

9.3 PROFESSIONAL SERVICES - ROADING RECOVERY PROCUREMENT

File Number:**Author:** Rebecca England, Project Manager**Authoriser:** Doug Tate, Chief Executive**Attachments:**

1. Land Transport- Cyclone Gabrielle Professional Services Procurement Plan
2. CHBDC Cyclone Gabrielle Stantec Engagement Letter

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 procurement of Stantec New Zealand to support Central Hawke's Bay District Council's (CHBDC) Cyclone Gabrielle Roding Response and Recovery Programme.

RECOMMENDATION

That having considered all matters raised in the report:

1. **Council approves the procurement plan to procure Stantec to deliver the variation to C-530 within a cap of \$4,323,000 related to Land Transport Cyclone Gabrielle Response and Recovery.**
2. **Council approves to delegate the award and negotiation of the contract to the Chief Executive following a procurement process that is consistent with the procurement plan.**
3. **That the resolutions of this report be released as publicly available information following contract 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 Stantec New Zealand was engaged 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.

Since the Cyclone work has continued with both the planned response and more recently the commencement of recovery, phase 1 works which allow for further extensive repairs to take place to Central Hawke's Bay's (CHB's) road network.

This procurement plan, seeks to specifically procure services from Stantec for the delivery of Councils response works and latterly, professional services associated with the \$11m of Crown Infrastructure Partners Recovery Funding. No Council funding is associated with this decision.

DISCUSSION

The professional services and consultancy market in Hawke's Bay is characterised by a diverse range of suppliers, including local firms and potentially larger national or international companies with a presence in the region.

Since Cyclone Gabrielle in February of 2023, there has been a significant increase in the volume of work across the region and nationally therefore lowering the market availability. 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.

The decision to direct source work from Stantec, as opposed to open tendering, is grounded in several key considerations that collectively enhance the efficiency, value, and community benefit provided by the projects.

The urgency of the program is a pivotal factor in the decision-making process. Open tendering, while typically a valuable process, would introduce delays that could have severe consequences. A pause in works post-December 2023 would not only jeopardise the planned program but also pose a considerable risk of wasting funding provided by Waka Kotahi.

The pre-existing relationship with Stantec, across the BAU roading space and the Cyclone Gabrielle recovery work offers a wealth of existing knowledge and experience across CHB's road network, community dynamics, and Council's preferences. This familiarity not only streamlines processes but significantly contributes to the overall efficiency and effectiveness of the projects.

Given the limited capacity within the market, particularly heightened by the increased workload resulting from Cyclone Gabrielle, Stantec's expertise has been crucial in meeting project demands effectively.

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

Stantec's commitment to utilising local suppliers for external resources, such as ground investigations, further aligns with community-centric goals. For instance, partnering with RDCL, a local Hawke's Bay company, contributes to the regional economy and fosters collaborative relationships within the community.

Finally, 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.

RISK ASSESSMENT AND MITIGATION

Risk	Rating	Mitigation action	Responsible
There is a risk that when further funding is received to continue works the resources are not available for continuation of the programme.	High	Further funding applications to be submitted which demonstrate ability to provide forward programme for contractors and suppliers.	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	Low	Forwarding planning of work volumes and	CHBDC

Risk	Rating	Mitigation action	Responsible
volume of works generated by the damage caused in February by Cyclone Gabrielle that the industry is lacking in capacity to provide resources		funding applications which if successful will allow for forward programme.	

FOUR WELLBEINGS

These broader outcomes have been included in the Government Procurement Rules and public sector organisations across the country have been gradually considering specific priority outcomes over and above price. Of these broader outcomes, the Government has identified four priority outcomes for local government to focus on:

- Increased access to government procurement contracts with a particular focus on those less able to access opportunities (such as Māori and Pasifika).
- Increasing the size and skill level of the construction sector workforce and provide employment opportunities for targeted groups.
- Improving conditions for New Zealand workers; and
- Reducing emissions and waste.

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.

DELEGATIONS OR AUTHORITY

The value of procurement for a variation to contract C-530 is \$3.98m. Including contingency a total value of \$4.323M 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 direct source of Stantec New Zealand to deliver the remaining professional services works within 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 and the phase 1 recovery works 100% funded by the Crown.	Rejecting the procurement plan will delay the ability to continue with the design, construction, and 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.

	<u>Option 1</u>	<u>Option 2</u>
	To approve the procurement plan	To reject the procurement plan and provide advice on next steps
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.	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 – 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 negotiation with Stantec in alignment with the C-530 contract renewal before continuing to deliver the programme of works.

RECOMMENDATION

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