

7.2 SUPPLIER RECOMMENDATION: OTANE ALTERNATE SUPPLY**File Number: COU1-1400****Author: Darren de Klerk, 3 Waters Programme Manager****Authoriser: Monique Davidson, Chief Executive****Attachments: 1. Tender Evaluation Report - Otane Alternate Supply**

The Council is satisfied that, pursuant to s48(1)(a)(i) of the *Local Government Act 2002*, the information to be received, discussed or considered in relation to this agenda item is:

- s7(2)(i) the withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).

PURPOSE

The matter for consideration by the Council is the adoption of the supplier recommendation report for the contract award for Contract C-1002 Otane Alternate Water Supply and the formal inclusion of the 3.2km of wastewater pipeline into the project subject to alignment with wider wastewater project.

RECOMMENDATION FOR CONSIDERATION

That having considered all matters raised in the report:

- a) **That a council resolution is reached to award contract C-1002 for the Otane Alternate Water Supply to Fulton Hogan Ltd as outlined within the attached supplier recommendation report and subject to due diligence and agreement of contract terms.**
- b) **Include the 3.2km of wastewater pipeline as a provisional item into the project subject to alignment with wider wastewater project.**
- c) **That the Chief Executive be delegated authority to negotiate the final details of the contract and to execute the contract.**
- d) **That the report relating to this item be released as publicly available information (without attachments) after the contract has been awarded and the successful supplier informed.**

COMPLIANCE

Significance	This matter is assessed as being of some importance
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COMPLIANCE	
Options	<p>This report identifies and assesses the following reasonably practicable options for addressing the matter:</p> <ol style="list-style-type: none"> 1. Accept the procurement recommendation and proceed with the recommended supplier. 2. Reject the procurement recommendation, and re-start the overall procurement approach
Affected persons	The persons who are affected by or interested in this matter are landowners, council officers, contractors and the general public.
Recommendation	<i>This report recommends option one for addressing the matter.</i>
Long-Term Plan / Annual Plan Implications	None.
Significant Policy and Plan Inconsistencies	Alignment with Council's contract management and procurement policy.

EXECUTIVE SUMMARY

Council adopted a procurement plan on the 10th April 2019 for the tendering of this project/ contract to the open market using the weighted attribute procurement evaluation method.

The tender was released to the market on 15th April 2019 and closed on 15th May 2019.

Council officers with our technical advisors evaluated the tender responses and came to agreement on Tues 21st May 2019.

A preferred supplier has been identified and this report seeks Council approval to negotiate and award the contract to the recommended supplier in the attached Tender evaluation report.

BACKGROUND

The scope of this project is a new water supply main between Waipawa and Otane – this main is to increase flows to Otane Township and the Otane Reservoirs.

The proposed pipe joins the existing network at the intersection of State Highway 2 and Racecourse Road, follows Racecourse Road to White Road and joins with the Otane network at the intersection of White Road and Knorp Street.

Additionally, a provisional item has been included in this tender and evaluation to install a wastewater main for approx 3km, where the pipelines run concurrently to assist with the larger wastewater project in CHB.

SIGNIFICANCE AND ENGAGEMENT

In accordance with the Council's Significance and Engagement Policy, this matter has been assessed as of some importance. This decision will support Central Hawkes Bay District Council in meeting its Long Term Plan objectives and delivering on a key project with #thebigwaterstory programme of work.

OPTIONS**Option 1 Accept the procurement recommendation and proceed with the recommended supplier**

- a) Financial and Resourcing Implications
The new contract can be procured within existing budgets
- b) Risk Analysis
A thorough risk analysis has been undertaken and safety in design.
- c) Alignment to Project Thrive and Community Outcomes
This project aligns with our long term plan and meets our requirements as set out in the LTP document. The successful tenderer has referenced #thebigwaterstory in their tender response and will focus on community outcomes and long term sustainability.
- d) Statutory Responsibilities
Not applicable.
- e) Consistency with Policies and Plans
The procurement recommendation is consistent with the sought outcomes of the procurement approach adopted by Council for the procurement.
- f) Participation by Māori
No specific participation by Maori is required.
- g) Community Views and Preferences
No major community views, but general communication will be key on this flagship project.
- h) Advantages and Disadvantages
An **advantage** is the commencement of a key project in #thebigwaterstory, as well as the community benefits, infrastructure improvements and resilience and compliance with drinking water standards following these essential upgrade.
No **disadvantage** is envisaged by adopting this option.

Option 2 Rejecting the supplier recommendation report.

- a) Financial and Resourcing Implications
Additional costs related to re-tendering and wasted cost in the current process.
- b) Risk Analysis

In the event Council reject the procurement recommendation, a whole new procurement approach will need to be adopted.

This will require additional staff resource, delaying an already full work programme for the organisation.

In the event this option is adopted, legal challenge could result, along with reputational damage and a possible reluctance for future contractors to engage with Council

c) Promotion or Achievement of Community Outcomes

It is unlikely another procurement approach could achieve the promotion or achievement of Community outcomes to the same extent as the recommended option.

d) Consistency with Policies and Plans

This option is not consistent with the procurement approach adopted by Council.

e) Participation by Māori

Not applicable.

f) Community Views and Preferences

Community have been briefly updated on the project, if it is perceived the procurement process and fair process is not followed, questions may be asked by the community of the processes within Council, and the transparency of decision-making

g) Advantages and Disadvantages

Many **disadvantages** if Council adopt this option, Council will be required to completely 'restart' the procurement process requiring existing resource to be re-allocated to a new procurement. Unless the procurement approach is significantly modified, the same outcome would likely result.

There are no obvious **advantages** from this option.

Recommended Option

This report recommends **option one** to **accept the procurement recommendation and proceed with the recommended supplier** for addressing the matter.

NEXT STEPS

Successful party advised, and negotiation towards contract award commenced.

Letters sent to the unsuccessful parties as outlined within the evaluation reports, debriefs undertaken after contract award to successful party.

Public advised via media release after contract signed and awarded.

RECOMMENDATION FOR CONSIDERATION

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