

# 3 Waters Reform Programme Procurement Plan

**Meeting:** Kaipara District Council  
**Date of meeting:** 25 November 2020  
**Reporting officer:** Donnicks Mugutso, Project Manager 3 Waters Reform Programme

## Purpose/Ngā whāinga

To seek approval for the Specific Procurement Strategy for the 3 Waters Reform Programme.

## Executive summary/Whakarāpopototanga

In September 2020 the Council signed and approved the Funding Agreement and Delivery Plan for the 3 Waters Reform Programme. On 6 November 2020 we received confirmation from the DIA that our Funding Agreement and Delivery Plan were conditionally approved.

The proposed procurement approach is two fold:

- To create Selected List Panel (SLP) of three pre-qualified contractors (United Civil, Forte and Ventia) who have existing contracts, a proven track record with KDC on competitive rates, Health and Safety and use of local sub-contractors and resources to deliver the physical works program.
- Variations to existing contracts where appropriate
- Direct appointment where there is an appropriate value proposition

## Recommendation/Ngā tūtohunga

That the Kaipara District Council:

- a) Approves the 3 Waters Reform Specific Procurement Strategy for the delivery of projects funded through DIA. The Strategy comprises
  - I. The allocation of design and MSQA services to the Professional Services Panel
  - II. The creation of a panel for physical works delivery consisting of Ventia, United Civil and Forte
  - III. The direct award of specific projects where there is a compelling value proposition.
- a) Delegates the Chief Executive to approve the award of contracts up to the allocated funding of \$4,691,048 (excluding GST) once the procurement processes have been concluded.

## Context/Horopaki

### Introduction

In August 2020 the Kaipara District Council (Council) signed a Memorandum of Understanding (MOU) with the Department of Internal Affairs (DIA) to commit the Council to engage with the reform programme and share information in the first stage of the 3 Waters Reform Programme. This provided Council access to a \$761 million stimulus package of which \$4,691,048 is the Council share to complete a few 3 Waters projects in the district. In September 2020 the Council signed and approved the Funding Agreement and Delivery Plan for the 3 Waters Reform Programme which were then submitted to the DIA and Crown Infrastructure Partners (CIP). On 6 November 2020, we

received confirmation from the DIA that our Funding Agreement and Delivery Plan were conditionally approved.

Section 9.1.2 of the Kaipara District Council Procurement Manual (Procurement Manual) requires approval by Council for any high risk and high value procurement with a value exceeding \$500,000. Although most of the projects in the 3 Waters Reform Programme are low risk renewals; there are some which surpass the threshold of \$500,000 hence the need for Council approval. The other reason is that, in order to meet the DIA's completion target of March 2022, direct appointments from a Selected List Panel (SLP) of pre-approved contractors through extensions of existing contracts and closed tenders is proposed and requires approval from Council. The DIA also recommended such an approach which was presented in the Delivery Plan.

## Background

In July 2020, the Government announced a funding package of \$761 million to provide immediate post-COVID-19 stimulus to local authorities to maintain and improve three waters (drinking water, wastewater, stormwater) infrastructure, and to support reform of local government water services delivery arrangements. In August 2020 the Council signed the Memorandum of Understanding with the Department of Internal Affairs to engage in the reform programme and share information in the first stage of the 3 Waters Reform with an option to participate in future programmes. In September 2020, the Council approved the Funding Agreement and the Delivery Plan for the 3 Waters Reform. In November 2020, the Department of Internal Affairs confirmed that the Council's Funding Agreement and Delivery Plan were conditionally approved. In its September meeting, the Council delegated the Chief Executive Officer "the authority to finalise the Delivery Plan, if any feedback from central government is received, in order to obtain approval and release funding".

## Procurement Method

Procurement Objectives:

The objectives of procurement align with the Government's objectives and specifically Council's broad objectives to:

1. Deliver safely – a commitment to reducing harm to us and the people involved in our supply chain;
2. Create and demonstrate public value through our activities with focus on:
  - Good price - whole of life costs
  - Good quality - customer centric delivery
  - Good outcomes - social, cultural, environmental and economic
3. Improve the efficiency of how we progress projects through their lifecycle to deliver the capital programme;
4. Increase the ability of our iwi, communities and businesses in Kaipara to participate in Council activities;
5. Increase the size and skill level of the supply chain delivering work in Kaipara; and
6. Support the transition to zero net emissions and promote efficient use of resources.

More specifically, the objectives for this 3 Waters Reform procurement are to:

- To complete works by Feb 2022
- To efficiently deliver a program of works
- Stimulate economic activity
- Get local contractor and workforce participation

## Procurement Approach – Professional Services

Professional services support (e.g. scoping, design, construction supervision) will be procured directly through the KDC Professional Services Panel (PSP) which consists WSP, Awa and Stantec consultants.

## Procurement Approach - Selected List Panel (SLP)

The procurement approach will be direct purchase to specialist suppliers and the using a Selected List Panel (SLP) of three pre-qualified contractors, United Civil, Forte, Ventia, as they have existing

contracts, a proven track record with KDC on competitive rates, Health and Safety and use of local sub-contractors and resources to deliver the physical works program. Value of this panel is circa \$3.5m

Work Packages (WP) will be developed to deliver a continuous program of works. Packages will be issued to the SLP for proposals, evaluated and awarded on lowest price conforming criteria as follows:

Name	Pass/Fail
Program	✓
Methodology	✓
Available Resources	✓
Tags	✓

An alternative approach would be to tender each project separately. However this has been rejected as this would be unlikely to attract significant interest from the market and would not support a sustainable market.

Tendering of the panel to the open market has been considered however given the three proposed members have consistently scored well in previous tenders and have performed well on work undertaken, this approach was discounted.

#### **Procurement Approach – Variation to existing contracts**

Variations will also be issued through existing contracts for WP where similar works and negotiated rates can be applied.

Direct purchasing will be done following negotiation with specialist suppliers for the timber tank water reservoir at Maungaturoto, and Te Kopuru Wastewater Treatment Plant Aerator. Timbertank Enterprises Ltd currently have a contract with Kaipara District Council and are building the replacement tank in Ruawai.

#### **Summary of procurement approach.**

Description	Value ('000)	Status
Dargaville Haimona and Pirika St Watermain Renewals	\$650	Variation to Forte Civil
Ruawai Watermains Renewals	\$795	Design (PSP) - Construction (SLP)
Maungaturoto Hurndall St Watermain Renewals	\$450	Design (PSP) - Construction (SLP)
Maungaturoto Raw watermain Renewals	\$900	Design (PSP) - Construction (SLP)
Maungaturoto Water Truck Filler and Main Upgrade	\$510	Design (PSP) - Construction (SLP)
Dargaville Wastewater Renewals	\$460	Scope and Design (PSP) - Construction (SLP)
Kaiwaka Wastewater Renewals	\$400	Scope and Design (PSP) - Construction (SLP)
Maungaturoto Water Reservoir Replacement	\$240	Direct Design and Build with Timber Tanks
Te Kopuru Wastewater Treatment Plant Aerator Upgrade	\$60	Direct Purchase

## Programme

	Dec 20 - Feb 21	Mar 21 - May 21	Jun 21 - Aug 21	Sep 21 - Nov 21	Dec 21 - Feb 22
Dargaville Haimona and Pirika St Watermain Renewals	Construction				
Ruawai Watermains Renewals	Design	Construction			
Maungaturoto Hurndall St Watermain Renewals	Design	Construction			
Maungaturoto Raw watermain Renewals	Scope	Design	Construction		
Maungaturoto Water Truck Filler and Main Upgrade	Scope	Design	Construction		
Dargaville Wastewater Renewals	Scope		Design	Construction	
Kaiwaka Wastewater Renewals	Scope		Design	Construction	
Maungaturoto Water Reservoir Replacement	Scope	Design	Construction		
Te Kopuru Wastewater Treatment Plant Aerator Upgrade	Scope	Design	Construction		

## Discussion/Ngā kōrerorero

### Options

**Option 1:** Approve the Procurement Plan which is the recommended option and will get the programme underway with a target completion before March 2022.

**Option 2:** Council does not approve the Procurement Plan, which means the projects in the programme must be publicly tendered one at a time; risking the timeous delivery of the programme.

The recommended option is **option 1**.

### Policy and planning implications

There are no policy and planning issues with this decision.

### Financial implications

There are no adverse financial implications as this programme is externally funded by the 3 Waters Reform Stimulus Grant.

### Risks and mitigations

There is a risk of achieving a competitive, sustainable contractor base, with the volume of work currently entering the Construction sector will be significantly reduced. To mitigate this risk, developing a select list of contractors with a continuous pipeline of work will provide security for the contractor reduce the need to look elsewhere.

## 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**

Staff to draft design and construction contracts and variations and get them executed by the CE and the contractors to start the programme.

**Attachments/Ngā tapiritanga**

There are no attachments.