

REPORT TO Barry Harris, Chief Executive Officer  
FROM Terry Pinfold, Principal Engineer, Engineering Consultancy Group  
DATE 4 May 2005  
FILE B/36/02/05  
SUBJECT Contract No. 1239 – Karori Pumping Station Replacement

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## **1. Purpose**

To obtain approval under delegated authority to accept a Tender for Contract No. 1239 for construction of the replacement Karori Pumping Station.

## **2. Background**

The existing Karori Pumping Station is located immediately adjacent to the Karori Lower Dam, now part of the Karori Sanctuary. The four pumps deliver water to the suburbs of Karori, Northland and Kelburn. The pumping equipment is no longer reliable, as much of it dates back to the 1950s.

The original proposal was that the equipment be replaced but subsequently the project was expanded to include relocation of the structure away from the Wellington Fault. This change in scope was detailed in Report No. 0-3.271, *Relocation of Karori Pumping Station*, to the Utility Services Committee on 17 June 2003. Provision was made in the Capital Works Programme for 2003/4 and 2004/5 for this work.

Sinclair Knight Merz Ltd (SKM) was engaged in October 2003 to obtain a resource consent, carry out architectural and structural design, and supervise construction of the replacement Karori Pumping Station.

The initially favoured site was in Appleton Park and a detailed scheme was prepared. However, significant opposition was raised to this site by Wellington City Council Parks and Gardens, leading to an alternative site being identified in Northland Tunnel Road. This change in site impacted on the overall programme and costs.

A resource consent for the structure was granted in October 2004. Greater Wellington Regional Council (GWRC) designed the internal pipework and these Drawings were incorporated in the Tender Documents.

The Contract Works are programmed to commence on 16 June 2005, with completion in January 2006.

Installation of the pumps, internal pipework, and electrical equipment will follow. Installation of external pipelines will be completed around the same time. Commissioning of the new pumping station is expected in April 2006.

The four pumpsets for the project have been ordered and will be delivered in May 2005. The pipe for the external pipelines has been ordered and will be delivered in July 2005. It is expected that payment would be made in the 2005/6 financial year.

### **3. Tenders Received**

Tenders were invited from three selected Contractors, Brian Perry Civil, McKee-Fehl Constructors Ltd and Juno Civil Ltd, all of which advised that they would price the project.

Tenders closed on 20 April 2005. The following Tenders were received:

<b>Contractor</b>	<b>Tender Price</b>
Brian Perry Civil	892,891.72
McKee-Fehl Constructors Ltd	955,888.00

Juno Civil Ltd withdrew from the tendering process during the Tender period.

The Engineer's estimate for this Contract prepared by SKM is \$798,400.

All prices exclude GST.

The difference between the lowest submitted Tender price and the Engineer's estimate is 12 percent, which is in the expected range of  $\pm 15$  percent. SKM commented that the Tender market is currently volatile. The Tender Prices reflect the vagaries of the current Tender market.

Additional extra costs could arise if additional ground support is required for the excavation above what has been allowed for in the Contract.

### **4. Tender Analysis**

SKM has carried out a Tender analysis and a copy of their report dated 26 April 2005 is attached.

Tenders were evaluated using a weighted attribute system, where the price attribute is 50 percent of the weighting. The Tenderers' overall scores and rankings are:

<b>Tenderer</b>	<b>Score</b>	<b>Ranking</b>
Brian Perry Civil	60.1	1
McKee-Fehl Constructors Ltd	52.6	2

Brian Perry Civil is the highest ranking Tenderer.

## **5. Discussion**

Brian Perry Civil submitted the lowest conforming Tender. According to SKM, all of the non-price attributes such as construction methodology, technical and management skills, environmental management and performance, resources, and previous experience were all satisfactory.

SKM has recommended that the Contract be awarded to Brian Perry Civil.

## **6. Finance**

The 2004/5 Annual Plan includes a budget of \$870,000 for the overall project, and gives the total project cost as \$1,837,000.

The expected costs for 2004/5, including some costs from this Contract, are \$480,000. Rebudgeting of \$390,000 from 2004/5 to 2005/6 will be arranged.

The expected costs in 2005/6 are \$1,800,000. The main components of this figure that are not yet fixed are the cost of laying the inlet and outlet pipelines, and the cost of supply and installation of electrical equipment, but it is felt that adequate provision has been made. These Contracts will go out to tender in September.

The draft 2005/6 Annual Plan includes a budget of \$1,000,000 for the Karori Pumping Station replacement project and a total estimated project cost of \$2,200,000.

When finalising the Annual Plan for 2005/6, additional funding of \$410,000 will be included, to give a figure of \$1,410,000 along with the rebudgeted sum of \$390,000. The estimated total project cost is now estimated as \$2,481,000.

The increase in the total project estimate is because of the current market conditions for construction projects, escalation provisions for components not yet tendered, difficulties associated with the actual site, addition of unexpected costs relating to electricity supply, as well as an underestimate of the building contract costs at the Design Report stage.

The estimated project costs exclude decommissioning of the existing Karori Pumping Station. This estimated cost of approximately \$100,000 will be budgeted as operational expenditure in 2006/7. The actual cost will depend on whether the Karori Sanctuary has a use for the building.

## **7. Recommendations**

- (1) *That the Tender received from Brian Perry Civil for the sum of \$892,891.72, excluding GST, for Contract No. 1239 be accepted.*

- (2) *That additional expenditure of 5 percent above the Contract Price be approved to cover unforeseen work required to satisfactorily complete the Works.*

Report prepared by:

Approved for submission:

**Terry Pinfold**  
Principal Engineer

**John Morrison**  
Engineering Consultancy Manager

**Murray Kennedy**  
Strategy and Asset Manager

**David Benham**  
Divisional Manager, Utility Services

Approved:

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**Barry Harris**  
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26 April 2005

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Dear Terry

### **Karori Pumping Station Contract N° 1239**

Tenders for the Karori Pumping Station Contract N° 1239 were received on 20 April 2005 and opened at the Wellington Regional Council offices. The tenderers' names and their tender prices were as follows:

<b>Contractor</b>	<b>Tender Price (excluding GST)</b>
Brian Perry Civil	\$892,891.72
McKee Fehl Ltd	\$955,888.00

### **Basis for the Tender Evaluation**

The tender submissions were evaluated in accordance with the tender documents and the Manual of Competitive Pricing Procedures, Transit New Zealand. The weighting on the attributes were as per the tender documents being:

<b>Attributes</b>	<b>Weighting</b>
Construction Methodology	5%
Technical & Management Skills	5%
Environmental Management System & Performance	5%
Resources	5%
Previous Experience in Similar Works	10%
Price	70%



### Table of Weighted Attributes

Attached is the Table of Weighted Attributes for the 2 tenderers.

Note that we have not normalised the non-price attributes as considering the spread in the 2 tender prices it is not considered that the final score will be significantly influenced by the normalising process. We have carried out a sensitivity check for the McKee Fehl scores, giving them a raw score of 90 for every non-price attribute. The overall weighted score would still be less than that of Brian Perry.

### Overall Weighted Score

The overall weighted scores for the 2 contractors are shown on the attached spreadsheet. In summary the overall weighted scores of the 2 contractors are:

■ Brian Perry Civil	60.1
■ McKee Fehl	52.6

### Other Considerations

Also attached is a spreadsheet giving other information for the tender review. The items in this spreadsheet are those items required to be addressed in the tender documents. As can be seen both Brian Perry Civil and McKee Fehl have provided almost all the information required by the tender documents. McKee Fehl have one or two gaps but the absence of this information has not adversely affected the weighted attribute analysis.

Comparison of the on-site and off-site overheads shows that Brian Perry Civil are slightly more competitive (by 1% in 24%). The Brian Perry Civil daily rate for time extensions is significantly higher than that of McKee Fehl but again the difference is not particularly sensitive considering the difference in tender prices.

### Tender Tags

The Brian Perry Civil tender is essentially untagged. They have 5 points of conditions and clarifications in their tender which in our opinion are acceptable. On the question of guarantees which is item 3 in their Conditions and Clarifications, we advise that joint and several guarantees by the main contractor are very difficult to obtain in the current tendering environment. Both tenderers have tagged out joint and several guarantees.

Greater Wellington Regional Council  
Karori Pumping Station Contract No 1239  
26 April 2005



Brian Perry Civil have nominated in their tender commencement on 1 June. We understand from them that they would like to defer the commencement into June. This can be discussed at a pre-selection meeting that we suggest we arrange to discuss the successful contractors tender before officially letting it.

### **Comparison with Pretender Estimate**

The pre-tender estimate for the contract was \$798,400. This is significantly less than the lower of the 2 tenders. As noted in previous discussions and correspondence the tender market at the present time is volatile. We have briefly analysed where the difference in the tender price is compared to our estimate and note that the major discrepancy is in the price of the concrete work, although there are considerable unders-and-overs in the various trade amounts. Another significant area of discrepancy is in the metalwork section. We are of the opinion that the tenders reflect the vagaries of the current tender market.

### **Recommendation**

On the basis of the Transit method for the evaluation of the tenders submitted by the 2 contractors we recommend that the contract be awarded to Brian Perry Civil for the sum of \$892,891.72.

The next step would be to have a meeting with Brian Perry Civil to go through their tender so that everyone involved can be satisfied that the contract documents and their tender have been correctly interpreted. We await your advice.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Arthur O'Leary'. The signature is fluid and cursive, with a long, sweeping underline that extends to the right.

**Arthur O'Leary**

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