

Contract 888 Variation - Kaipara roading unsealed network improvements

Meeting: Kaipara District Council
Date of meeting: 30 September 2020
Reporting officer: Curt Martin, PGF Roding Project Manager

Purpose/Ngā whāinga

To seek Council approval to issue a \$3.15m contract variation to Contract 888 *Road Maintenance And Renewals* to commence the Kaipara KickStart 'Unsealed Roding Network' project, and to issue a \$4.91m contract variation to Contract 888 *Road Maintenance And Renewals*, subject to Council approval of a new funding agreement with the Ministry of Business, Innovation and Employment, to allow completion of the Unsealed Roding Network' project.

Executive summary/Whakarāpopototanga

Kaipara District Council (Council) was successful in its application for funding for a number of projects within the Kaipara KickStart programme that included the 'Unsealed Roding Network' project with a budget of \$8.06m.

It is recommended that Contract 888 *Road Maintenance And Renewals* is varied to include the implementation of the \$8.06m Unsealed Roding Network programme of works to be undertaken in conjunction with Council's business as usual unsealed roading network improvement programme.

Two contract variations have been proposed. The first variation proposed is for \$3.15m as this funding has been approved as set out in the Kaipara Roding Package Agreement 2 with the Ministry of Business, Innovation and Employment. The second variation proposed is for \$4.91m as this funding has been approved in principle at this stage and requires a new funding agreement that will be submitted for Council approval.

Council approval is required to issue contract variations totalling \$8.06m + GST.

Recommendation/Ngā tūtohunga

That the Kaipara District Council:

- a) Approves a contract variation of \$3,150,000 + GST to Contract 888 *Road Maintenance And Renewals* to implement the Unsealed Roding Network programme of works, as detailed in the Kaipara Roding Package Agreement 2 with the Ministry of Business, Innovation and Employment.
- b) Approves a contract variation of \$4,910,000 + GST to Contract 888 *Road Maintenance And Renewals* to implement the Unsealed Roding Network programme of works, subject to Council approval of a new funding agreement with the Ministry of Business, Innovation and Employment.

Context/Horopaki

Kaipara District Council (Council) was successful in its application for funding through the Provincial Growth Fund (PGF) for a number of projects within the Kaipara KickStart programme that included the 'Unsealed Roding Network' project with a provisional budget of \$8.06m as set out in the Kaipara Roding Package Agreement 2 (the Agreement). The Agreement included

project funding of \$3.15m PGF funding, and \$4.91m National Land Transport Fund (NLTF) co-funding.

The NZ Transport Agency (NZTA), as the agency responsible for managing the NLTF, declined an application for the additional \$4.91m co-funding however, Minister Jones has recently announced the government has approved in principle \$4.91m, to be funded from the Government's COVID-19 Response and Recovery Fund, for the Unsealed Roding Network project. A new funding agreement for this \$4.91m is being prepared for Council's approval.

With the Ministry of Business, Innovation and Employment's (MBIE) approval, Council may proceed with the implementation of the project utilising the \$3.15m PGF funds under the Kaipara Roding Package Agreement 2.

The Unsealed Roding Network project's expected outcomes (Kaipara Roding Package Agreement 2 – Schedule One) are:

- i. Improving the quality of existing road surfaces.
- ii. Remediation and upgrade of existing roads to improve the level of service.

A list of prioritised roads has been developed and has been validated by external peer reviewers. In-situ pavement testing is now required to inform the detailed design of the pavement overlays and confirm the forwards works programme.

Discussion/Ngā kōrerorero

The following options to procure a contractor to implement the Unsealed Roding Network programme were considered:

- a) Public tender.
- b) Invited tender.
- c) Variation to Contract 888 *Road Maintenance And Renewals* (Council's Roding Maintenance & Renewals contract).

Option c) variation to Contract 888 is the recommended option as:

- i. Contract 888 was publicly tendered.
- ii. The contract rates for the supply and construction of the various pavement aggregate metal (that make up the bulk of the value of the work) are deemed to be fair market rates.
- iii. Contract 888's scope of works includes annual budgets of approximately \$2.5m for similar unsealed roding network improvements (often referred to as 'heavy metalling') as part of Council's business as usual (BAU) Roding programme.
- iv. A single contractor managing the Unsealed Roding Network programme of works in conjunction with managing Council's BAU heavy metalling programme of works minimises potential conflicts of sourcing aggregate metal from the local quarries, and also potential conflicts within the roding network during construction.
- v. The Contract 888 Contractor (Broadspectrum) is very familiar with Council's specifications, and in particular, the contract-specific wearing course aggregate metal that was introduced under Contract 888.
- vi. Broadspectrum employs local staff and sub-contractors.
- vii. Broadspectrum sources its aggregate metal from local quarries.
- viii. Utilising another contractor would introduce the risk of the maintenance contractor seeking variations to remediate works undertaken by other contractors.
- ix. Cost savings would be realised due to not undertaking a further tendering process.
- x. A further tendering process would delay the implementation of the programme of works by at least six weeks, resulting in a reduced amount of work able to be implemented in the current spring 2020 season.

Contract 888 commenced on the 1st July 2018. The Date of Expiry for the Contract Works is currently 30th June 2022 (Separable Portion 1), and the Contract allows the award of Separable

Portions 2 to 4 with a Date of Expiry of 30th June 2026. The initial contract value awarded (for Separable Portion 1 to 30th June 2022) was \$44,711,812 + GST.

The construction of additional aggregate metal pavement overlays on the unsealed network is most efficiently undertaken when the weather is not too wet or too dry. The spring and autumn windows are therefore generally when these works are undertaken.

It is expected that the Unsealed Roding Network programme (\$8.06m) would be undertaken over three seasons commencing October 2020, and ending late spring of 2021. Other associated improvement works (e.g. drainage improvements, sight benching, etc.) would be undertaken over the 2020/21 summer period in advance of the pavement works.

Options

Option A – Council resolves to approve a contract variation of \$8.06m to Contract 888 *Road Maintenance And Renewals* to implement the Unsealed Roding Network programme of works:

The benefits of this option are listed above.

Option B – Council declines to approve a contract variation of \$8.06m to Contract 888 *Road Maintenance And Renewals* to implement the Unsealed Roding Network programme of works:

This option would require a further tendering process and would delay the implementation of the physical works. The abovementioned benefits may also not be realised.

Option A is the recommended option.

Policy and planning implications

The proposed contract works are permitted activities and therefore do not require resource consents.

Financial implications

Subject to Council approving a third funding agreement associated with the recently announced \$4.91m funding, the works would be 100% subsidised by central government.

Risks and mitigations

The key risk is a lack of sufficient aggregate metal available at the local quarries for the Season 1 works (noting that Council also has approx. \$2.2m of 'BAU' heavy metalling this financial year, and the Forestry industry can consume relatively large quantities of metal when establishing sites for harvesting). The earlier a contractor is engaged to commence the programme of works, the earlier orders could be placed at the quarries to produce the required aggregate.

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.

Next steps/E whaiake nei

Following the issue of the initial Contract 888 variation of \$3.15m, Broadspectrum would be in a position to confirm orders with the local quarries for the required aggregate metal.

Finalise the new funding agreement with MBIE for the \$4.91m funded from the COVID-19 Response and Recovery Fund for Council's approval, and once approved, issue a further Contract 888 variation of \$4.91m.