

**Mayor and Councillors**  
COUNCIL

6 DECEMBER 2018

Meeting Status: **Public**

Purpose of Report: For Decision

## **CONTRACT C198 RESURFACING 2018-2021: TENDER EVALUATION REPORT**

### **PURPOSE OF REPORT**

- 1 The purpose of this report is to seek Kāpiti Coast District Council (Council) approval to award Contract C198 Chipsealing 2018–2021 to Higgins Contractors Limited (Higgins).

### **DELEGATION**

- 2 The Council has the authority to make this decision as this Contract is in excess of the Chief Executives delegation.

### **BACKGROUND**

- 3 Chipseal surfacing was previously incorporated in the Road Maintenance Contract that expired on 30 June 2018 and is now a stand-alone Contract. This Contract will allow Council to directly procure a specialist surfacing provider.
- 4 The Contract is to undertake surfacing of roads as part of the Council's annual surfacing renewal programme. Resurfacing is required to ensure roads remain waterproof and expensive pavement failures do not become apparent.
- 5 The Contract has an initial term of three years. It may be extended twice, at the sole discretion of the Council, with each extension for one year, giving a maximum term of five years ending on 30 June 2023. Extensions of the Contract will depend on the contractor's performance, among other factors.
- 6 The specifications for this tender and Contract are consistent with what is used by Road Controlling Authorities (RCA's) across New Zealand and follow NZ Transport Agency (NZTA) guidelines and standards, which is a subsidised funding requirement.

### **ISSUES AND OPTIONS**

#### Issues

#### Tenders Received

- 7 Tenders were advertised on Tuesday 8 October 2018 and closed on Wednesday 7 November 2018.
- 8 Tender submissions were received from:
  - Higgins Contractors Limited

- 9 As with the recently tendered Road Maintenance Contract only one tender was received, indicating a limited amount of contractors tendering for the Council's work.

#### Tender Evaluation

- 10 Tenders were evaluated in accordance with NZTA Procurement Manual, using the Price Quality Method.
- 11 The first stage of this evaluation involved grading each submission's non-price attributes. No subcontractors for the surfacing work have been nominated by Higgins as they are going to undertake the surfacing work with their own 'in-house' crews.
- 12 The price envelopes were then opened, with Higgins price being \$3,537,000.

### **CONSIDERATIONS**

#### Policy considerations

- 13 There are no policy considerations.

#### Legal considerations

- 14 To be eligible for financial assistance NZTA 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.
- 15 NZTA has mandatory annual achievement reporting which measures the amount of chipseal renewals undertaken on RCA's networks each year. This measure is then correlated and assessed against RCA Peer Groups, Regional and National averages.
- 16 NZTA have an expectation of all RCA's applying the correct treatment to the appropriate hierarchical class of road, and will only pay subsidy on application of the appropriate treatment. Any difference in cost may be at the RCA's full cost (NZTA may not pay their normal 51% subsidy towards this work).

#### Financial considerations

- 17 The Engineer's estimate for the initial three year term was \$2,938,140, with Higgins tender price being \$3,537,000. Council's 49% share of these additional costs will be met from existing Access and Transport budgets.
- 18 Higgins has experience in delivering previous chipsealing contracts for the Council, having successfully delivered resurfacing works between 2008 and 2014.
- 19 Chipsealing surfacing is used extensively by all RCA's and forms the majority of our surfacing programme. Chipseal is 20% the cost of asphalt surfacing so is an affordable treatment.
- 20 The Council has a sealed network length of 400km, with around 20km required to be sealed each year to maintain the required life cycle replacement of chipsealed roads. To seal an equivalent area each year with asphalt would be in the order of \$18m.

21 All prices are exclusive of GST.

### Strategic considerations

22 There are no strategic considerations.

## **SIGNIFICANCE AND ENGAGEMENT**

### Significance policy

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

### Consultation already undertaken

24 No consultation was required.

### Engagement planning

25 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

26 A media release will be developed to inform the public of the successful contract award and contractor engagement. A communications plan will be undertaken prior to any physical sealing works being commenced.

### Other considerations

27 There are no other considerations.

## **RECOMMENDATIONS**

28 That the Council approves awarding contract C198 Resurfacing 2018-2021 to Higgins Contractors Limited for the sum of \$3,537,000 plus GST as recommended in report IS-18-690.

29 That the Council delegates the Chief Executive the authority to sign the final contract C198 Resurfacing 2018-2021 documents.

**Report prepared by**

**Approved for submission**

**Approved for submission**

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