

9.3 PATANGATA BRIDGE SCOUR PROTECTION PROCUREMENT

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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 the procurement of one Cyclone Gabrielle Land Transport Recovery contract variation to construct scour protection at Patangata Bridge. Once procured the total contract will exceed the Chief Executive's delegated financial authority.

RECOMMENDATION

That having considered all matters raised in the report:

1. **Council approves the procurement plan to issue a variation to a contractor to deliver scour protection works at Patangata Bridge.**
2. **Council delegates to the Chief Executive the award and negotiation of a contract variation to a cap of \$1,450,000 following a procurement process consistent with the approved plan.**
3. **That the minute relating to this item be released as publicly available information following the contract being awarded.**

BACKGROUND

Following the Cyclone Gabrielle in February 2023, NZ Transport Agency (NZTA) provided \$35.9 million of Emergency Response funding to address the damage to Central Hawke's Bay's local road network.

On 9 April 2024, NZTA approved a further \$9.5 million of Emergency Response funding. Adding to the original \$35.9 million of response funding. This enables critical infrastructure repairs to be made following the impact of Cyclone Gabrielle. The funding has a completion deadline of 30 June 2024.

A portion of this additional funding has been allocated to repair Patangata Bridge's pier bases, which sustained significant scour damage during the event. This work involves scour protection in the form of rock blankets to 10 of the 19 existing piers on this 400m long bridge that have been undermined and are not currently piled.

The Patangata Bridge is a key access route for the Elsthorpe and Kairakau communities. If the bridge became inaccessible road users would be required to take approximately 1 hour detour.

An evaluation of Present Value End of Life (PVEoL) suggests that, given consistent maintenance and completion of scour protection measures, the bridge is expected to last for 15 years before requiring complete replacement.

Due to the limited timeframe before the funding deadline of June 30, 2024, it was crucial to initiate the work promptly. An initial package of scour protection on 4 of the 10 piers was awarded to Berkett Earthmovers 2021 Ltd (BEM). This work was awarded as a variation to an existing contract with BEM and allowed construction to commence on 15 May 2024.

To mitigate the risk of incomplete repairs on all ten piers before the funding deadline, Officers decided to allocate only a portion of the work initially. If Berkett Earthmovers (BEM) demonstrate satisfactory performance on the initial package, they will be eligible for the second portion of the work. However, if their performance falls short of the required standard, Higgins will be selected as an alternate contractor to ensure the completion of the remaining work.

DISCUSSION

This procurement seeks approval to award a contract variation to construct scour protection on the remaining 6 piers which have been identified for repair. The procurement approach has been heavily influenced by the funding deadline of 30 June 2024 which if exceeded could result in a further cost to Council.

To minimise this risk and in alignment with Council's procurement policy Officers, propose directly awarding the work to a contractor as a variation to an existing contract. This expedites the tender process in comparison to letting a new contract and minimises the risk of potential overruns past the funding deadline.

Higgins and BEM have been selected as potential contractors for the following reasons:

- Both contractors have a proven track record of undertaking similar scour protection work for other local authorities and CHBDC.
- To date both contractors have performed to a high standard with recent Cyclone Gabrielle Response PACE scores at 90% or above
- Both contractors, in particular, BEM have suitable resources to undertake the works by 30 June 2024.
- The works are of a repetitive and linear nature.

RISK ASSESSMENT AND MITIGATION

Risk	L	C	Rating	Mitigation action/ Control	Responsible
Perception that no price tension is provided	L	M	Medium	Agreed rates with contractors provide a competitive price for Council.	CHBDC
Work not completed within funding timeframes	L	H	Medium	Direct source with local contractors to minimise delays within procurement process, with ability to reassign packages across the three assigned contractors depending on demonstrable capacity to meet program.	CHBDC
Inaccuracy in cost estimation	M	M	Medium	Contingency funding of 20% on top of package estimates.	CHBDC
Existing bridge structure damaged	L	M	Medium	Sole source specialist contractor. Insurances in place are deemed	CHBDC/Contractor

Risk	L	C	Rating	Mitigation action/ Control	Responsible
during works enactment				sufficient to cover potential damage during works.	
Longevity of repair	M	M	Medium	Effective planning and quality assurance	CHBDC/Contractor

FOUR WELLBEINGS

Along with many other public sector organisations, the Council is currently reviewing its overall procurement strategy to incorporate a broader sustainable outcome model. In line with this, a key focus within the procurement for ex-tropical Cyclone Gabrielle's response will be to seize the opportunity to maximise broader sustainable benefits wherever possible. Given the scale of the remaining works, broader outcome opportunities will be implemented through PACE scoring which has a focus on local procurement and resourcing.

The direct award and distribution of packages to existing and local CHBDC Contractors follows the successful procurement approach taken by CHBDC early during the Response Phase which aimed to optimize our programme and project delivery capability using local resources where possible, whilst meeting broader outcomes in line with our commitment to Hawkes Bay's regional progressive procurement initiatives:

- Social Wellbeing – Providing equal opportunities so prosperity is shared across our community.
- Cultural wellbeing – Genuinely partner with mana whenua.
- Economic well-being – Building a diverse and prosperous economy.
- Environmental wellbeing – Preventing and reversing environmental degradation.

DELEGATIONS OR AUTHORITY

The proposed contract variation to either BEM or Higgins will raise the respective contract value above \$1,000,000.

Berkett Earthmovers 2012 Ltd (BEM)	
Approved contract value	\$987,905.23
Potential variation	\$379,126.89
Total contract value	\$1,367,032.12
Higgins	
Approved contract value	\$939,528.70
Potential variation	\$379,126.89
Total contract value	\$1,318,655.59

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 1 - Approve the procurement plan to direct source either Berkett Earthmovers 2012 Ltd or Higgins to deliver the works at Patangata Bridge

Option 2 - Reject the procurement plan and provide advice on next steps.

	<u>Option 1</u>	<u>Option 2</u>
	Approve the procurement plan to direct source either Berkett Earthmovers 2012 Ltd or Higgins to deliver the works at Patangata Bridge.	Reject the procurement plan and provide advice on next steps.
Financial and Operational Implications	This option allows for the continuation of the work programme, currently 99% funded by Waka Kotahi.	Rejecting the procurement plan will delay the ability to continue with the delivery of the programme. In particular, the response funding which is already a tight timeframe 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 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.	This will delay delivery of the projects and in turn reinstatement of key community lifelines.
Statutory Requirements	No Implications.	No Implications.
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 to approve the procurement plan to direct source Berkett Earthmovers 2012 Ltd or Higgins to deliver the works at Patangata Bridge for addressing the matter.

NEXT STEPS

Following approval from Council, Officers will assess the performance of the preferred contractor against the current programme and subsequently award the contract variation to either BEM or Higgins as outlined in the procurement plan in order to complete construction before 30 June 2024.

RECOMMENDATION

That having considered all matters raised in the report:

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