivers and Drainage and the Rotorua Lakes Activity in Year 1 of the Long Term Plan 2018-2028.

Figure 1 below sets out the approved budget for six capital works recommended for procurement in 2018/19.

<i>Capital Project</i>	<i>18/19 LTP budget</i>	<i>19/20 LTP budget</i>
1. Rangitāiki Floodway Upgrade (stage 5)	\$2.1M*	
2. Rangitāiki River Stopbanking Geotechnical Upgrade	\$1.020M	
3. Canal 109 Culvert Replacement	\$300k	
4. Whakatāne River Stopbank Raising	\$357k	\$340k
5. Quay Street Seepage control	\$275k	
6. Ohau Diversion Wall Remedial Work	\$500k	

\*A combined project which includes \$1.442M for the floodway works and \$500k for nearby river overlay works, and incorporates an agreed \$200k WDC contribution.

There are no additional current budget implications that were not included in the Long Term Plan 2018-2028.

### 4.2 Future Budget Implications

Future work on Council's capital works is provided for in Year 2 of the Long Term Plan 2018-2028. This relates to the Whakatāne River Stopbank only (as in figure 1 above).

There are no additional future implications that were not included in the Long Term Plan 2018-2028.

Mark Townsend  
**Engineering Manager**

**for General Manager, Integrated Catchments**

**29 October 2018**



# **APPENDIX 1**

## **Procurement Plan for 2018-19 Capital Works (R&D and Lakes)**





# PROCUREMENT PLAN for 2018/19 Capital Works

1. Overview of procurement	
Short description	<b>2018/19 Capital Works in the Rivers and Drainage and Lakes Activity areas.</b>
Activity	Rivers & Drainage, Lakes Operations
Project name	<b>2018/19 Capital Works</b>
Procurement Project Leader	Peter Hay, Engineering Team Leader
Date of Procurement Plan	October 2018
Proposed supply arrangement	Request for Tender (RFT)

2. Summary of requirements	
Summary	<p>The requirement of this procurement is to engage suitable contractors to undertake the following construction:</p> <ul style="list-style-type: none"> <li>• Rangitaiki Floodway Widening Stage 5</li> <li>• Rangitāiki River Stopbanking Geotechnical Upgrades</li> <li>• Canal 109 Culvert Replacement</li> <li>• Whakatāne River Stopbank Raising</li> <li>• Quay Street Seepage Control</li> <li>• Ohau Diversion Wall Remedial Work</li> </ul>
Proposed contract terms	The construction works are all scheduled to be constructed in the 2018/19 construction season. The only exception is the Whakatāne River Stopbank Raising which is spread over 2 years.

3. Estimate of total cost													
Estimated total cost of the supply arrangements	<p>The construction works are all contained within the 2018/19 Annual Plan budgets. The only exception is the Whakatāne River Stopbank Raising which is spread over 2 years.</p> <table border="1"> <thead> <tr> <th>Supply</th> <th>Total estimated cost of procurement</th> </tr> </thead> <tbody> <tr> <td>Rangitaiki Floodway Widening Stage 5</td> <td>\$2.1M</td> </tr> <tr> <td>Rangitaiki River Stopbanking Geotechnical Upgrades</td> <td>\$1.0M</td> </tr> <tr> <td>Canal 109 Culvert Replacement</td> <td>\$300K</td> </tr> <tr> <td>Whakatāne River Stopbank Raising</td> <td>\$670K</td> </tr> <tr> <td>Quay Street Seepage Control</td> <td>\$270K</td> </tr> </tbody> </table>	Supply	Total estimated cost of procurement	Rangitaiki Floodway Widening Stage 5	\$2.1M	Rangitaiki River Stopbanking Geotechnical Upgrades	\$1.0M	Canal 109 Culvert Replacement	\$300K	Whakatāne River Stopbank Raising	\$670K	Quay Street Seepage Control	\$270K
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Whakatāne River Stopbank Raising	\$670K												
Quay Street Seepage Control	\$270K												

	Ohau Diversion Wall Remedial Work	\$480K	
External funding	A roading component of the Rangitāiki Floodway Widening Stage 5 contract will contain a contribution from Whakatāne DC.		

4. Overview of sourcing approach	
Degree of competition	Open Tender – 2 Envelope Weighted Attributes
Stages and type of request	Single Stage RFT
Proposed form of contract	NZS 3910:2013 Conditions of contract for building and civil engineering construction.
Submissions	Two part emailed submissions (two envelopes - weighted Attribute).
Commentary to support any departure from the standard procurement procedures	No departure from standard procedures Engagement of services by way of open marketplace to ensure probity issues are addressed towards competitive tendering.

5. Selection criteria	
Evaluation methods	The evaluation model that will be used is weighted attribute as per the table below. A two-envelope (email) process will be used and tenderers' pricing will only be opened once the criterion scoring is completed.
Criteria with weightings	
Relevant Experience and Track Record	20%
Methodology	10%
Relevant Skills	10%
Resources/Management	20%
Health and Safety	Pass/Fail
Price	40%

6. Staff involved	
Procurement Project Team	<ul style="list-style-type: none"> <li>Debbie Hyland, Finance and Corporate Planning Manager- Advice as required;</li> <li>Astin Jose, Procurement Advisor- Management of open tender process and probity checks.</li> </ul>
Others	<ul style="list-style-type: none"> <li>Peter Hay, Engineering Team Leader</li> <li>Mark Townsend, Engineering Manager</li> <li>Jordan Mandery, Environmental Engineer</li> <li>Niroy Sumeran, Civil Construction Engineer</li> </ul>



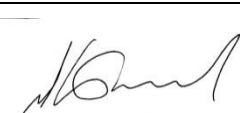
7. Commentary	
Summary of risks (if any)	<ul style="list-style-type: none"> <li>• Tender prices greater than budget</li> <li>• Resource availability</li> <li>• Health and Safety issues</li> <li>• Time constraints</li> <li>• Wet weather</li> <li>• Reputation</li> </ul>
Issues or complexities (if any)	Sensitivities around construction activities after recent flooding
Further comments (if any)	


8. Procurement process approvals	
Invitation is fit for release	Contract Manager
Selection / shortlisting recommendation is approved	Staff member with Delegated Financial Authority
Draft contract is appropriate	Contract Manager
Award of contract (offer acceptance)	Staff member with Delegated Financial Authority

### 9. Probity

Probity in this procurement will be managed by:

- acting fairly, impartially and with integrity, acting lawfully, and being accountable and transparent.
- ensuring compliance with the Council's code of conduct is complied with.
- ensuring that financial authority for the procurement is approved before proceeding to tender.
- identifying and effectively managing all conflicts of interest.
- protecting the supplier's commercially sensitive and confidential information.
- offering each supplier a comprehensive debrief at the end of the tender process.

10. Procurement Plan (this document) endorsements and approvals			
Description	Name / Position	Signature	Date
Prepared:	Niroy Sumeran, Civil Construction Engineer		October 2018
Endorsed:	Peter Hay, Engineering Team Leader		October 2018
Endorsed:	Mark Townsend, Engineering Manager		October 2018

Endorsed:	Chris Ingle, General Manager, Integrated Catchments		October 2018
Approved: (Delegated Financial Authority):	Mat Taylor, GM, Corporate Performance, Finance on behalf of CE		November 2018