greater WELLINGTON
REGIONAL COUNCIL

Report **09.308**
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Committee **Catchment Management Committee**
Author **John Eyles, Team Leader, Assets and Investigations**

Waiwhetu project update

1. Purpose

To update the Committee on progress made with the Waiwhetu Project.

2. Significance of the decision

The matters for decision in this report do not trigger the significance policy of the Council or otherwise trigger section 76(3)(b) of the Local Government Act 2002.

3. Background

Detailed design and consenting applications were completed by the end of 2008 with resource consents issued by GW and Hutt City in February 2009.

Works contract 1268 for the flood works and clean up of the Waiwhetu Stream was issued to four shortlisted contractors on 19 December 2008. Tenders closed on 13 February 2009, after a two week extension granted by the Engineer. Three tenders were received at the time of tender closing. An analysis of these tenders indicated that all three tenders significantly exceeded the approved budget.

After receiving professional advice, all three tenders were rejected and the contractors given the opportunity to re-tender based on a revised set of contract documents which changed the risk profile. The re-tender closed on 22 April. The three tenderers submitted new tenders including alternative bids which were encouraged.

The evaluation of the re-tender has been completed and a preferred tenderer, Brian Perry Civil Limited (BPC) identified.

4. Comment

The re-tender process has been worthwhile, with considerable savings made over the original tender process.

Further savings (such as disposal fees for clean fill and the treatment of contingency sums for contaminant excavation) were identified as part of the original process, requiring negotiation with the preferred tenderer.

Negotiations with BPC have proceeded smoothly over the past three weeks. We are now close to settling all the minor terms and conditions in order to sign a contract agreement satisfactory to all parties.

In my view, there is no serious impediment to signing a contract agreement with BPC within the approved project budget.

An update will be provided at the meeting.

5. Budget Implications

The funding approved by Council, MfE and Hutt City is summarised below:

	Flood Works	Clean Up	HCC Work	Total
GWRC	$7,062,000	$500,000	$0	$7,562,000
HCC	$0	$3,001,000	$521,000	$3,522,000
MfE	$0	$2,929,500	$0	$2,929,500
			Total	***$14,013,500***

The forecast expenditure and funds expended to date are summarised in the table below.

Waiwhetu Project expenditure forecast May 2009

	Item	Spent to date	Estimate to completion	Total forecast Cost	Budget
1	Design and Consents	$1,185,000	0	$1,185,000	$1,185,000
2	Trial + HPHP works	$566,000	0	$566,000	$566,000
3	Supervision and Testing	0	$947,500	$947,500	$947,500
4	Landfill Fees	0	$1,815,000	$1,815,000	$1,815,000
5	Flood Works	0	$5,961,000	$5,961,000	$5,961,000
6	Cleanup Works	0	$3,242,000	$3,242,000	$3,242,000
7	HCC Works	0	$297,000	$297,000	$297,000
	Total	**$1,751,000**	**$12,262,500**	**$14,013,500**	**$14,013,500**

Items 1 and 2 are completed. Items 3 to 7 comprise the construction parts of the project incorporating works supervision and testing, landfill fees and the contract works.

The contract works, for which we are currently negotiating a tender with BPC, comprise items 5, 6 and 7 in the table. These items include a contingency of $750,000.

Flood works	$5,961,000
Clean up works	$3,242,000
HCC works	$297,000
Total	**$9,500,000**

The value of the works contract should not exceed **$9,500,000** to remain within the project budget. This includes a combined construction contract and project contingency sum of $750,000.

6. Risks

There are a number of tags identified in the BPC tender as well as some risks outside of the tender. The tags and risks within the tender have been assessed at about $650,000 and a further $100,000 allowed for other project risks. The other project risks that have not been allowed for within the current construction contract are:

Expertise in contaminated sites management- there is a lack of specialist expertise in New Zealand in the management of contaminated sites, both on the client and contractor's sides. Staff have been learning lessons from the Mapua clean up, and conducting a full scale trial. However, there is an element of "learn as you go" in this job. The contract supervision and testing allowances have been geared accordingly but there is a risk more inputs will be required.

Bad weather and flooding- the weather and the risk of a damaging flood event occurring during the 6 months the cleanup is underway is unknown. Good weather during the trial meant we weren't able to test or refine flood contingency plans.

Dryness of sludge material- The moisture content of the contaminated sludge remains a risk. The higher the moisture content, the higher the landfill fees and carting cost. This will be managed through good site management to ensure watertight coffer dams and a suitable pumping effort. Staff are also exploring an option with BPC to dewater the sludge if it proves economically viable to do so. GW has also submitted to have orphaned sites, such as the Waiwhetu, be exempt from paying the proposed MfE $10 per tonne Waste Levy.

7. MfE Clean up Funding

The Ministry for the Environment financial contribution is not at risk. The clean up portion of the contract is not due to start until October 2009. Any

delay to the contract commencement will primarily affect the flood works funded by GW and HCC infrastructure work.

8. Communication

A joint press release (GW, MfE, HCC) will be made upon signing a works contract with BPC.

An opening ceremony will be held once the contractor is on site. Details for the opening will be confirmed as soon as the contract is let.

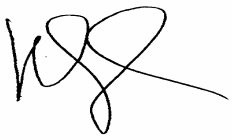
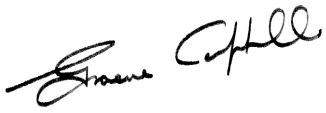
The next scheduled Waiwhetu Stream Advisory Subcommittee meeting is on 9 July.

9. Recommendations

That the Committee:

1. ***Receives** the report.*

2. ***Notes** the content of the report.*

Report prepared by:	Report approved by:	Report approved by:
		
John Eyles	**Graeme Campbell**	**Wayne O'Donnell**
Team Leader, Assets and Investigations	Manager, Flood Protection	Divisional Manager, Catchment Management