

WM/03/01/07/01

Mayor and Councillors
COUNCIL

12 DECEMBER 2013

Meeting Status: **Public**

Purpose of Report: For Decision

RIVER RECHARGE AND WATER TREATMENT PLANT - CONSTRUCTION CONTRACT

PURPOSE OF REPORT

- 1 This report seeks Council's approval to award the contract 2012/C035 for the construction of the first stage of the River Recharge with Groundwater (RRwG) project and the first stage of the Waikanae Water Treatment Plant (WWTP) upgrade.

SIGNIFICANCE OF DECISION

- 2 This report does not trigger the Council's Significance Policy.

BACKGROUND

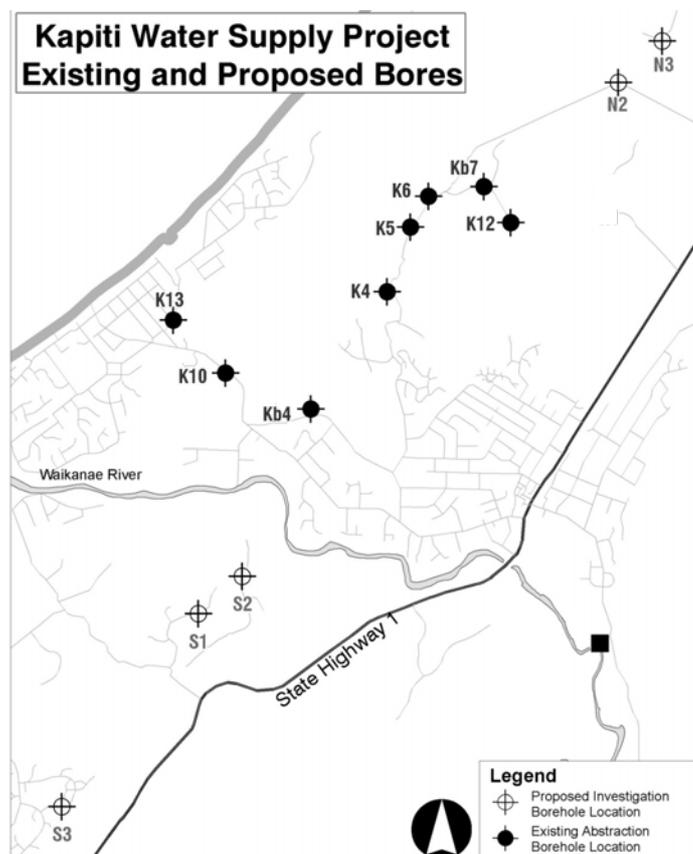
- 3 At its meeting on the 28 November 2013 the Council approved the continuation of the RRwG project which will provide additional water supply capacity for the Waikanae, Paraparaumu and Raumati supply zones.
- 4 The RRwG project was awarded a 35 year resource consent in October 2013. This was the conclusion of over four years of detailed option investigation and analysis. The project is broken into four separate stages to be completed over the next 50 years. The first stage will be completed under contract 2012/C035 in conjunction with stage one of the planned upgrade of the WWTP.
- 5 The WWTP was constructed in 1977 and is over 41 years old. The plant has been programmed for significant upgrade works due to its age and the deteriorating condition of critical parts of the plant. The upgrade has been staged over the next 10 years to help manage costs whilst improving operational efficiency and reducing the risks of failure.
- 6 Cardno BTO (Cardno) was engaged through a competitive selection process to complete the detail design for both projects. A significant benefit associated with Cardno's successful bid was in part, their use of Dr Jason Colton (Process Engineer). Dr Colton has been involved in supporting Greater Wellington Regional Council with their water treatment process improvements.
- 7 As the RRwG and the WWTP construction contract exceeds the Chief Executive's delegation, approval is now required from Council before the contract can be awarded.

CONSIDERATIONS

Issues

Proposed Works

- 8 The major items being replaced or upgraded as part of the first stage works at the WWTP are the raw water and high lift pumps, chemical dosing equipment and all of the electrical and control facilities, with greater use of automated process control, online monitoring and chemical dosing. The work also includes building improvements to ensure compliance with 100% of the latest earthquake standards.
- 9 The use of real time water quality sensors on raw water entering the plant will greatly assist in improved water quality as modifications to the treatment plant can be made instantaneously, in advance, rather than on a reactive basis as is the current practise.
- 10 The first stage of RRwG includes the connection of a new pipeline from bore K6 to Kb7, K12 and N2 including the installation of three new bore pumps. The other major element is the groundwater discharge channel and stream discharge structure at the WWTP. The inlet works to the treatment plant will also be modified with improved filter screens and an automated cleaning mechanism which will greatly improve health and safety issues currently experienced by operators who have to clean the screens manually.



- 11 Once the contract is awarded, the successful contractor will take possession of the site from mid-January 2014 with construction being completed by April 2015. After construction, the commissioning phase begins with the official opening expected before June 2015.

Tendering Process

- 12 Due to the critical importance of the WWTP, the project team sought 'Expressions of Interest' from the contracting market in September 2012. This allowed the assessment of contractor's competency to complete the works to a high standard, whilst allowing for the continued uninterrupted operation of the treatment plant. There were eight responses received. These were assessed on a range of weighted criteria including; relevant experience, track record, management skills, construction skills and resources.
- 13 The top three short-listed tenders were then selected and notified in December 2012. One of the original three short-listed tenderers withdrew from the final tender process, due to their existing work commitments. To maintain a competitive process, the project team then included the fourth ranked 'expression of interest'. The short-listed tenderers were: Downers NZ Ltd, Hawkins Infrastructure Ltd and The Fletcher Construction Company Ltd trading as Brian Perry Civil.
- 14 By pre-approving a short list of contractors, greater focus can be given to the proposed methodology and tender price, as contractors know they have a greater chance of winning the work as their basic competency has already been pre-approved. The final tender process closed in November 2013.
- 15 Three tenders were received and ranged in price from \$7.1 million to \$7.8 million. The closeness of the three prices reflects the upfront effort put into the tender process. For example, the calling for expressions of interest, short-listing to three tenderers, detailed tender documentation, site visits with tenderers and a six week tender period.
- 16 The tenders have been evaluated and although Downers NZ Ltd did not submit the lowest tender price they scored the highest overall with regard to price and non-price attributes.

Financial Considerations

- 17 There is sufficient funding for both RRwG and the WWTP stage one construction works within the existing project budgets.
- 18 The engineers estimate for the above construction activities is \$10.3 million. The estimate is made up of \$4.6 million for RRwG and \$5.7 million for WWTP renewal excluding contingency.

	Estimate	Tender
RRwG	4.6M	2.9M
WWTP	5.7M	4.7M
Total	\$10.3M	\$7.6M

- 19 To allow for potential variations during construction a 15% contingency has been added to the tendered value. The total contract award value would be \$8.8 million.

- 20 The overall project budget and latest forecast reflecting the current estimates are shown in the tables below. These include confirmation of the additional RRwG monitoring costs previously highlighted in the Corporate Business Committee quarterly activity report.

RRwG

RRwG	Budget	Forecast	Variance
Construction	4,600,000	3,350,000	1,250,000
Monitoring	280,000	1,290,000	-1,010,000
Management	425,000	425,000	0
Project Contingency	1,045,000	350,000	645,000
Total Budget	\$6,350,000	\$5,465,000	\$935,000

WWTP

WWTP	Budget	Forecast	Variance
Construction	5,700,000	5,450,000	250,000
Management	425,000	425,000	0
Project Contingency	1,055,000	350,000	705,000
Total Budget	\$7,180,000	\$6,225,000	\$955,000

- 21 As both projects have progressed the level of risk and uncertainty has reduced. Now that detailed design has been completed, consents have been granted and tenders have been received there is the opportunity to reduce the level of project contingency allocation.
- 22 The current budget reforecast with reduced project contingency would result in a saving of \$1,890,000 on the current 2012 Long Term Plan capital budgets for RRwG and the WWTP upgrade.

Legal Considerations

- 23 There are no legal considerations associated with this decision.

Delegation

- 24 Only the Council has the authority to award this contract.

Consultation

- 25 The Water Supply project has been included in the Long Term Plan and Annual Plans for a number of years. The scale and scope of the project is widely known throughout the community.

Tāngata Whenua Considerations

- 26 The Te Ati Awa Water Working Group has been involved in the detail design process and site blessings prior to any investigation works. Further blessings and ceremonies are to be held at the appropriate times throughout construction and commissioning phases.

Publicity Considerations

- 27 There have been regular 'updates' provided through local newspapers and the Council's website. In addition, all land owners adjoining the construction sites have been sent a construction newsletter informing them of the tendering programme.

RECOMMENDATIONS

- 28 That the Council authorises the Chief Executive to award Contract 2012/C035 to construct the first stage of River Recharge with Groundwater and the first stage of the Waikanae Water Treatment Plant upgrade to Downer New Zealand Limited to a maximum value of \$8.8 million.

Report prepared by:

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