

9.3 LAND TRANSPORT CYCLONE GABRIELLE RECOVERY PROFESSIONAL SERVICES CONTRACT VARIATION

File Number:

Author: Rebecca England, Project Manager

Authoriser: Doug Tate, Chief Executive

Attachments: 1. Land Transport- Cyclone Gabrielle Professional Services Procurement Plan

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).

PURPOSE

The matter for consideration by the Council is a variation to contract C-530 with Stantec New Zealand to support Central Hawke's Bay District Council's (CHBDC) Cyclone Gabrielle Roding Response and Recovery Programme. **RECOMMENDATION**

1. **That Council approves the procurement plan to procure Stantec to deliver the variation to C-530 to the value of \$3,000,000 related to Land Transport Cyclone Gabrielle Response and Recovery work to be completed before 30 June 2024.**
2. **That Council approves to delegate the award and negotiation of the variation to the Chief Executive that is consistent with the procurement plan.**
3. **That the resolutions of this report be released as publicly available information following the successful variation award.**

BACKGROUND

On 20 February 2023, the Council received \$35.94m in funding from Waka Kotahi to enable critical infrastructure repairs to be made following the impact of ex-tropical Cyclone Gabrielle. In accordance with the Emergency Procurement Provisions of Council's procurement policy and alignment with Waka Kotahi emergency procurement rules, and Council approval received in December 2023 to engage Stantec New Zealand to provide essential services which assisted with the immediate response. This response aimed to rapidly assess and prioritize road damage to facilitate immediate response efforts and to ensure immediate safe access for affected community members and road users. In some areas undertaking temporary road repairs to restore basic functionality for emergency services and essential transportation.

Additional funding of \$9.5m was applied for from Waka Kotahi to enable future planning and to facilitate further development of currently unfunded recovery sites within Central Hawke's Bay's Road network. In early April formal approval for this funding was received bringing our total Emergency Response funding budget to \$44.4M

This procurement plan seeks to directly procure services from Stantec additional to the contracted works previously approved in alignment with emergency procurement and Councils approval in December 2023.

These additional works will be delivered before the deadline of 30 June 2024 as stipulated by Waka Kotahi and in alignment with the existing C-530 contract dates across all funded projects included in the capital recovery Programme.

DISCUSSION

The additional funding of \$9.7m from Waka Kotahi is conditional upon the funds being used by 30 June 2024. Therefore, the urgency of the program is a pivotal factor in the decision-making process.

The decision to direct source work from Stantec, as opposed to open tendering, enhances the efficiency, value, and community benefit provided by the projects.

Open tendering would introduce delays that would have severe consequences. Given the tight timeframe for completion of the work imposed by Waka Kotahi, any pause in progressing this work would pose a considerable risk of inability to complete the work before the end of the current financial year and losing the available funding from Waka Kotahi.

With the benefit of the existing C-530 contract in place to date Council has been able to continue emergency response works and planning for recovery works with efficiency and pace. Additionally, this pre-existing relationship with Stantec, across the BAU roading space and the Cyclone Gabrielle recovery work has offered a wealth of existing knowledge and experience across the road network, community dynamics, and Council's preferences. Asking other suppliers to price this work does not provide them a fair and true opportunity as they are lacking the knowledge and experience of the Cyclone Response and Recovery works that Stantec currently holds.

Moreover, value is well-managed through rates provided by Stantec, which are deemed competitive in comparison to other potential providers.

RISK ASSESSMENT AND MITIGATION

Risk	Rating	Mitigation action	Responsible
There is a risk that work is unable to continue due to lack of resources including not meeting required timeframes.	High	Forward planning of work. Initiate variations to existing contract. NCC's approved promptly.	CHBDC
There is a risk that through direct sourcing the works to Stantec price tension is not received therefore resulting in increased costs for Council.	Low	Consideration of comparable procurement rates.	CHBDC
There is a risk that due to the significant volume of works generated by the damage caused in February by Cyclone Gabrielle that the industry is lacking in capacity to provide resources.	Low	Forward planning of work volumes and funding applications which if successful will allow for further future works.	CHBDC

FOUR WELLBEINGS

A key focus within the Land Transport Cyclone Gabrielle Response and Recovery programme is to seize the opportunity to maximise broader sustainable benefits wherever possible.

Stantec's commitment to utilising local suppliers for external resources, such as ground investigations, further aligns with community-centric goals.

Stantec's active support for initiatives and the development of ideas that benefit the community, such as the re-use of materials, gravel extraction, and local contractor procurement, underscores the comprehensive approach taken in ensuring that the road infrastructure projects not only meet technical specifications but also contribute positively to the community and its economic ecosystem.

DELEGATIONS OR AUTHORITY

The value of procurement for this variation to contract C-530 is \$3m. The value of \$3m is sought for approval from Council.

The procurement value of these works is greater than \$1,000,000, which sits within the delegated financial approval of Council.

SIGNIFICANCE AND ENGAGEMENT

In accordance with the Council's Significance and Engagement Policy, this matter has been assessed as low and not requiring specific engagement in advance of a decision.**OPTIONS ANALYSIS**

Option One – To approve the variation to contract with Stantec New Zealand to deliver the remaining professional services works within the approved funding of the response and recovery programme.

Option Two – To reject the procurement plans and provide advice on next steps.

	<u>Option 1</u> To approve the procurement plan	<u>Option 2</u> To reject the procurement plan and provide advice on next steps
Financial and Operational Implications	This option reduces both the financial and resourcing costs of a longer open market procurement approach and allows for the continuation of the work programme, currently 99% funded by Waka Kotahi.	Rejecting the procurement plan will delay the ability to utilise the additional funding that has been made available for future planning and development of currently unfunded sites within Central Hawke's Bay's roading network. In particular, the additional funding is a tight timeframe and may risk funding opportunities and in turn result in higher costs for Council
Long Term Plan and Annual Plan Implications	No implications to Long Term Plans or Annual Plans	No implications to Long Term Plans or Annual Plans, although if current funding timeframes are missed, future works may need to be further funded by council in part
Promotion or Achievement of Community Outcomes	This procurement will allow the continued delivery of important community assets which provide, connectivity, safety and economic value.	Will delay delivery of the projects and in turn reinstatement of key community lifelines.
Statutory Requirements	No implications	No implications

	<u>Option 1</u> To approve the procurement plan	<u>Option 2</u> To reject the procurement plan and provide advice on next steps
Consistency with Policies and Plans	Consistent with Council's and Waka Kotahi's procurement policies, strategies, and plans	Consistent with Council's and Waka Kotahi's procurement policies, strategies, and plans

Recommended Option

This report recommends **Option 1 – approve the procurement plan** for addressing the matter.

NEXT STEPS

On the basis that Council approve the recommended option to approve the procurement plan Officers will complete due diligence and contract variation negotiation with Stantec in alignment with the C-530 contract before continuing to deliver the programme of works.

RECOMMENDATION

1. That Council approves the procurement plan to procure Stantec to deliver the variation to C-530 to the value of \$3,000,000 related to Land Transport Cyclone Gabrielle Response and Recovery work to be completed before 30 June 2024.
2. That Council approves to delegate the award and negotiation of the variation to the Chief Executive that is consistent with the procurement plan.
3. That the resolutions of this report be released as publicly available information following the successful variation award.