

Meeting:	FNDC Council Meeting, 15th of December 2022
Name of item:	Increase PO Amount > \$1m - FNDC Contract 7/22/150 - FNDC Slip Repairs Suite 01
Author:	Franz Wagner – NTA Project Manager
Authoriser: Management	Andy Finch, General Manager – Infrastructure and Asset
Date of report:	21/11/2022

1 Purpose

To seek Council approval to increase the Contract and Purchase Order amount for FNDC Contract 7/22/150 - FNDC Slip Repairs Suite 01 from \$986,000.00+ GST by \$92,000.00 to a maximum amount of \$1,078,000.00 + GST.

2 Recommendations

That Council:

- a) Approve to increase the current Contract and Purchase Order amount from \$986,000.00 +GST to a maximum amount of \$1,078,000.00 +GST (including contingency), and
- b) Delegates authority to the Chief Executive to execute the associated document approvals to vary the existing Purchase Order amount described in 2a) above, and
- c) Delegates authority to the Engineer to Contract to execute the associated contractual document approvals for Variation to Contract described in 2a) above.

3 Background:

The NTA assets team identified, prioritised, and received approval in the current LTP for slip repair works at:

- a) Gill Road RP8452, Kaitaia
- b) Kaitaia Awaroa Road RP16668, Hokianga
- c) Manawaora Road RP2490 - 2530, Rawhiti

These repair works receive a 69% subsidy from Waka Kotahi.

The sites have been under temporary traffic management control, meaning they are appropriately signposted but unattended until the permanent repairs are undertaken.

The design phase was completed on the 13 May 2022 and the Procurement Plan for the construction phase approved on 08 August 2022.

The Price Quality Method tender evaluation was completed in accordance with the procurement rules, and Donovan Drainage and Earthmoving Ltd awarded the construction contract on 30 September 2022 for their tendered amount of \$938,963.97 +GST. A contingency amount of \$47,036.03 +GST was also approved bringing the total approved Purchase Order amount to \$986,000.00 +GST.

Local elections were underway at the time this contract was awarded. The NTA thus applied a reduced 5% contingency to remain below the \$1m DFA (Delegated Financial Delegation) threshold and keep the programme on track.

Construction of the slip repair works commenced on 24 October 2022 and was progressing as planned until 14 November 2022 when a failure of the riverbank occurred during construction due to a rotational failure coincident with a severe rainfall event.

The design was to install a keyed-in rock revetment along the Awanui River embankment to improve the resilience of Gill Road which is located directly above the river embankment. However, after the riverbank failed, installation of a grade control device is also now necessary to stabilise and restore the riverbank and channel integrity. The project team have developed this solution in conjunction with Northland Regional Council.

4 Discussion:

FNDC Contract 7/22/150 - FNDC Slip Repairs Suite 01 was competitively tendered and awarded to Donovan Drainage and Earthmoving Ltd.

The approved Purchase Order and Contract amount requires increasing as outlined in the following table to:

1. accommodate the additional remedial works at Gill Rd, and
2. reset the contingency amounts for all three slips to an appropriate level now that council has reformed after the local elections.

Amount	Description
\$938,963.97	Total Tendered Amount for Gill, Kaitaia Awaroa and Manawaroa Slip Repairs
\$90,719.51	Expected Gill Rd out-turn cost including additional remedial work and 5% contingency
\$22,309.04	Increase Contingency from 5% to 10% for Kaitaia Awaroa Road RP16668
\$26,007.48	Increase Contingency from 5% to 10% for Manawaora Road RP2490 – 2530
\$1,078,000.00	New PO and Contract Amount Required

The above amount exceeds \$1m requiring council approval.

We now seek Council approval to increase the Contract and Purchase Order amount of FNDC Contract 7/22/150 - FNDC Slip Repairs Suite 01 to a maximum amount of \$1,078,000.00 to accommodate the additional remedial work at Gill Rd and increase contingency values for all three slip sites.

5 Summary:

1. FNDC Contract 7/22/150 - FNDC Slip Repairs Suite 01 was competitively tendered and awarded to Donovan Drainage and Earthmoving Ltd on 30 September 2022.
2. Construction commenced on 24 October 2022 but halted on 14 November 2022 when a failure of the riverbank occurred during construction requiring additional remedial work.

- To complete the additional remedial work at the Gill Rd site and to allow appropriate contingency for this and the other two slips at Kaitaia Awaroa Road RP16668 and Manawaora Road RP2490 – 2530, the current Contract and PO amount of \$986,000.00 needs to be increased by \$92,000.00 + GST to a new maximum PO and Contract amount of \$1,078,000.00 + GST.

6 Financial Considerations:

These works are subsidised by Waka Kotahi as Emergency Works and Low Cost Low Risk Resilience at the current FAR of 69%. Construction costs (including contingency) and funding apportionments are indicated in the following table.

Slip Site	Maximum Contract Cost	Subsidised share	FNDC share
Gill Road RP8452, Kaitaia	\$547,235.72	\$377,592.65	\$169,643.07
Kaitaia Awaroa Road RP16668, Hokianga	\$245,068.22	\$169,097.07	\$75,971.15
Manawaora Road RP2490 - 2530, Rawhiti	\$285,696.06	\$197,130.28	\$88,565.78
TOTALS	\$1,078,000.00	\$743,820.00	\$334,180.00

The additional funding application for the subsidy is expected to be approved by Waka Kotahi and the outcome will be communicated to the FNDC Council Meeting, 15th of December 2022.

Funding for the Local Share of Kaitaia-Awaroa Road will come from the FNDC Emergency Works Roding Reserve Fund which has sufficient available funds of \$3 million as at the end of June 2022 (which is an 'unaudited' figure). The (external) audit is currently being undertaken by Deloitte as per normal process.

Funding for the Local Share of Gill Road and Manawaora Road will come from the FNDC Minor Works Resilience fund which has sufficient available funds of \$1,277,939.68 at the time of writing this paper.

7 Significance and Engagement

The decisions or matters of this Agenda do not trigger the significance criteria outlined in Council's Significance and Engagement Policy, and the public will be informed via the publication of this agenda on the Council website.


8 Report Approval

Review by:



Jon Wyeth,
 Capital Works Team Leader, NTA
 Date: 22/11/2022

Approved by: 
Greg Monteith
Capital Works and Procurement Manager, NTA
Date: 22/11/2022

Approved by: 
Calvin Thomas,
General Manager, NTA
Date: 22/11/2022