



## PUBLIC EXCLUDED

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Committee Policy, Finance and Strategy  
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### Hutt River Floodplain Management Plan (HRFMP) Contract No. 1215: Strand Park River Realignment – Tender Acceptance

#### 1. Purpose

To obtain approval to accept a tender for Contract No. 1215 for the realignment of the Hutt River at Strand Park, Lower Hutt.

#### 2. Exclusion of the Public

Grounds for exclusion of the public under section 48(1) of the Local Government Official Information and Meetings Act 1987 are:

*That the public conduct of the whole or relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists, i.e. commercial negotiations.*

#### 3. Background

The Strand Park River Realignment project is the first stage in the upgrade of the Ava to Ewen reach of the Hutt River. Similarly the Ava to Ewen reach is the highest priority for upgrade under the HRFMP.

Contract No. 1215 involves:

- shifting about 90,000 cubic metres of earth to form the river realignment.
- supplying and placing about 30,000 tonnes of rock in edge protections.
- upsizing and extending stormwater pipes.
- environmental enhancement works.

Resource consents for the proposed works were obtained in July 2002.

Four experienced contractors were pre-qualified for the realignment contract, following an advertised pre-qualification process in October 2002. Tenders invited from the four pre-qualified contractors closed on 17 January 2003.

#### 4. Tenders Received

Tenderers were asked to submit their tenders in two different parts:

Part 1: Envelope 1 – containing information on non-price attributes

Part 2: Envelope 2 – containing tender price information

Non-price attribute envelopes were opened on 17 January 2003. Price envelopes were opened on 24 January 2003 after completing the non-price attribute evaluation.

A key component of the contract is the supply and placement of about 30,000 tonnes of good quality rock for river edge protection. Each tenderer was invited to submit up to three price options depending on the source of supply for rock. Cashmore Contracting Ltd was the only tenderer to submit prices for more than one rock source.

The final design has shown that edge protections rock placed on a 1.75:1 batter will have an improved seismic stability than rock placed on a commonly used 1.5:1 batter. For each rock source, the tenderers were asked to price the supply and placement of rock on 1.5 to 1 and 1.75 to 1 batters. All four tenderers submitted prices for both 'batter' options.

The following table shows a summary of the tender prices received.

Tenderer	Rock Source A		Rock Source B	
	1.5:1 Batter	1.75:1 Batter	1.5:1 Batter	1.75:1 Batter
John Ray Ltd	\$3,696,084.75	\$3,850,874.75		
Dixon and Dunlop Ltd	\$3,580,864.09	\$3,733,585.69		
Cashmore Contracting Ltd	\$3,546,315.46	\$3,709,038.46	\$3,872,833.24	\$4,060,576.24
Doug Hood Contractors Ltd	\$5,498,573.22	\$5,713,829.52		
<b>Engineer's Estimate</b>	<b>\$3,967,429.00</b>	<b>\$4,144,607.00</b>		

All prices exclude GST. The tenders are valid for two months from 17 January 2003.

#### 5. Tender Evaluation

Opus International Consultants (appointed to prepare the final design and administer the tendering process) assisted us in evaluating the tenders. The tenders were evaluated using the 'Weighted Attribute' method described in the tender documents.

A summary of the final tender evaluation is given below.

Tenderer	1.5 to 1 Batter		1.75 to 1 Batter	
	Tender Index Value	Rank	Tender Index Value	Rank
Cashmore Contracting Ltd	63.1	1	62.8	1
Dixon and Dunlop Ltd	62.0	2	62.0	2
John Ray Ltd	61.1	3	61.1	3
Doug Hood Contractors Ltd	24.1	4	24.5	4

Cashmore Contracting Limited has reached first position in both 'batter' options. Their prices were also the lowest and below the Engineer's estimates.

Cashmore Contracting's Option A rock supply source is from Linton Quarry, Palmerston North. This quarry, operated by Tararua Roding, is capable of supplying the required quantity of rock rip-rap, to specification, for the edge protections. The tenderer's alternative rock source is from Wanganui. The rock from Wanganui quarry is of similar quality to that of Linton Quarry but cartage costs are significantly higher.

Opus has recommended that edge protection rock be placed on a 1.75 to 1 batter. The proposed rock lining is near a major fault line and we consider a 1.75:1 batter is appropriate for this project. The additional cost of \$162,723, mostly on extra rock, is reasonable.

Based on the results of tender evaluation we recommend the acceptance of the Option A, 1.75:1 batter slope tender from Cashmore Contracting Limited for \$3,709,038.46.

## 6. Discussion on the Proposed Contractor

Cashmore Contracting Limited is one of the four contracting firms pre-qualified for this contract. Cashmore Contracting is based in Wanganui and is well experienced in earthworks and river edge protections works. During the last two years, they have completed three river projects of similar size and nature to the Strand Park project. The company had an annual turnover of more than \$6 million during 2002.

A professionally qualified engineer has been included in the Cashmore team to provide technical expertise for quality control and managing progress of the contract works. Cashmore Contracting has the necessary plant and equipment to complete the proposed work efficiently and effectively. Reference checks of the company's performance on two recent contracts were very positive.

We believe that Cashmore Contracting has the technical skills, resources and management skills to construct the proposed works to the accepted standards, within time.

## 7. Budget and Funding

The Council's current Long Term Financial Strategy (June 2002 update) includes a total provision of \$4,030,000 in the 2002/03 and 2003/04 financial years for the construction of the Strand Park River realignment. This budget was based on 1999 cost estimates. Since then, the Construction Cost Index has increased and the updated estimate for this work was \$4,540,000.

We have now refined the total cost estimate and budget further based on the tender prices received.

### Project Budget

The total estimated cost of the proposed works is:

Recommended tender price	\$3,709,038.46
Additional contingencies (approx. 5%)	\$190,000.00
Project management and insurances	\$341,000.00
Total Project Cost	<u>\$4,240,038.00</u>
Less stormwater cost share by Hutt City	(\$78,900.00)
Net Regional Council budget required	<u>\$4,161,138.00</u>
Say	<u><u>\$4,161,000.00</u></u>

### Funding

Hutt City Council has agreed to pay the costs of upsizing the stormwater pipes. HCC's share of the costs is estimated at \$78,900. Therefore the net Greater Wellington Regional Council budget requirement is \$4,161,000, as above.

### Budget Provision – Proposed 2003–2013 Flood Protection Operating Plan

The following table shows the approved 2002-2010 budget, proposed 2003–2013 budget based on indexed 1999 estimates, and the updated cashflow and budget estimates based on tender price. The estimates take into account the delay in commencing works and extended time required for planting during winter 2004.

Flood Protection Operating Plan	2002/03 \$	2003/04 \$	2004/05 \$	Total \$	Comments
2002–2010 2002 update	1,700,000	2,330,000		4,030,000	Based on 1999 estimates
2003–2013 Proposed at January 2003	800,000	3,474,000	266,000	4,540,000	Based on Indexed 1999 estimates
Updated cashflow and budget estimates February 2003	400,000	3,495,000	266,000	4,161,000	Based on tender price

We now propose that the total budget for the Strand Park realignment reduces from \$4,540,000 to \$4,161,000, and that the 2003–2013 Flood Protection Operating Plan be amended accordingly. The reduction in the project budget has been largely achieved by the very favourable tender prices received.

## **8. Supervision and Progress Payments**

We have also now engaged Opus International Consultants to supervise the contract works.

Opus, as engineer to the contract, will check and certify contractor's monthly progress claims. Geoff Dick, Manager, Flood Protection, will approve these claims for payment.

## **9. Strand Park Purchase**

The proposed realignment involves excavation of part of Strand Park currently owned by the Ministry of Education (MOE). While Hutt Valley High School (HVHS) and MOE have agreed in principle to transfer the ownership of this land to the Regional Council, some work remains to effect the transaction.

MOE and Council solicitors have prepared an agreement that sets out the land transfer process and compensation payable. The Council signed the agreement in December 2002 and we are hopeful that MOE will sign the agreement during February 2003. The agreement also has to be approved by Land Information New Zealand (LINZ) before the land transfer process is finalised and the transfer can begin.

We need at least 'access for work' approval from MOE before we can let the realignment contract. We expect that MOE will grant this approval once LINZ accepts the proposed land transfer process. At this stage we hope to obtain LINZ acceptance by the end of March 2003.

## **10. Communication**

The adjoining property owners, stakeholders and the wider Hutt Valley community are well aware of the project through consultation for the Hutt River Floodplain Management Plan and the Ava to Ewen resource consents.

Letting this contract is a significant milestone in implementing the HRFMP. A press release will be issued and a newsletter will be distributed once a contractor is appointed.

## 11. Recommendations

*That the Committee recommend to Council that it:*

1. **receive** the report and note the contents.
2. **approve:**
  - a) *the tender for Contract No. 1215 received from Cashmore Contracting Limited for the sum of \$3,709,038 (rock from Linton Quarry, batter slope 1.75:1).*
  - b) *the expenditure of an additional \$190,000 on top of the accepted contract sum to allow for unforeseen circumstances.*
  - c) *a total budget of \$4,161,000 for the construction of the Strand Park River Realignment and request that the Flood Protection 2003–2013 Operating Plan is adjusted accordingly.*
3. **authorise** the Manager, Flood Protection, to approve progress payments for Contract No. 1215.
4. **note** that Cashmore Contracting Limited will only be appointed once 'access for work' approval is obtained from the Ministry of Education.
5. **approve** the Council seal be affixed to the necessary documents.

Report prepared by:

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Report approved by:

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**Rob Forlong**  
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**Greg Schollum**  
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