

Pahi Wharf revised physical works procurement plan approval

Meeting: Kaipara District Council
Date of meeting: 26 May 2021
Reporting officer: Joanne Reid, Programme Manager

Purpose | Ngā whāinga

To seek approval for the revised procurement plan for physical works on the Pahi Wharf project, as outlined in Attachment A.

Executive summary | Whakarāpopototanga

Market conditions have affected suppliers pricing and availability. The current procurement approach was a direct appointment of Bellingham Marine and closed competition for certain components. However we have not been able to establish an acceptable offer.

A revised physical works procurement plan for Pahi Wharf has been developed which reflects current conditions and makes best use other wharf procurement activities.

The revised procurement plan outlines a competitive but closed tender approach for the Head contractor (to provide physical works for the fabrication, supply and installation of a new gangway and pontoon at Pahi Wharf) and an invited tender for the repairs and strengthening works.

Pahi Wharf project has a total estimated physical works procurement cost of \$845,000. The existing budget for Pahi Wharf is \$865,000. There is additional funding available within the Kaipara wharves programme which can be allocated to Pahi project if required.

Recommendation | Ngā tūtohunga

That the Kaipara District Council:

- a) Approves the Pahi Wharf revised physical works procurement plan

Context | Horopaki

The original Physical Works Procurement plan was approved by Council in March 2021. This plan separated the construction contract into two portions:

1. Direct award to Bellingham's as Contractor for Pahi Wharf Gangway and Pontoon
2. Invited Tender to the local market for the repair and strengthening works

The cost estimates received from Bellingham's in contract negotiations have exceeded previous estimates and sit outside of the project budget.

The project received two tender responses for the repair and strengthening works, both of which exceed anticipated costs and sit outside of the project budget.

To resolve this issue, the project team has revised the Procurement plan with the aim of identifying supplier's suitable for the works within the allocated budget.

Discussion | Ngā kōrerorero

This procurement plan revision relates to the physical works component at Pahi, the scope of works includes improvements to the existing wharf, fabrication and installation of a new pontoon and a new gangway.

The revised Procurement Plan separates the physical works into two Contracts.

Contract One

Head Contractor to provide physical works for the fabrication, supply and installation of a new gangway and pontoon at Pahi Wharf (estimated value \$625,000)

Revisions made to original approach and rationale:

This contract was originally proposed to be a direct award to Bellingham's as at the time they were operating within the Kaipara Harbour which provided efficiencies in cost. Bellingham's workforce has now left the harbour, and as a result recent cost estimates provided for Pahi Wharf are double their initial estimates.

There is now a requirement to go to competitive invited tender. In parallel, Bellingham's will progress a value and risk identification process to identify if cost can be reduced.

Contract Two

Contractor to provide repairs and strengthening to the existing wharf structure including the supply and installation of a new landing which will connect the existing wharf structure to the new gangway (estimated value \$220,000)

Revisions made to original approach and rationale:

The approach for this contract will continue to be competitive invited tender, with the addition of two suppliers to the invite list. An increase to procurement value has been applied (original cost value \$75,000) to reflect the engineers estimate and recent tender response cost estimates.

Options

Option 1: Approve the Pahi Wharf Revised Physical Works Procurement Plan

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

The recommended option is **option 1**.

Option 1 is the recommended option in reflection of the cost's estimates received through negotiating with Bellingham's and the requirement to apply a competitive tender process to establish achievable pricing.

If option 2 is selected, we would continue negotiations with Bellingham's and refine the scope of works outlined in the tender for Repair & Strengthening works. This approach does put project budget and programme at risk and the project may prove to be unachievable within the existing budget and programme constraints.

Policy and planning implications

None

Financial implications

The overarching Kaipara Wharves programme carries \$272,000 of holding budget available for allocation to specific wharves as required. A request will be issued to the Ministry of Business and Innovation (MBIE) to allocate this funding to Pahi Wharf project if required.

Risks and mitigations

None

Impacts on Māori

None

Significance and engagement | Hirahira me ngā whakapāpā

The decisions or matters of this report are considered to have a low degree of significance in accordance with Council's Significance and Engagement Policy. No feedback is required, and the public will be informed of Council's decision via the agenda and minutes publication of this meeting, on the website and through other channels if appropriate.

Next steps | E whaiake nei

Commence the Procurement process as outlined in Attachment A.

Attachments | Ngā tapiritanga

A	Revised procurement plan Pahi Wharf physical works