

Pōuto wharf physical works procurement plan update

Meeting: Externally Funded Projects Committee
Date of meeting: 17 February 2021
Reporting officer: Mark Bell

Purpose/Ngā whāinga

The purpose of this report is to seek approval for the Physical Works Procurement Plan update for Pōuto Wharf, which will allow the amended procurement process to proceed and the Pōuto project to progress in line with programme expectations.

Executive summary/Whakarāpopototanga

The procurement plan for Pōuto Wharf physical works was approved by Council in October 2020. This plan outlined a three-stage open tender process, including an EOI process to establish a list of proponents, a non-price (weighted) attributes assessment (40%) and a Price assessment (60%).

The preferred location option for Pōuto Wharf (Fisherman's Rock accessed off beach via revetment access path) currently has an estimated cost range of \$1.8-2.5m to complete the construction phase, which presents a budget issue for this component.

To achieve the optimum price, and deliver within budget, the project team have identified that:

- there is a need to be flexible on programme
- there is a need to allow the construction methodology to influence the design of the wharf

The procurement plan has therefore been revised to help the project align with a successful contractor work programme and gain further cost savings.

Recommendation/Ngā tūtohunga

That the Externally Funded Projects Committee:

- a) Approves the updated Procurement Plan for Pōuto Wharf physical works

Context/Horopaki

Since the original procurement plan was signed off in October 2020 and the concept design phase has been completed a revised procurement approach has been proposed. This is still utilising the pre-selected contractors from the Expressions of Interest stage but modifying the design and construct approach.

The primary focus of the procurement is to deliver a wharf under the budget of \$1.8m. The current engineers estimate is \$1.8 to \$2.5m and therefore the procurement has been refined to allow greater flexibility in how and when the wharf will be constructed.

WSP have been appointed as the Principals Advisor and they will establish Principles requirements which will essentially set out the base line requirements – e.g. location of wharf, solid structure, safety and environmental impacts. Areas that are negotiable include carrying capacity and construction methodology and timing.

The Procurement Plan includes a Request for Tender (RFT) which is focused on a selected tenderer who can deliver within the budget. The Non Price component includes an interactive where the proponent can test innovative ideas.

The Preferred Tenderer will then be given the opportunity to price the work and if this comes in under budget (including principle set contingency) they will be awarded the work. If we cannot agree terms, then negotiations with the second placed tenderer will commence and so forth.

Discussion/Ngā kōrerorero

The revised Procurement Plan (970 Procurement Plan – Pōuto Wharf Physical Works) is included at Attachment A.

Options

Option 1: Approve the Physical Works Procurement Plan update

Option 2: Do not approve the Physical Works Procurement Plan update

The recommended option is **option 1**.

The revised procurement approach has been developed through discussions with independent procurement advisors and is considered the best way of delivering this project within budget.

If the plan is not approved, then we would look to revert to the originally stated procurement method however this would be likely to increase budget risks and the project may prove to be unachievable within the existing budget constraints.

Policy and planning implications

Consents will be applied in parallel to the procurement process, this will allow innovations contributed by the Contractor to be incorporated.

Financial implications

There is an increased cost for a design & Construct contract associated with having a Principals Advisor. However overall, this is expected to be offset with a reduction in physical works costs

Risks and mitigations

There is a key risk that we cannot develop a project which can be afforded within the MBIE budget. This procurement plan is a response to that risk.

There is a risk that the Contractor introduces innovations which affect whole of life costs. The Principal Advisor will be evaluating all innovations and as Principal, we retain the right to reject anything which is unacceptable.

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

Commence the revised procurement process as outlined in attachment A.

Attachments/Ngā tapiritanga

	Title
A	970 Procurement Plan – Pōuto Wharf Physical Works
B	Confirmed Minutes 28 October 2020
C	Pōuto Wharf Physical Works Procurement Plan (as submitted council 28/10/20)