

Pouto wharf physical works procurement plan

Meeting: Kaipara District Council
Date of meeting: 28 October 2020
Reporting officer: Jody Kelly, Project Manager

Purpose/Ngā whāinga

The purpose of this report is to seek approval to delegate financial authority to the Chief Executive for the Physical Works Procurement Plan for Pouto Wharf which will allow the procurement process to proceed and the Pouto project to progress in line with programme expectations.

Executive summary/Whakarāpopototanga

The Kaipara Kickstart Wharves Programme Feasibility Study and Programme Business Case (PBC) was endorsed by MBIE in May 2020 for \$4.0m of PGF funding to implement wharf infrastructure on the Kaipara Harbour. The PBC prioritised renewals for Pahi and Dargaville wharves, marae beach landings and new marine infrastructure for Pouto.

Pouto has been allocated \$1,809,120 of the PGF funding to design and construct the new wharf asset.

The professional services procurement approach for Pouto infrastructure was approved by Council 10 August 2020 which enabled extensive site investigations to commence in September 2020.

The Detailed Business Case will provide MBIE and Council with confidence that the right solution is being developed (based on technical and community feedback) with a level of price certainty (including whole of life). Current physical works estimate is \$1,700,000.

A more collaborative approach with contractors is recommended for this procurement so that the scheme can be refined to get the best price (i.e. including value engineering) and achieve a higher level of interest. This approach allows procurement and design to work in parallel, this benefits the timeline when there is a large design component remaining to complete. It also allows contractors to programme work in advance, and removes pressure around tender submissions, evaluation timelines which will then attract more interest.

The proposed procurement approach is a three-staged open tender advertised on Tender link;

- 1) Expression of Interest (EOI)
- 2) Non-price (weighted) attributes (40%) -
- 3) Price (60%)

This approach allows adequate time for further investigations which will provide fundamental design and scope deliverables required for pricing. This approach enables the design to continue in parallel during the first two stages and shortlisting process of procurement.

The EOI has been advertised on Tender link and attracted a good range of Contractors.

Recommendation/Ngā tūtohunga

That the Kaipara District Council:

- a) Approves the proposed procurement approach for the Pouto Wharf Physical Works.

Context/Horopaki

The endorsed Feasibility and PBC investigated the potential to build and reinstate a number of wharf assets on the Kaipara harbour and prioritised the developments. The Pouto Wharf was prioritised and rated as 'high', recognising potential benefits such as safety improvements of current operations, supporting growth in tourism activities, especially cycle tourism, and the possibility to support development of local land for residential and agricultural use.

Kaipara District Council approved the procurement of Professional Services for further investigations and completion of a Detailed Business Case – confirming preferred location for preliminary design. This work will result in a detailed design and an engineer's estimate.

The procurement of physical works is the next important step in this project.

Discussion/Ngā kōrerorero

A three-staged tender process is proposed will support a more collaborative approach between Council, designer and contractor. The objectives of this procurement are

- To expedite delivery
- To gain greater price confidence
- To achieve an affordable scheme

The three phases of procurement are aligned with activity

Phase	Procurement Activity
Detailed Business Case	Professional Services Consultant appointed Expression of Interest for Physical Works Contractor Non-Price Tender to shortlist Contractor submissions to 2 submissions
Detailed Design	Confirm Engineers Estimate (Contractor working with Designer will not be made aware of the Engineers Estimate)
Physical Works	Preferred Contractor given opportunity to negotiate contract

The proposed procurement approach for physical works is a three-staged open tender advertised on Tender link;

- 1) Expression of Interest
- 2) Non-price (weighted) attributes (40%)
- 3) Price (60%)

This procurement approach was influenced by the learnings taken from the Dargaville Pontoon tender response and outcome. This approach includes the following key factors; expressing interest from contractors to provide services for a design and build contract, and advertising early (which offers a longer procurement timeline, and reaches out to a larger pool of contractors through the open market). Advertising the EOI early has provided adequate time for the project team to assess the level of interest and utilise interested contractors' questions and feedback to confirm this approach will attract several submissions.

Procuring through three stages aligns with this project as there are still further investigations required before a scope can be defined for pricing. This way tenderers have more time to programme the work in and there is more price certainty.

Expression of Interest Stage

The first stage of the open tender has progressed, which has advertised the EOI on Tender link. The EOI was open for 4 weeks and eight submissions have been received which is an excellent response for KDC. The submissions received are as follows;

- 1) Brian Perry Civil
- 2) Concrete Structures NZ Ltd
- 3) Coastal Marine & Civil Ltd
- 4) Land Development & Engineering
- 5) Tonkin Taylor Ltd
- 6) Total Marine Services
- 7) United Civil Construction
- 8) Worley NZ Ltd

Note - The above submissions differ from the seven contractors contacted prior to the EOI being released due to location remoteness and programme delivery timeframe. Five of the seven declined the EOI, but by releasing the EOI openly we have attracted six other tender submissions.

Should the procurement management approach be endorsed by Council, the project team will continue with stage two of the open tender process, this includes evaluating and shortlisting these proposals which will allow them to submit their non-price attribute submissions.

Options

In both options the Contractor will be shortlisted and have the opportunity to work with the designer in the development of the preliminary design

Option 1 – Preferred Contractor identified at Quality stage who will then work with the designer. They will have first go at pricing and if it is less than the engineers estimate the contract will be negotiated.

Option 2 – Designer does engineers estimate independently, followed by a price for both Contractors (Quality carried over into next round excluding those that don't pass).

Note - these options can be determined before the second stage of tendering commences e.g. after the first stage of EOI evaluations are complete.

The preferred option is option 2.

Policy and planning implications

The recommended approach aligns with the Procurement Policy.

Closed Tender and Direct Appointment have not been presented as recommended options as the value of the works would put this approach at odds with the Procurement Policy.

Financial implications

The funding received was based on a high-level estimate from desktop investigations and market value from February 2020. To confirm this estimate, an extensive list of site investigations will be required, these findings will provide enough detail to prepare a Detailed Business Case and refine pricing of the preferred location.

Risks and mitigations

- There are minimal marine infrastructure experts in Northland. Far North District Council are also delivering several wharves over the 20/21 financial year, which will put pressure on the market; this may result in minimal tender responses. To mitigate this, an EOI has been advertised on Tender link to gauge interest, this has provided eight submissions for evaluation which is an excellent result.
- Pouto's remote location will likely impact supply and delivery costs, and could incur delays with programme due to environmental conditions / impacts.

Significance and engagement/Hirahira me ngā whakapāpā

This recommendation is considered **significant** under the Significance and Engagement Policy however significant engagement has been undertaken.

This work has been built upon a robust engagement process used to date and utilises a stakeholder register and known advocates, community groups and leaders. The project team also ensure elected members are informed of the expected changes and planned community engagements.

A letter to Pouto landowners in April detailed the consultation on the feasibility study and invited submissions and registration for the online survey. Another update was sent at the end of May via a stakeholder newsletter, social media posts and local paper notices, as well as direct emails to community leaders and groups. This was to communicate the approval and finalisation of the PBC and feasibility study, and next steps. Regular newspaper updates will be used as we move through final consultations, design and implementation for the project.

A Community Open Day has been arranged for 14 November 2020 which will provide a further update on progress for the community and provide the opportunity for community feedback.

In addition, there are also regular updates for internal staff and formal engagement and feedback with Kaipara Elected Members.

Next steps/E whaiake nei

- Evaluate submissions from EOI, shortlist candidates and continue through to the second stage of the open tender process.

Attachments/Ngā tapiritanga

	Title
A	KDC Procurement Plan – Pouto Physical Works V01