

C178 ROAD MAINTENANCE CONTRACT 2018-2021 : TENDER EVALUATION REPORT

PURPOSE OF REPORT

- 1 The purpose of this report is to seek Kāpiti Coast District Council (the Council) approval to award Contract C178 Road Maintenance 2018–2021 to Higgins Contractors Limited.

DELEGATION

- 2 As the contract value is in excess of the Chief Executive's financial delegation the Council approval is required to award the contract. The Council has the authority to make this decision.

BACKGROUND

- 3 The current Road Maintenance Contract expires on 30 June 2018. The new contract excludes chipseal surfacing, which will be tendered as a standalone contract.
- 4 The new Road Maintenance Contract is a combination of measure and value and monthly lump sums for the maintenance of all roads within the Kāpiti District excluding the carriageway pavement on State Highway 1 and private roads.
- 5 The Contract has an initial term of three years commencing on 1 July 2018 until 30 June 2021, and may be extended twice at the sole discretion of Council for a 24 month period to a maximum term of 7 years. Extension of the Contract will depend on the contractor's performance among other factors.
- 6 The scope of works as set out in the contract documents and specifications includes:
 - Receipt of customer enquiries, investigation and proposal of appropriate solutions;
 - Hazard and other enquiry response services;
 - Fault finding to identify work programme;
 - Maintenance works for roading and pedestrian network assets;
 - Carriageway paving;
 - Kerb and channel maintenance and renewal;
 - Footpath maintenance and renewal;
 - Road markings and raised pavement marker maintenance and renewal;
 - Traffic sign maintenance and renewal;
 - Road corridor vegetation cutting;

- Road corridor chemical vegetation control;
- Emptying and cleaning sump and other surface drainage facilities, including swales, culverts, enviropods and soakpits;
- Street sweeping and segmental paver cleaning; and
- Bridge maintenance.

ISSUES

Tender Received

- 7 Tenders were advertised on Thursday 19 April 2018 and closed at 4.00pm on Friday 18 May 2018 at the offices of Kāpiti Coast District Council.
- 8 One tender submission was received from:
 - Higgins Contractors Limited
- 9 The current levels of construction activity both regionally and nationally within the roading sector continues to put pressure on the roading market with regard to both contractor availability and pricing. It is difficult to source experienced roading staff and this is reflected in that only one tender was received.

Tender Evaluation

- 10 The Tender was evaluated at the offices of Kāpiti Coast District Council on Thursday, 24 May 2018 in accordance with the NZ Transport Agency (NZTA) Procurement Manual, using the Price Quality Method by a panel of three including an external independent Engineer and accredited NZTA tender evaluator.
- 11 The first stage of this evaluation involved grading each submission's non-price attributes between 35 (completely inadequate and no longer considered) to 100 (excellent). The attribute gradings set out in the contract were as follows:

Attribute	Weighting (%)
<i>Relevant Experience</i>	7
<i>Track Record</i>	7
<i>Relevant Skills</i>	8
<i>Resources</i>	3
<i>Resources (systems)</i>	5
<i>Methodology</i>	10
<i>Price</i>	60

- 12 Upon completion of the steps above, the price envelope was opened on Friday 25 May 2018 with a price received of \$13,827,479 GST exclusive.

CONSIDERATIONS

Policy considerations

- 13 There are no policy considerations.

Legal considerations

- 14 To be eligible for financial assistance the NZ Transport Agency requires that the selection of physical works contractors complies with the requirements of the NZTA Procurement Manual. These procedures have been used in preparing the tender document and evaluating the tender.

Financial considerations

- 15 The initial Engineer's estimate based upon available budget and projected scheduled contract quantities was \$13,288,119 excluding GST.
- 16 The Higgins Contractors Limited tender price for the contract, including contingencies but excluding GST is \$13,827,479. Due to Higgins being the sole supplier, tendered rates have also been sent to be independently checked by a Quantity Surveyor from Rider Levett Bucknall (RLB).
- 17 After reviewing the detailed contract schedule it is proposed that with some minor reductions in scope the projected spend for the 3 year term would be agreed at \$13,738,119. This represents an increase of \$450,000 when compared to the draft 2018-38 Long Term Plan (LTP) budget of \$13,288,119.
- 18 The increase of \$450,000 is made up of operating expenditure items (Opex) over the three years and after discussion through the Council LTP workshop process has now been incorporated into the proposed final 2018-38 LTP for adoption.
- 19 Additional NZTA funding will also need to be applied for and if approved will be reflected in years two and three of the LTP budget. Please note that funding applied for will be 51% of \$450,000, which is a 2.5% increase on the approved three year maintenance and renewal funding. NZTA have indicatively confirmed agreement for the proposed increase.
- 20 In addition to the potential increase the Higgins Contractors Limited tender also offers:
- Improved programming alignment considerations through smart asset management;
 - Better RAMM asset data capture, management and protection, leading into robust Council asset valuation;
 - Alignment with the One Network Rooding Classification levels of service requirements and reporting mechanisms prescribed by the NZ Transport Agency.

Tāngata whenua considerations

- 21 There are no Tāngata Whenua considerations.

SIGNIFICANCE AND ENGAGEMENT

Degree of significance

- 22 This matter has a low level of significance under Council policy.

Consultation already undertaken

- 23 No consultation has been undertaken.

Engagement planning

- 24 A pre-commencement meeting will be undertaken to outline contract requirements, including contract insurances, traffic management plan, quality plan, health and safety plan, and environmental plan.

Publicity

- 25 We will communicate the changes through a range of Council channels, to help our community understand the new maintenance contractor's role and share information about the significant amount of works involved in managing our districts roading network.

RECOMMENDATIONS

- 26 That the Council approves to award contract C178 Road Maintenance 2018–2021 to Higgins Contractors Limited for the sum of \$13,827,479 plus GST as proposed in report IS-18-523.
- 27 That the Council delegates to the Chief Executive the authority to sign the final contract C178 documents.

Report prepared by

Approved for submission

Approved for submission

Neil Williams

**ROADING NETWORK
PERFORMANCE TEAM
LEADER**

Sean Mallon

**GROUP MANAGER
INFRASTRUCTURE SERVICES**

Janice McDougall

**ACTING GROUP
MANAGER CORPORATE
SERVICES**