

**10.3 PROCUREMENT PLAN - TIKOKINO ROAD WATER MAIN RENEWAL (STAGE 2&3)****File Number:** COUI - 1400**Author:** Darren de Klerk, 3 Waters Programme Manager**Authoriser:** Monique Davidson, Chief Executive**Attachments:**

1. C-1148 Procurement Plan (Tikokino Road Water Main Renewal Stage 2 and 3)
2. Concept Map - Renewal on Tikokino Road

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

- s7(2)(h) the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities
- 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)
- s7(2)(j) the withholding of the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage.

**PURPOSE**

The matter for consideration by the Council is to review and approve the Procurement Plan for Phase 1 of the new pipeline for the Waipukurau Second Water Supply - stages 2 and 3 pipeline renewals along Tikokino Road.

**RECOMMENDATION FOR CONSIDERATION**

**That having considered all matters raised in the report:**

- a) **That council approve Option One - the procurement plan to release Contract 1148 to tender to install and renew water main pipeline along Tikokino Road.**
- b) **That the minute relating to this item be released as publicly available information on 03 June 2021**

**EXECUTIVE SUMMARY**

This decision paper requests Council approval to procure Phase 1 - Stages 2 (Tikokino Rd Borefield to River Crossing tee off location) and Stage 3 (Tikokino Rd to Abbotsford Rd Rising Main) jointly to benefit from limiting service interruptions, improving pipeline resilience and gaining an economy of scale in construction through joining projects together.

The expected value of this work is \$1.5m including contingency, this is to be dual funded from the 3 Water Tranche One budget for Stage 2 (related to the Waipukurau Second Water Supply), and Stage 3 to be funded from Year One Long Term Plan Renewals budget.

**BACKGROUND**

The age and condition of the Tikokino Rd pipeline supplying the principal water source for the Abbotsford Rd Reservoir has continued to cause significant reactionary maintenance and associated water shortages to Waipawa.

As identified in the recent water leak events posing risk on the supply pipeline leading to the Waipawa Reservoir on Abbotsford Road.

Procuring its replacement early in the project alleviates this problem for Council and reduces the risk of ongoing supply interruption from major leaks and repairs. Phase 1 – Stage 2 is included in the design requirements for the 2nd Water Supply to Waipukurau, Phase 1 – Stage 3 is identified

under the Operations renewal budgets. Intent being to procure these together to provide an economy of scale to the project.

## **DISCUSSION**

This procurement will be a major contributing factor in the success of the Waipukurau Second Water Supply Project (Option 4) reviewed by the Finance and Infrastructure Committee Agenda 8th October 2020. The aim of which is to:

- Enhance the resilience of Waipawa and Waipukurau water supply system - More robust infrastructure with lower risk of damage, increased redundancy and longer response window.
- Ensure the supply can reliably meet demand / level of service targets - Consistent compliance with DWSNZ (Drinking Water Standards NZ), consistent water supply provided at the right quantity and pressure.
- Improve the ability to service sustainable growth, both within the existing township boundary but also in adjacent areas. Sufficient water available for sustainable growth, infrastructure that delivers water to areas of desired growth

The current Tikokino Pipeline is largely AC pipe and continues to fail periodically creating emergency water management for Waipawa. Renewing this early as part of the 2<sup>nd</sup> supply project allows benefits in terms of improved Waipawa supply resilience, some validation on the current market cost for laying the 2<sup>nd</sup> Supply Phase 1 Stage 2 Tikokino Rd pipeline, and addressed directly affected landowners impacted by water leaks.

## **RISK ASSESSMENT AND MITIGATION**

The progress of this procurement is important to ensure the risk of infrastructure failure is mitigated. This will also support market validation of the engineer's 2<sup>nd</sup> supply pipeline laying estimate by benchmarking the laying of the Phase 1 Stages 2 and 3 of the project.

The procurement aligns with the recent Long Term Plan 2021, Challenge #2 focussing on renewals.

Examples of recent concerns are highlighted below;

- One pipe from Borefield to Abbottsford Rd reservoir that is AC and carries multiple leaks.
- Pipe leaking into a directly affected pipeline landowners farm, causing stock losses.
- Limited Waipawa storage (approx. 8 hours) and excessive water turnover.

## **FOUR WELLBEINGS**

This procurement activity aims to:

- Enhance and contribute to the resilience of Waipawa and Waipukurau water supply system - More robust infrastructure with lower risk of damage, increased redundancy and longer response window.
- Ensure the supply can reliably meet demand / level of service targets - Consistent compliance with DWSNZ (Drinking Water Standards NZ), consistent water supply provided at the right quantity and pressure.
- Improve the ability to service sustainable growth, both within the existing township boundary but also in adjacent areas. Sufficient water available for sustainable growth, infrastructure that delivers water to areas of desired growth

The 2021 Long Term Plan focusses on Challenge #2 to renew our infrastructure to be smart and build durable infrastructure and to realise the goals and objectives recently set in our sustainable water management plan to improve our leakage management.

The procurement activity will aim to further stimulate the local economy via a sustainable procurement response required from tenderers.

### DELEGATIONS OR AUTHORITY

The tender has an estimate over \$1m, and requires approval of either a council or committee. Given it is over \$1m it is above and beyond the Chief Executives delegations.

### SIGNIFICANCE AND ENGAGEMENT

In accordance with the Council's Significance and Engagement Policy, this matter has been assessed as of some significance, and has recently seen engagement undertaken via the Long Term Plan 2021 on Challenge #2, renewals.

### OPTIONS ANALYSIS

Renewal of the Tikokino Rd pipe forms part of the Operational Asset Management planning and part of the 2<sup>nd</sup> Water Supply project. The three options outlined in this paper are;

**Option 1** – to combine stage 2 and 3 into one tender

**Option 2 and 3** – to procure the stages separately

	<u>Option 1</u>	<u>Option 2</u>	<u>Option 3</u>
	<p><b>Approve Procurement Plan</b></p> <p><b>Phase 1 - Stage 2 &amp; 3</b></p> <p><b>Renewal Tikokino Rd Bore Field to Abbottsford Rd</b></p> <p><b>Joint Procurement</b></p>	<p><b>Reject Procurement Plan - Alternate Option</b></p> <p><b>Phase 1 - Stage 3</b></p> <p><b>Renewal Tikokino Rd to Abbottsford Rd</b></p> <p><b>Separate Procurement</b></p>	<p><b>Reject Procurement Plan - Alternate Option</b></p> <p><b>Phase 1 - Stage 2</b></p> <p><b>Renewal Tikokino Rd to Proposed River Crossing</b></p> <p><b>Separate Procurement</b></p>
<b>Financial and Operational Implications</b>	Jointly procured benefits from economy of scale.	Independently procured lacks economy of scale.	Independently procured lacks economy of scale.
<b>Long Term Plan and Annual Plan Implications</b>	<p>Within current budgets</p> <p>2021 LTP Budget \$1.29M</p> <p>2020-2022 3 Waters Tranche One</p> <p>\$3.3M</p>	<p>Within current budgets</p> <p>2021 LTP Budget \$1.29M</p>	<p>Within current budgets</p> <p>2020-2022 3 Waters Tranche One</p> <p>\$3.3M</p>

<b>Promotion or Achievement of Community Outcomes</b>	Improvement in Infrastructure Resilience	Improvement in Infrastructure Resilience	Improvement in Infrastructure Resilience
<b>Statutory Requirements</b>	DWSNZ Compliance maintained. Reduction in leakage and potential for pipeline contamination.	DWSNZ Compliance maintained. Reduction in leakage and potential for pipeline contamination.	DWSNZ Compliance maintained. Reduction in leakage and potential for pipeline contamination.
<b>Consistency with Policies and Plans</b>	Challenge #2 renew infrastructure to be smart, durable infrastructure and improve leakage management.	Challenge #2 renew infrastructure to be smart, durable infrastructure and improve leakage management.	Challenge #2 renew infrastructure to be smart, durable infrastructure and improve leakage management.

### Recommended Option

This report recommends option one – to adopt the presented procurement plan to tender Stages 2 and 3 together to renew water mains on Tikokino Road for addressing the matter.

### NEXT STEPS

Once the procurement plan is adopted, the project team will follow the timeline set out in the procurement plan to release the tender to the open market.

### RECOMMENDATION

**That council approve Option One - the procurement plan to release Contract 1148 to tender to install and renew water main pipeline along Tikokino Road.**