

Rotu intake slip repair

Meeting: Kaipara District Council
Date of meeting: 1 July 2020
Reporting officer: Donnicks Mugutso, Waters and Waste Manager

Purpose/Ngā whāinga

To seek approval to award the Rotu Intake Slip Repair contract to United Civil for \$574,799.99 plus GST and fund 15% from the general rates and 85% from waters operations in the 2021-2022 year.

Executive summary/Whakarāpopototanga

The Rotu intake is essential facility which augments the supply for Dargaville and Bayliss Beach during low flow in summer.

In February 2020 a 15-20m slip developed and temporary emergency work carried out. An urgent permanent solution is necessary to alleviate the risk of the temporary works being washed out due to heavy rain fall and high river levels in the winter months. This would threaten the ability to provide the township with water in the coming summer.

A preferred solution has been agreed and a preferred contractor identified - United Civil Limited. The works will commence as soon as funds are confirmed.

As emergency works, it is unbudgeted and requires funding approval which includes a combination general rates and water operations in 2021-2022 year.

Recommendation/Ngā tūtohunga

That the Kaipara District Council

- a) Approves a total budget of \$665,280 which includes \$90,480 for Contingency, Project Management and Monitoring, Surveillance and Quality Assurance (MSQA).
- b) Approves the award of the Rotu Intake Slip Repair Contract to United Civil Limited for \$574,799.99 plus GST.
- c) Approves the additional expenditure
 - i) to be loan funded in 2020-2021 with a subsequential recovery from an increase in the general rate of \$99,792 in 2021-2022 and a \$565,488 increase in the water charges in the 2021-2022 year or
 - ii) to be loan funded in 2020-2021 with a subsequential recovery from an increase in the general rate of \$99,792 in 2021-2022 and a \$188,496 increase in the water charges in each of the 2021-2022, 2022-2023 and 2023-2024 years.
- d) Notes that the additional unbudgeted operational expenditure of \$665,279.99 exceeds the guidelines (\$300,000) when assessing significance under the Significance and Engagement Policy.
- e) Agrees that although the decision is significant, due to the urgent nature of this work Council will not engage with the community but inform the public of the decision.
- f) Delegates the Chief Executive to inform United Civil of the Council decision and execute the contract.

Context/Horopaki

Overview

The Rotu Intake, with Waiparataniwha are our two consented water takes for Dargaville town supply. Waiparataniwha is the main supply and has better quality raw water while Rotu is used to augment the supply at Rotu during low flow in summer.

In February 2020 as a result of the drought, and the extremely low water levels in the Kaihu River, a 15-20m slip developed along the riverbank supporting the Rotu Intake facility. Temporary emergency work was immediately carried out to reduce the risk of any damage to the bank and facility and allow time to investigate a more permanent solution.

Investigation

A consultant, WSP, was appointed through the Professional Services Contract, to provide a desktop estimate based on current information, carry out a more in-depth geotechnical investigation, provide detailed design drawings, contract documents and specification.

Due to the urgency and complexity of this work, it was agreed that the quickest and most effective option was the use of Early Contractor Involvement (ECI). This involves engaging a suitably qualified contractor through the duration of the design, to apply the best design option with constructability.

The geotechnical investigation, identified soft soil materials, including peat which requires the piles to be up to 16m in length. WSP worked with the ECI Contractor to identify the most cost-effective option, with a recommended design.

Procurement

The Procurement Plan recognised the urgency required and a select list of Contractors known to KDC with experience and expertise in this type of work was sent Request for Quotation (RFQ) to provide a proposal with supporting information. These contractors were; Broadspectrum Roding, United Civil Construction and Steve Bowling Construction with a 2-day response timeframe to provide Information.

Proposals were received from Broadspectrum Roding and United Civil Construction, with Steve Bowling Construction not responding.

An open Evaluation was performed by Bill Down (Lead), Mark Bell and Matthew Williams based on these criteria:

5.3 Evaluation Criteria and Scoring (Nominating Contractor)	
NON-PRICE CRITERIA	WEIGHTING
Capacity to do this work at this time,	30%
Benefit to Kaipara Economy	20%
HSEQ Record	25%
PACE results	25%
Nominated Contractor	Highest rated by evaluation team
PRICE	
Value for money in current climate	Rates negotiated

The Evaluation and Report was completed with United Civil Construction appointed as successful ECI.

Budgets

The total cost of the physical works is \$574,799.99 plus GST. An additional \$90,480 is required to cover Contingency, MSQA and Project Management.

As the required works eventuated after the preparation of the Annual Plan, there is no provision for this expenditure in 2020-2021. It is proposed that the expenditure be loan funded in 2020-2021. Council approval for the additional expenditure is therefore requested. Under funding option 1 the loan will be repaid will be by way of subsequent increased water by meter charges in 2021-2022 and under option 2 the loan will be paid by increased water by meter charges over the 3 years from 2021-2022 to 2023-2024.

We are applying for the National Emergency Management Agency (NEMA) for funding subsidy for this project. If we are successful, a percentage or the full cost will be paid through the fund. However this cannot be guaranteed at this stage and therefore we are seeking approval of funds to allow the works to progress.

Funding Option A

Fund the \$665,279.99 as follows 15% from general rates in the 2021-2022 year	99,792
Fund 85% from operational waters in 2021-2022 year	565,488

Water operational costs are \$1.842m per annum so this is an increase for water users of 31%

Funding Option B

Fund the \$665,279.99 as follows 15% from general rates in the 2021-2022 year	99,792
Fund 85% from operational waters over 3 years (2021-2022, 2022-2023, 2023-2024)	188,496 pa

Water operational costs are \$1.842m so this is an increase for water users of 10%pa

Note if the NEMA subsidy becomes available then the works will be funded by the external subsidy and not as provided above.

The benefit of this approach is that the work is completed quickly but costs spread out over several periods over rates, so it is affordable.

The recommended funding option is **Option B**.

Discussion/Ngā kōrerorero

Options

Option 1: Council approves the award of the Rotu Intake Slip Repair Contract to United Civil Limited

Option 1: Advantages

The work gets done quickly before a rain event causes further deterioration of the bank thereby compromising the Rotu Intake.

Option 1: Disadvantages

This causes an increase in the Council debt level which increases rates as this work is emergency works and was not budgeted for in the current Annual Plan.

Option 2: Council does not approve the award of the Rotu Intake Slip Repair Contract to United Civil Limited

Option 2: Advantages

No increase in Council debt and rates unaffected.

Option 2: Disadvantages

Increases the risk that water cannot be provided to the levels required in the coming summer as the intake is reduced by 50%.

Exposes the Rotu Water Intake to the risk of permanent and more costly damage.

Exposes the adjacent land to subsidence and further failure which could affect the course and stage of the river.

The recommended option is **option 1**.

Policy and planning implications

The decision triggers the Significance and Engagement policy due to the cost of the works which are unbudgeted. *See below*.

Financial implications

There could be both a debt and consumer rate increase due to the emergency work as no funds were budgeted in the Annual Plan. Council does not have a provision that this can be funded from.

Whilst there is an underspend in some operational budgets this financial year, there is no ability to transfer funds between systems under the current structure.

Risks and mitigations

If the works are not carried out, the bank of the Rotu river could collapse causing subsidence of the adjoining land, a change in river course, damage to the pump station house and the intake.

This would cause water security issues if the Rotu Take is out of action. The alternative Water Takes at Waiparataniwha provide reprieve during winter when their flows are at capacity but during drought conditions the intake is reduced by approx. 50% and Rotu augments these Water Takes. Without the intake at water Dargaville and Baylys would be significantly affected.

Significance and engagement/Hirahira me ngā whakapāpā

The decision triggers the Significance and Engagement Policy because:

Determining Significance

The decision will likely have an impact on Council's approved financial performance as agreed in the Long-Term Plan and subsequent Annual Plans; and

The decision will likely have an impact on a community or area within the district in a way that may be considered major for that identified community of interest;

Financial Impact

The decision involves \$300,000 per annum unbudgeted expenditure

The decision will likely increase the annual rates or targeted rates by 10% or more

Assessment

A project such as this would normally be scheduled and completed as part of the normal Annual Plan or Long-Term Plan engagement processes.

Due to the urgency of the work involved we do not recommend that the Council engages on this matter but publicly publishes the decision.

The time frames required to complete the work make it impractical to complete an engagement process. The risk is that the rainy winter season could bring storms that could deteriorate the bank or cause it to fail.

Under Section 7.3 of the Significance and Engagement Policy, Council may not engage in the following circumstances:

- a) the matter is not of a nature or significance that requires consultation (s82(4)(c), LGA 2002);

- b) Council already has a sound understanding of the views and preferences of the persons likely to be affected by or interested in the matter (s82(4)(b), LGA 2002)
- c) there is a need for confidentiality or commercial sensitivity (s82(4)(d), LGA 2002);
- d) the costs of consultation outweigh the benefits of it (s82(4)(e), LGA 2002);
- e) the matter has already been addressed by Council's policies or plans, which have previously been consulted on;
- f) an immediate or quick response or decision is needed or it is not reasonably practicable to engage;
- g) works are required unexpectedly or following further investigations on projects, already approved by Council;
- h) it is business as usual - the works required are related to the operation and maintenance of a Council asset and responsible management requires the works to take place; or
- i) when Council has consulted on the issue in the last 24 months.

The works involved here meet criteria 7.3 f) and 7.3 g) and this supports our recommendation for Council not to engage.

Next steps/E whaiake nei

The Chief Executive informs United Civil Limited of the Council decision and executes the contract if approved by Council.