



Report PE-06.319
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File B/43/20/03

Committee Utility Services
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Contract No. 1241 Kaitoke Water Main Duplication, State Highway 2 to State Highway 58, Haywards

1. Purpose

To advise the Committee of the current status of this project and to obtain approval for additional expenditure on the Contract.

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. Exclusion of the public

Under section 48(1) of the *Local Government Official Information and Meetings Act 1987*, Greater Wellington Regional Council (GWRC) is making this report public excluded on the grounds that it is necessary to withhold the report in order to enable GWRC to carry out, without prejudice or disadvantage, Contract negotiations. We have considered whether the public's interest in the information outweighs GWRC's need to withhold the information. As a result, we do not consider that public interest outweighs GWRC's reason for withholding the information.

4. Background

The Kaitoke main supplies water from Te Marua Water Treatment Plant to Upper Hutt, Porirua and the northern and western suburbs of Wellington, including Kelburn and Karori.

There is a major risk of significant damage to the Kaitoke main adjacent to the junction of State Highways 2 and 58. The existing pipeline route traverses a steep hillside that is vulnerable to earthquake induced landslides.

The Utility Services Committee awarded Contract No. 1241 to E Carson and Sons Ltd in June 2005 (Report No. PE-05.301). The Contract is for installation of approximately 1,150 m of 1,050 mm diameter pipe. The pipeline route avoids the vulnerable hillside above Haywards Stream. The route follows alongside State Highway 2 from the existing pipeline at Haywards Stream, south to McDougall Grove. The route passes through the southern end of the Haywards Substation site to State Highway 58. It then follows State Highway 58 to connect back into the existing main at the State Highway 58/Old Haywards Road intersection. This route was selected as being the shortest viable alternative route.

5. Additional works required

Several issues relating to Site conditions have contributed to increased costs for this Contract. These issues were reported to the Committee in Report No. 06.17 (Attachment 1) in February 2006. The most significant issue was the discovery of deep, loose and potentially unstable material on the chosen route through the Haywards Substation site. A more stable but longer route was identified and the pipeline deviated on to this new alignment. The new route is steeper over a greater length than the initial chosen route. Large excavators normally required for laying the pipes could not work on this slope. This required innovative thinking by the Contractor and negotiations with the Engineer to determine an achievable and efficient method for the construction of the pipeline. This involved using a smaller excavator to access the route along a narrow zigzag track. The small excavator was able to form the trench and a very large mobile crane was used to lift the pipes into place.

This construction technique had not been finalised at the time of estimating the likely cost implications for the February 2006 report to the Committee, which noted that uncertainties still existed.

6. Current status of the Contract

The Contractor maintained a reasonable rate of progress considering the unexpected difficult ground conditions encountered. The Contractor was granted a significant extension of time because of the unexpected conditions and requirement for extra work. Practical Completion was certified on 3 May 2006. The Contractor has been reviewing their claims to date and preparing a case for additional payment to cover the extra work. The Contractor's recently received claim exceeds the current financial authority provided by the Committee for expenditure on this Contract. The Contractor's final claim has not yet been received.

7. Contract finance

Contract No. 1241 Tender acceptance in June 2005 was for the sum of \$1,277,165, excluding GST. The Utility Services Committee approved additional expenditure of \$423,000 on Contract No. 1241 in February 2006 (Report No. 06.17). Report No. 06.17 identified that *uncertainties still exist on this project and there is a small risk that further funding may be required.*

The forecast final cost for Contract No. 1241 is now \$1,770,200. This is approximately \$70,000 more than the current approved funding. All of the Contractor's claims have not yet been resolved.

There will be further negotiations between the Contractor and the Engineer to determine the cost of the extra work, as provided for in the Contract Documents.

The outcome of the negotiations will affect the final cost of the Contract.

To allow for some additional claims from the Contractor, additional authority of \$95,000 is requested.

8. Budget provisions

When the budget for this project was confirmed in October 2004, the estimated cost was \$1,800,000 spread over two financial years, 2004/5 and 2005/6. This budget did not take into account the complexity of the valve chambers, end connections and culvert crossing. There have also been significant construction cost increases. This issue was identified and an estimated total project cost of \$2,332,165 was reported to the Committee (Report No. PE-05.301) at the time of acceptance of the Tender for Contract No. 1241. The estimated total project cost is now \$2,880,000.

A budget of \$100,000 has been provided to complete this project in the 2006/7 financial year. The estimated project cost in the 2006/7 financial year is \$120,000. It is expected that the additional expenditure can be met from within the total Capex budget for 2006/7.

9. Communication

Because this report relates to Contract negotiations that are under way, it is not appropriate that any communications be made following this report.

10. Recommendations

That the Committee:

1. **Receive** the report and note its contents.
2. **Approve** the expenditure of an additional \$95,000 on Contract No. 1241.

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Attachment 1 - Report No. 06.17