

# 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

## Procurement Plan (> \$500,000) Pouto Wharf Physical Works

**This document seeks approval from Louise Miller, as delegated financial authority holder to:**

- Undertake procurement processes for goods or services to an estimated value of \$1,700,000.
- In approving this Procurement Planning and Approval document, the delegated financial authority holder is requested to note that this is a high-level estimate based on the feasibility business case. A Procurement Recommendation will follow in due course.

Once fully approved the project manager or business owner may procure goods and services according to the plan. Any material deviations from the plan must be reapproved by those who have endorsed and approved the plan.

<b>Signed:</b>	<b>Signed:</b>
<b>Name:</b> Jody Kelly	<b>Name:</b> Mark Bell
<b>Role:</b> Project Manager	<b>Role:</b> Infrastructure Delivery Manager
Statement: This procurement plan has incorporated objectives of the business owner and is designed to deliver best "whole of life" cost solution for TP and its customers.	Statement: This procurement plan has an approved business case and budget to cover this procurement.
<b>Date:</b>	<b>Date:</b>
<b>Signed:</b>	<b>Signed:</b>
<b>Name:</b> Jim Sephton	<b>Name:</b> Louise Miller
<b>Role:</b> General Manager	<b>Role:</b> (DFA Holder)
Statement: I approve/recommend the CEO approve this procurement plan.	Statement: I approve this procurement plan.
<b>Date:</b>	<b>Date:</b>

## 1 No Conflict of Interest Declaration

If you feel that you may have a conflict of interest then please email a Procurement representative immediately to formalise your declaration.

By signing below I hereby declare that to the best of my knowledge I do not have:

- any financial (shareholding or pecuniary) or other related interest in the supply of goods and services for the project named below;
- any relatives or friends with a financial interest in the goods and services to be supplied for the project named below; or,
- any personal obligation which would in any way affect my decisions in relation to the process I have been asked to undertake for Kaipara District Council.

Name	Role	Signature
Jody Kelly	Project Manager	
Mark Bell	Infrastructure Delivery Manager	
Jim Sephton	General Manager	
Louise Miller	Chief Executive	

## 2 Project Related Information

<b>2.1 Project Name</b>	Pouto Wharf Physical Works
<b>2.2 Total Project Budget</b>	1,809,000
<b>2.3 Total Estimated Procurement Cost (BC1)</b>	1,700,000
<b>2.4 Briefly describe the project this procurement relates to?</b>	Head Contractor engagement to provide Design & Build services for a new wharf at Pouto Point, this includes developed and detailed design, final consent submission, supply and installation.

## 3 Procurement Streams

A procurement stream is an individual procurement. For example, a project may involve the procurement of an asset and the installation of that asset. This would typically involve two streams; one for the procurement of the asset and one for the procurement of the installation services. (Insert new rows for additional streams if necessary)

Name	Estimated Procurement Cost
<b>3.1 Head Contractor for Design &amp; Build</b>	1,700,000

As part of the approved Kaipara KickStart Provincial Growth Fund Business Case, Pouto Point will receive new transport marine facilities, this will include the supply and installation of a new wharf to allow for passenger ferry operations. There are three possible locations to erect the wharf at Pouto Point, these are currently being investigated to provide the necessary information to present the preferred location & current cost estimate in a detailed business case to MB. Preliminary design will also proceed alongside the business case, this will provide more certainty around scope which minimises anomalies and tags during the pricing process.

## 4 Procurement Stream ONE – Head Contractor for Design & Build

If your project has multiple procurement streams replicate this section for each stream

### 4.1 What is being procured?

Head Contractor for Design and Build at Pouto Wharf

### 4.2 Is this procurement subject to previously approved procurement strategy?

Yes

### 4.3 Is there an established panel of suppliers that can be used for this procurement?

No

### 4.4 What suppliers are capable of providing the goods or services required for this procurement stream?

Total Marine Infrastructure  
 Steve Bowling Group - GHK Piling  
 Bellingham's Marine Limited  
 United Civil  
 Downer  
 Broadspectrum  
 Wilson's Earthmoving Group

### 4.5 What type of tender is being recommended? (if applicable)

<b>Competitive (Open)</b>	Open Tender
<b>Competitive but closed (Closed/Selective)</b>	
<b>Non Competitive (Direct/Selective)</b>	

### 4.6 What is the nominated procurement approach and why this is the best procurement approach?

The nominated procurement approach is a Three Staged Open Tender which will be managed through Tenderlink, this includes;

1. Registration of Interest – Pass / Fail
2. Non-Price Attributes – 40%
3. Price – 60%

A three-staged tender has been selected to allow time to prepare the required design and scope deliverables that will be required for pricing. Procuring through three stages aligns with this project as there is 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. This approach should attract more submissions, and investigations and design can continue in parallel during the first two stages and shortlisting process of procurement.

### 4.7 What are the procurement/logistics risks related to this procurement stream, proposed mitigation measures and/or risk allowances?

The risks for this procurement are that there is a small window of marine infrastructure experts in the region, and there is currently a lot of work in the Far North programmed. Covid-19 also presents a risk of supply and installation from any contractors south of Northland. The mitigation is to procure through an open three staged tender, so contractors have plenty of time to prepare, programme and price. With a high demand in infrastructure and programme delivery currently it is in our best interest to work more collaboratively with contractors so all of the listed capable suppliers have been contacted by phone to advise them that this ROI coming up, all these suppliers seemed interested in responding. The programme for delivery is tight, which is another reason to work in parallel now, aiming to have scope defined and the price request out before Christmas 2020, so tender award can follow in January 2021 and works can be completed within the financial year 20/21.

#### 4.8 What is the Procurement Policy exemption being proposed (if an Open Tender (Competitive) is not being utilised) and what is the justification for this exemption?

N/A

#### 4.9 Are there any specific contract terms applying to this procurement?

Head contractor to show in their proposed methodology how they can work with the local community and provide employment opportunities to align with social procurement values.

Defects Liability Period and Maintenance Agreement is recommended but needs to be tested with shortlisted tenderers, as not to deter contractors from tendering.

## APPENDIX A – Tendering, Contracting and Cost Details for Each Procurement Stream

### 5 Procurement Stream ONE – Head Contractor for Design & Build

If your project has multiple procurement streams replicate this section for each stream

#### 5.1 Procurement Timelines

Include high-level activities for the procurement stream. This should consider the tender activities. Refer to the Procurement Guidelines for examples.

	Milestone Name	Start Date	End Date
1	Registration of Interest on Tenderlink	10/09/2020	24/09/2020
2	ROI Evaluation Shortlist (based on Pass/Fail)	28/09/2020	16/10/2020
4	Non-price attributes on Tenderlink to Shortlist	19/10/2020	06/11/2020
5	Evaluation Shortlist (based on weightings below)	09/11/2020	20/11/2020
6	Price request on Tenderlink to Shortlist	23/11/2020	18/12/2020
7	Price Evaluation (based on weighting below)	21/12/2020	22/01/2021
8	Contract Award	25/01/2021	31/01/2021
9	Detailed Design Start	01/02/2021	31/03/2021
10	Physical Works Start	01/04/2021	30/06/2021
11	<i>Defects Liability Period (1 year), Maintenance Period (2 years) – To be Confirmed</i>	01/07/2021	30/06/2022

#### 5.2 Evaluation Team (for both tenders and non-competitive procurement)

Role	Name	Group
Project Manager	Jody Kelly	Infrastructure Delivery
Evaluation Team Member	Mark Bell	Infrastructure Delivery
Evaluation Team Member	Dallas Dreadon	Infrastructure Delivery



### 5.3 Evaluation Criteria and Scoring (See Guidelines for an example)

NON-PRICE CRITERIA	WEIGHTING
Proposed Methodology	20%
Capability	10%
Capacity	10%
<b>NON-PRICE TOTAL</b>	<b>40%</b>
Price	60%
<b>TOTAL</b>	<b>100%</b>

### 5.4 Identify the form of contract to be utilised for this procurement

NZS3916 Design and Build

### 5.5 Where is the contract located in P: drive

### 5.6 Estimated Costs (modify to suit relevant costs)

Description	Cost
<b>Total procurement cost</b>	1,700,000

## 6 Relevant Reference Documentation

Provide the document name and hyperlink to the document. Documents may also be attached as an appendix to this plan.

Source Name	Brief Description	Hyperlink/Location