

Procurement Plan Approval for Accelerated Projects

Meeting: Kaipara District Council
Date of meeting: 27 May 2020
Reporting officer: Jim Sephton, GM Infrastructure Services

Purpose/Ngā whāinga

To seek approval of Procurement Approach for significant projects and programmes being accelerated as a result of Covid19.

Executive summary/Whakarāpopototanga

The expected acceleration of projects due to Covid19 means that we need to be ready to expediently move to construction. Officers have set out a way forward which packages projects together which is more effective way of procuring and is consistent with the Procurement Strategy approach of creating 'Critical Mass'.

It is acknowledged that external funding is not yet confirmed and that any support for the procurement approach set out in this paper is subject to attaining that funding.

The Kaipara District Council Procurement policy/Manual requires that "A business case shall be submitted to Council as part of the approval process for any high risk or high value procurement over \$500,000, unless Council has approved an exception". We are seeking an exception.

The capital costs of three proposed projects/programmes exceed this value

- Ancient Kauri Trail - \$5,800k to \$7,650k
- Mangawhai Community Plan Shared Path & Intersections – circa \$8m
- Provincial Development Unit (PDU) Quick Wins – circa \$44m

Project level Business Cases have been developed for these projects and these have, or are in the process of, being approved by NZTA. Local share will be confirmed prior to any award of contract.

Procurement Business Cases have not been developed due to the time frames. However, the procurement approach set out in this paper considers critical thinking required in the business case with due consideration of the approved KDC Procurement Strategy and Covid19 response.

- The need to progress work urgently to create local jobs and support redeployment of those who have lost jobs
- The high levels of competition for main Contractors and desire to reduce the amount of time in tender competition compared with time in actual construction
- The challenges of Kaipara attracting tenders for relatively small pieces of work

The recommended procurement approach is

- A formal agreement with Ministry Social Development (MSD) and Iwi to engage people in the delivery of these projects as part of a social procurement commitment
- A Delivery Partnership model be established for the **Kaihu Valley Trail** which includes a Programme Manager (Hoskin Civil Ltd), Engineers Rep (KDC), Designer (tbc) Iwi, MSD, Head Contractor (Direct appointment of Wilson Earthworks) and Work Package Contractors (tendered separately).

- A **Mangawhai Community Plan Package** (Insley Street Intersections and Shared Path) be competitively tendered. There will be a competitive pricing of Insley Street Intersections and Shared Path sections which are construction ready – other elements will be negotiated directly. Quality considerations will include local workforce and materials.
- Open tender for **Pouto Road** including right to negotiate Stage 2 if that is approved for construction. Also, an enabling package for the opening of a local quarry to be tendered amongst local contractors.
- Direct appointment of Fulton Hogan for the **Waipoa River Road** with Te Roroa a nominated sub-contractor.
- Direct appointment of Maintenance and Operations Contractors to deliver **PDU shovel ready projects** with a requirement to provide direct labour from MSD and Marae.
- Direct appointment of local contractors (subject to meeting relevant safety and quality thresholds) to deliver **PDU shovel ready projects**

Recommendation/Ngā tūtohunga

That the Kaipara District Council:

1. Notes the procurement approach, plans and outline business cases provided within this report.
2. Approves an exception from the requirement to provide a formal business case.
3. Approves the recommended procurement approach for
 - 3.1. Kaihu Valley Trail
 - 3.2. Mangawhai Community Programme – 2020 Shared Path Package
 - 3.3. Kaipara Kickstart - Pouto Road
 - 3.4. Kaipara Kickstart - Waipoua River Road
 - 3.5. Shovel Ready Package

Context/Horopaki

The Kaipara District Council Procurement policy/Manual requires that “A [Procurement] Business Case shall be submitted to Council as part of the approval process for any high risk or high value procurement over \$500,000, unless Council has approved an exception.”.

These would have been presented to Elected Members over time and as funding becomes available in this and future Long Term Plans.

Covid19 has changed this and job creation is of paramount importance. This was recognised in the KDC Economic Stimulus response approved by Council. The ability for capital projects to be accelerated was sought by Council subject to funding being secured.

The purpose of this paper is to gain Council Approval for the procurement approach.

In its updated Procurement Strategy, Kaipara District Council also recognised an increasingly significant capital programme which needs to be delivered more efficiently. It also notes that there is a limited supply chain in Kaipara and that we need to be more active in how we target suppliers.

This paper puts in place a Procurement Approach which will allow projects/programmes to move into construction quickly once funding is confirmed.

Accelerating existing programmes

There are three significant projects/programmes of work which were being developed prior to Covid19 and have sections ready for construction

- Mangawhai Community Plan
- Ancient Kauri Trail
- Kaipara Kickstart Roading – Pouto Road & Waipoua River Road

Procurement considerations for these programmes has been reconsidered following the release of the Procurement Strategy and in light of Covid19.

Shovel Ready Programme

Five programmes were put forward for MBIE consideration as part of the ‘Shovel Ready Programme’

- Kaihu Valley Trail
- Managawhai Community Plan
- Stopbank Programme
- Transport Network Improvements
- 3 Waters Improvements

These programmes are being considered by MBIE, however an opportunity for projects under \$20m which are shovel ready (in the next 6 weeks) to be brought accelerated has arisen. A package has been submitted to the PDU for consideration. This includes

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| • Kaihu Valley Trail | \$2m initial phase |
| • Wastewater improvements | \$1.8m |
| • Car park and access road improvements | \$4.1m |
| • Parks, reserves & sport field improvements | \$2.5m |
| • Kaipara Hall & Marae Upgrades | \$2.3m |
| • Stop Bank enhancement | \$8m - TK to Awakino |
| • 3 Waters Pipe Replacement | \$24m |

Mangawhai Community Plan

MCP Shared Path Package 2020

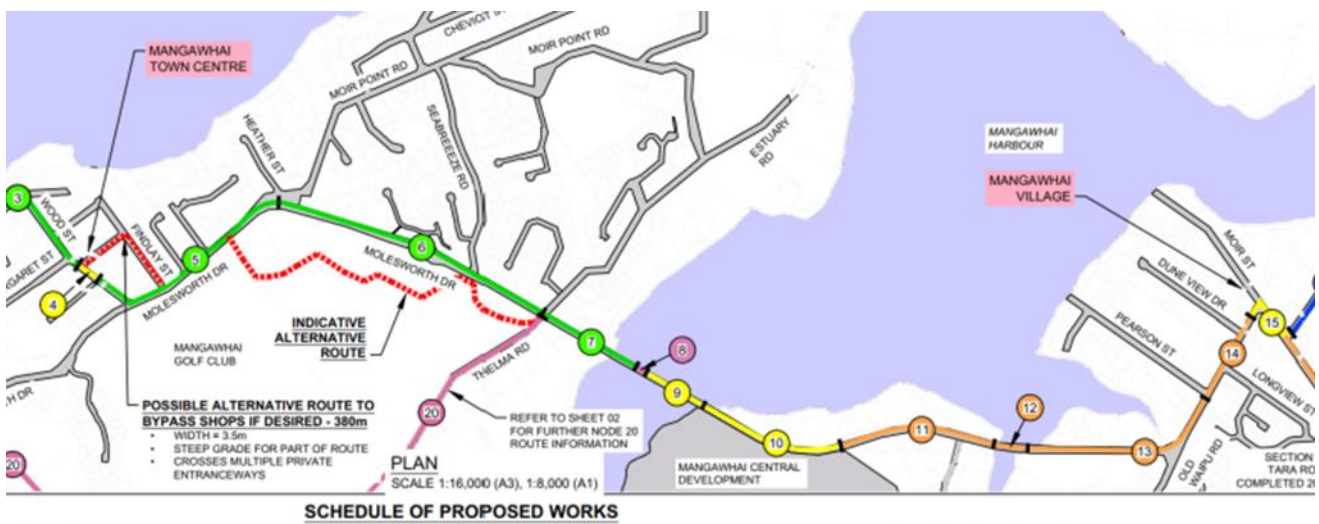
Two projects within the programme have progressed beyond business case.

Design is largely complete for the Insley Street Intersection projects and land acquisition is being developed. The forecast is greater than the LTP budget, predominantly due to the inclusion of shared paths, minimising impact on adjacent land and utility diversions which were not included previously.

The Business Case for the Mangawhai Heads to Village Shared Path is complete and is in the process of being assessed by NZTA for funding.

Project	Forecast	Status	Package	Approved Budget
Insley Street Intersections	\$3.2m	Application for construction funding made	Yes	\$2m
Shared Path	\$5.7m	Application for design and construction funding made	Sections 2 – Beach Access #10 to North Ave 6, 7, 9, 10 15 – Insley Street Intersections	\$0.2m \$0.9m Inc above

The proposed package for design and construction is the section between Wood Street and the Molesworth Drive Bridge [6 (Part) & 7] including the path through the Mangawhai Community Park. Note that sections 9 & 10 are being negotiated for construction as part of the Mangawhai Central Development. The Insley Street Intersections also incorporate shared paths [15].



Project is subject to NZTA funding and confirmation of local funding share.

The alignment of the route through the Mangawhai Community Park is being confirmed with stakeholders prior to progressing into detailed design.

Professional Services (\$500k)

Stellar have been directly appointed through the KDC Professional Services Framework for the Detailed Design of the park component. It is proposed that this is extended to include Molesworth Drive.

The Engineer will be appointed independently and the Engineers Representative will be KDC staff.

MSQA will be provide by Stellar. Tim Manning will be the Project Manager.

Physical Works

This package is likely to be attractive to local contractors (Kaipara, Whangarei and Rodney). An open tender is proposed on a Price Quality Method basis. Design will be developed through engagement and consent process prior to putting out tender. It is proposed to be a two stage procurement with contractors shortlisted after quality stage.

Kauri Valley Trail

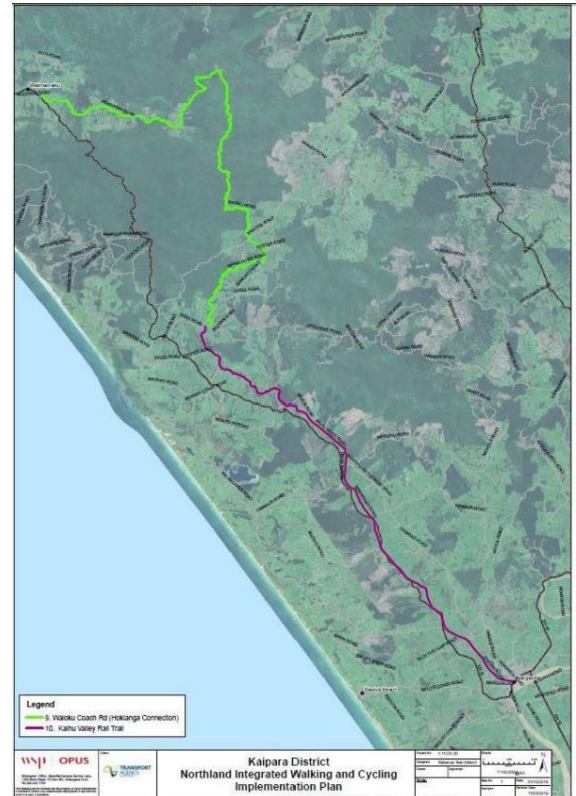
The Kaihu Valley Trail forms part of the Ancient Kauri Trail programme. The Business Case for the Northland Cycle Implementation Plan was completed by NZTA and is included in the Regional Land Transport Plan.

The estimate is \$7,650k (Business Case) however the project team have considered an alternative approach which would reduce the estimate to 5,800k. The accelerated shovel ready proposal is for \$2m which would allow construction to commence immediately on sections with willing landowners and council owned sections.

Existing local share is only \$60k per annum - implementation of the Walking and Cycling Strategy - and therefore this project will not progress unless there is a significant investment from Crown.

The development of the project will be focused on the creation of employment within the local area – both during construction and subsequently through tourism.

A relationship with MSD and the Mahi Tahi Kaipara initiative has been developed. It is envisaged that a significant proportion of the project will be delivered using people who are unemployed or at risk.



Professional Services (\$400k)

A design and construct approach is proposed with the nominated Head Contractor (Wilson Earthworks) working with the designer and landowners on the route. It is proposed that WSP (who developed the business case) be directly appointed from the KDC Professional Services Framework utilising rates which were competitively tendered.

Project Manager will be Jody Kelly (Hoskin Civil) who will also provide QS support. KDC staff will be the Engineers Representative with WSP providing MSQA services.

Physical Works (\$5m)

The project is not in itself complex. It mainly consists of earthworks, metalling, fencing and some bridges/culverts. A constructible route needs to be developed working with landowners and users.

The main focus of the investment is Economic Development, early development of the procurement strategy involved discussions with MSD and aligned with the establishment of Mahi Tahi Kaipara – a programme to provide training and employment for people at risk.

The impact of Covid19 has significantly shifted the thinking and there is an even greater need to focus on utilising investment in the cycle trail to create employment.

The proposed project objectives are

- To provide employment and economic returns for the local area
- To reduce dependency on welfare in the Kaipara
- To commence work at pace
- To maintain a safe workforce

It is proposed to directly appoint Wilson Earthworks as Head Contractor on the basis that

- They are the only local Contractor with the H&S standards to manage a contract of this scale
- 30% of the project will be tendered/negotiated with other local contractors
- They have an existing training and development programme with MSD and will engage local resources to undertake the work including a high proportion of MSD clients and local Iwi
- Independent QS will review and approve rates to maintain value for money

Kaipara Kickstart

These projects are 100% funded by the Provincial Growth Fund. Subject to Council support, procurement plans will be approved under the NTA procurement strategy and approved through the Project Steering Group.

Poutou Road

The Poutou Road Seal Extension project involves;

- Phase 1; 10km of Poutou Road, from the current end of seal through to the intersection with Ari Ari Road. This phase has been approved and the design work is underway (Stantec).
- Phase 2; the remaining section of unsealed road, approximately 11km. The business case to obtain the full funding is underway (ARA Consultants).

An opportunity to advance Greenhill Quarry (owned by KDC) works has been identified. This will improve programme efficiency, reduce haulage distances and provide local employment. A closed competitive process inviting only local contractors is proposed. **(Value \$730k to \$1,460k)**

A Price Quality Method will be adopted for the procurement of physical works (est value \$4.2m). The criteria shall be focused on the Contractors ability to undertake the work safely, efficiently and to a high quality, as well as the benefits the Contractor can bring to the local economy and community. This procurement provides the opportunity to meet the following objectives of the Provincial Growth Fund and the Kaipara District Council;

- increase direct employment opportunities,
- improve viability of existing businesses,
- increase social inclusion and participation, and
- provide training opportunities for local people.

A Registration of Interest will be invited this month with a two-stage evaluation allowing shortlisting based on the quality component only. Contract award is targeted for September 2020.

Waipoua River Road

The Waipoua River Road Sealing and Widening project is focused on the first 1.5km of Waipoua River Road from the intersection with SH12 to the Waipoua Forest Visitor Centre. The project is fully funded by the Provincial Growth Fund (PGF) as part of Te Roroa's objectives to enable the delivery of the Rakau Rangitira project by creating an enhanced single-entry point for the kauri walks and Tane Mahuta experience. A rough order estimate for the physical works is **\$1,000,000**, plus GST.

The procurement process will likely involve two distinct elements;

1. Minor and Enabling Works

The engagement of Te Roroa Environs to undertake any enabling / preparation works that they are suitably qualified for, can be completed before the main physical works begin. These works could include elements such as vegetation trimming or clearance, the constructing of minor retaining structures and alterations to or clearing of existing drainage assets.

2. Remaining Physical Works

These works will consist of all remaining physical works required to complete the project. These works will be procured through direct negotiation with Fulton Hogan, who will be directed to engage

Te Roroa Environs as a sub-contractor and provide training opportunities for them during the works.

Accelerated PDU Shovel Ready Programme

These projects are expected to be fully funded through the Crown.

The procurement objectives are

- Create jobs
- Start quickly and at pace
- Be visible

The procurement approach is to use existing contracts as far as possible so that physical works can be commenced asap with appropriate levels of H&S oversight.

For each contract, there will a specification regarding employment of local sub-contractors and labour. A target of 100 unemployed people on welfare has been set.

Category		Value (k)	Contract
Wastewater improvements	Planting of Mangawhai Irrigation Disposal Farm	\$847	Broadspectrum O&M Contract
	Fencing of Wastewater Ponds	\$360	
	"Rain only in Drains"	\$15	
	Cultural Plaque at Kaiwaka WWTP	\$2	
	Te Houhanga Marae and community waste water scheme	\$610	Variation to United Civil / Forte Contract
Car park and access road improvements	Carpark and access improvements	\$4.1m	Broadspectrum Rooding M&O Contract
Parks, reserves & sportfield improvements	Parks & Reserves enhanced maintenance	\$510	Downer O&M Contract
	Parks & Reserves - Paths & Walking Tracks	\$170	
	Premier Parks - Mountain Bike Park	\$72	Local Contractor
	Mangawhai Community Park - Activity Zone (MAZ) Skate Bowl Completion	\$800	Local Contractor
	Te Kopuru Domain Upgrade	\$400	Local Contractor
	Non Council Walkway upgrades in Mangawhai	\$50	
	Sports field improvements	\$300	Wilson Earthworks

Category		Value (k)	Contract
	Carpark Extension - Mangawhai Domain	\$250	
Kaipara Hall & Marae Upgrades	Kaipara Hall Upgrades	\$800	Local Contractors
	Kaipara Marae Upgrades	\$1,500	Local Contractors
Stop Bank enhancement		\$8,000	Local Contractors
Pipe replacement	Replace at risk pipes - including asbestos	\$11,000	Variation to United Civil / Forte Contract
	Dargaville raw water main	\$13,075	

Rates will be established through existing contracts and a price negotiated for the works. Any professional services support (e.g. for design or contract supervision) will be procured directly through the KDC Professional Services Panel.

Programme

The programme is subject to funding being confirmed and drawn down. At the earliest, construction could be expected to commence within three months for most projects

	June	July	Aug	Sep	Oct	Nov
Kaihu Valley Trail						
MCP						
Pouto						
Waipoua						
Accelerated PDU						

Key

Design	Design & Tender	Construction
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Options

Option 1 is to approve the proposed Procurement Approach. Comments can be considered in the development of the detailed Procurement Plan which will be approved by the CEO.

Option 2: is to seek changes to be made to the Procurement Approach which will need to be brought back to Council for approval. If this course is desired, then this will potentially delay start by a month.

The recommended option is **option 1**.

Policy and planning implications

There are no significant policy and planning implications for the proposed works. It is noted that Government is currently progressing an acceleration process which might reduce the timeframes required to achieve any consents.

Financial implications

Depending on the extent of Crown Funding, there is likely to be a local funding requirement above that which is currently approved in the LTP or Annual Plan. Prior to contract award (and typically prior to commencing procurement) all funding must be in place. The location and nature of the project will determine how local share is funded. This will not impact rates for the 20/21 LTP.

Risks and mitigations

There is an opportunity for Kaipara District Council to secure funding which will provide employment for the community as well as address projects which will benefit the community in the longer term. Having the Contractor in place will increase the potential of securing this funding.

There is a risk that direct appointment reduces the price tension which might be achieved by a more price competitive competition. It is noted however, that in the near future, it is likely that there will be more work than the Construction sector can process and that the ability to get Contractors to competitively price projects is low, particularly for a provincial Council. To mitigate this risk, an independent QS will be engaged and existing rates will be applied for all projects directly awarded.

Significance and engagement/Hirahira me ngā whakapāpā

The decisions or matters of this report do not trigger the significance criteria outlined in Council's Significance and Engagement Policy, and the public will be informed via agenda on the website.

An engagement plan will be developed as part of each project and a summary of the key considerations is provided below

Programme	Project	Engagement considerations
Kaihu Valley Trail		Work directly with landowners, marae
		Joint governance with DoC, NZTA, NRC, Northland Inc, Te Roroa & MSD
		Form advisory group with cycle groups
MCP Shared Path Package	Wood Street	Continue trial working group
	Shared Path	Inform community of business case preferred route and cost update
		Work with Friends to confirm path through Community Park
	Intersections	Extensive consultation has taken place
Wastewater improvements		Finalise land purchase arrangements
	Planting of Mangawhai Irrigation Disposal Farm	Part of existing commitment to residents
	Fencing of Wastewater Ponds	Operational requirement. Improves safety for children
	"Rain only in Drains"	Positive environmental promotion
	Cultural Plaque at Kaiwaka WWTP	Developed in partnership with Te Uri o Hau

Programme	Project	Engagement considerations
	Te Houhanga Marae and community waste water scheme	Will be a positive for Marae and community direct engagement proposed
Car park and access road improvements	Carpark and access improvements	Engage with each facility ahead of programme
Parks, reserves & sportfield improvements	Parks & Reserves enhanced maintenance	Operational process will have posters outside parks advertising of what we are doing and why
	Parks & Reserves - Paths & Walking Tracks	Operational process will have posters outside parks advertising of what we are doing and why
	Premier Parks - Mountain Bike Park	Local initiative
	Mangawhai Community Park - Activity Zone (MAZ) Skate Bowl Completion	Local initiative
	Te Kopuru Domain Upgrade	Local initiative
	Non Council Walkway upgrades in Mangawhai	Work with tracks trust
	Sports field improvements	Local initiative
	Carpark Extension - Mangawhai Domain	Local initiative
Kaipara Hall & Marae Upgrades	Kaipara Hall Upgrades	Engage with each facility ahead of programme
	Kaipara Marae Upgrades	Marae have their own plans and this will dovetail
Stop Bank enhancement		Immediate conversation with landowners (expected to be positive)
Pipe replacement	Replace at risk pipes - including asbestos	Acceleration of LTP project
	Dargaville raw water main	Acceleration of LTP project Work with landowners on route to minimise disruption to operations

Next steps/E whaiake nei

Confirm funding from Crown and subsequent local funding requirements

Finalise detailed Procurement Plans for CEO approval

Attachments/Ngā tapiritanga

	Title
A	Mangawhai Shared Path – Extract From Business Case
B	Procurement Plan – Pouto Road
C	Procurement Plan – Pouto Quarry
D	Procurement Plan – Waipoua River Road