

Attachment 1



18 September 2000

Public Excluded Report

 By: Assets Leader/
 Regulatory Support Officer

Project Manager Mangawhai Infrastructure Implementation : 4505.0
Introduction

Attached is a report by the Assets Leader and Regulatory Support Officer on the evaluation of the tenders received for the Project Management of the Mangawhai Infrastructure Implementation.

Also attached are Beca Carter Hollings and Ferner's commercial terms for the project management.

Because the tender evaluation is in terms of Brooke's Law and the commercial terms of the other tenderers are unknown, quite some effort was made in ensuring that the tender price in particular is reasonable.

A meeting was held with Beca Carter Holling and Ferner representatives on 28 August 2000 where additional information was asked for.

Two sets of additional information were provided, dated 31 August 2000 and 12 September 2000 as attached.

The cost of the project management of \$617,000 is to be added to the overall project cost and does not require separate Council funding, except in the short term in the form of monthly progress payments for project management. This will be provided for from cash reserves.

Recommendation

That the Project Management of the Mangawhai Infrastructure Implementation be awarded to Beca Carter Holling and Ferner at a cost of \$617,000.

Reason for the recommendation

Beca Carter Holling and Ferner is the preferred tenderer and their cost for project management is reasonable.



John Lok
 Asset Leader



Dereck Wright
 Regulatory Support Officer

Memorandum

To : General Manager

From : Assets Leader and Regulatory Support Officer

Subject : **Mangawhai Infrastructure Assets Implementation Progress**

Date : 15 August 2000

The purpose of this memorandum is to advise of progress with the implementation of the report on the Mangawhai Infrastructure Assets Study, with particular reference to the selection of the Project Manager.

Community Advisory Group

An advertisement has been placed in the 24 August 2000 issue of the Mangawhai Memo for membership of this group. Nominations close on 11 September 2000. One nomination has already been received for Warren Williams, nominated by Brad Imrie.

Project Manager

Advertising for tenders for Project Manager was conducted in early July 2000 with tenders closing on 7 August.

The advertising attracted 24 enquiries and resulted in six tenders being received by the closing date from:

- Cook Costello
- Beca Carter Hollings & Ferner Ltd
- Opus International Consultants Ltd
- RGB Services Ltd
- GHD Ltd
- Montgomery Watson NZ Ltd

The tenders have now been evaluated and each tender is discussed below.

Discounted Tenders

Cook Costello Ltd

The tender document did not address any of the strategic drivers and few of the evaluation criteria specified in the brief for the tender and was discounted.

RGB Ltd

This tender failed to demonstrate the ability to meet the strategic drivers and was also discounted as it appeared to be a one-man operation with no experience at similar projects.

Preferred Tenderer**Beca Carter Hollings & Ferner Ltd**

This company is the preferred tenderer. The reasons for selection are that the company has been involved with the study from the beginning, they know Council and the area well, they have extensive experience with similar projects in New Zealand and overseas, and they have the staff with the ability to undertake the management of the project. The issues of Quality Assurance and Risk Management have been fully addressed.

Other Tenderers**Montgomery Watson**

This group does not have adequate experience with similar projects in New Zealand, although they have experience overseas. They are not familiar with the area. Although ISO 9000 registered they have not shown how Quality Assurance will be monitored and met. Similarly, although they have experienced Risk Managers as part of the Project Management Team the methodology has not been fully addressed.

Opus International Consultants

This group does not have adequate experience with similar projects in New Zealand, although they have experience overseas with BOOT projects. The areas of Quality Assurance and Risk Management have been well addressed.

GHD Ltd

This group does not have adequate experience with similar projects in New Zealand, although they have experience overseas with much larger projects. The areas of Quality Assurance and Risk Management have been well addressed.


Discussion

Beca Carter Hollings & Ferner Ltd are selected because of their familiarity with, and recognition of the needs of, Council and the study area. They also have greater experience and expertise than the others.

Conclusion

It is intended to open the second envelope of Beca Carter Hollings & Ferner Ltd and negotiate commercial terms with them.


John Lok
Assets Leader


Dereck Wright
Regulatory Support Officer



ENVELOPE 2

Kaipara District Council
Private Bag 1001
Hokianga Road
DARGAVILLE

7 August 2000
Our Ref: 6150373
W2:56663-W2L56663.DOC

Attention: Chief Executive Officer

Dear Sir

Mangawhai Infrastructure - Project Management - Commercial Terms

The following commercial terms relate to our submission contained in "Envelope One". We confirm that we would be pleased to undertake this commission in compliance with the "IPENZ/ACENZ Model Conditions of Engagement dated June 1997". There are however details of the terms of these Conditions of Engagement that require inputs specific to the project and we request the opportunity to discuss these matters with you.

Beca and our sub-consultants recognise the strategic importance of this project to KDC, and in response have put together a team structure that is well suited to meet our Council's objectives. There are matters relating to the terms of engagement of the various parties in our team, that will require the agreement of the various Boards and Senior Management of these organisations, and their Insurers. This tender is therefore subject to us obtaining those necessary agreements.

Scope of Work

The fees outlined below are based upon the scope of work defined in our submission, "Envelope One".

Deliverables

The following deliverables will be provided by Beca in undertaking this commission:

- A Project Management Plan and Programme
- Tendering process documentation including
 - Communications Strategy and Procedures Manual
 - Tenderer evaluation and processes
 - Expression of Interest (including commercial, financial, and legal framework)
 - Shortlisting procedures

BECA CARTER HOLLINGS & FERNER LTD

132 Vincent Street, PO Box 6345, Auckland, New Zealand
Telephone +64-9-300 9000 Fax +64-9-300 9300 www.becagroup.com



- Technical and Commercial Benchmark (including financial model)
- Request for Proposal (including commercial, legal, and technical conditions)
- Final Contract Documentation

Conditions of our Tender

- The duration of this commission is 24 months.
- We have made provision for legal and accounting advice within the preparation of the necessary project delivery documentation. It will be based on information provided from KDC on its commercial and legal framework and New Zealand legal and accounting practices. Our scope is limited to those activities. If the Council should seek further advice from its own or other legal and accounting advisers, that is outside the scope of services provided under this commission.
- We have assumed that negotiations with the preferred Tenderer are successful and it will not be necessary for us to carry out negotiations with any other than the preferred tenderer.
- The scope of work assumes that the necessary Resource Consents will be obtained by the Contractor.
- We assume that the current Planning Reports, Assets Studies and Demographics are definitive and will be made available and will form the basis of this commission.
- The scope assumes the Council remains supportive of the objectives of the project and no political impediments (internal or external to the Council) to the proposals made under this offer will occur.

Recommendation

The following "target ceiling prices" shall be paid to Beca by way of monthly progress payments in accordance with a project cash flow to be provided by Beca for approval by KDC immediately following award of this commission. These "target ceiling prices" will not be exceeded without prior written approval of KDC.

Where the scope of the tasks can be well defined, and where mutually agreed by KDC and Beca, Beca are prepared to convert these target ceiling prices to lump sum fees.

- | | |
|--|-------------------|
| 1. Job establishment, confirmation of project with Council, project procedures manual, internal protocols and work planning. | \$22,000-plus GST |
| 2. Communications Advice | \$45,000 plus GST |
| 3. Benchmark project (technical and costs) | \$65,000 plus GST |



4. Consents Strategy, management plan, monitoring, and regular liaison	\$60,000 plus GST
5. Steering Committee meetings (\$A costs included elsewhere)	\$50,000 plus GST
6. Job management, reporting to Council, negotiations, activity co-ordination	\$75,000 plus GST
7. Preparation of deliverables (see above):	
(i) Project delivery alternatives, risk profiling, commercial considerations and document development. Management of technical, legal, financial, and commercial contract inputs.	\$235,000 plus GST
(ii) Legal advice on documentation	\$39,000 plus GST
(iii) Financial model validation, taxation advice, Benchmark model	\$26,000 plus GST
TOTAL	\$617,000 plus GST

Yours faithfully

Beca Carter Hollings & Ferner Ltd

John Wardle

Principal

Email: pwhite@beca.co.nz
AC:spt

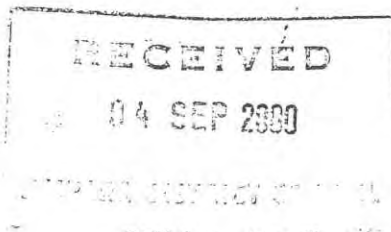


Kaipara District Council
Private Bag 1001
Hokianga Road
DARGAVILLE

31 August 2000

Our Ref: 5451200/00

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Attention: Mr Jon Lok

Dear Sir

Project Management of Mangawhai Infrastructure - Additional Information

We are pleased to provide additional information in relation to our proposal to project manage infrastructural works at Mangawhai. This additional information was requested at a meeting on Monday 28 August.

Please find attached a summary of scope and cost of consultant services. The information provided in this summary generally records the responses to your questions in relation to our proposed fee for the project management service. As noted at our meeting, we have included significant input from Australian consultants who we have worked with on similar projects in the past. Councillors will recall the presentation given by ourselves and EPS Consultants (Peter Elliott) of Victoria, Australia where these processes are well developed. We consider that it is in the Council's best interests to engage a project team that brings experience of the alternative delivery method now being contemplated. It was our view when preparing our bid, and it still remains our view that the engagement of a team with proven skills is an important risk management activity for this project.

Also as requested at our meeting, we attached a milestone payment schedule. We have drawn this up with a view to assist you with your funding requirements and to reflect the staged input to this project. As discussed with you, the definitive intermediate point in the project process will be receipt of expressions of interest from the market. You can see from the milestone schedule that we intend to obtain a defined market response at Expression of Interest stage having expended approximately one third of the proposed fee.

Finally, we confirm that we have obtained the necessary agreements from senior management to proceed with this project, and that the qualification identified in the second paragraph of our letter of 07 August (Envelope 2) is withdrawn.

In summary, we consider our proposed fee to be competitive but also to include an allowance for resources with the experience in this type of project delivery.



We look forward to the opportunity of becoming involved with your new venture.

Yours faithfully
Beca Carter Hollings & Ferner Ltd

A handwritten signature in black ink that reads "Brent Johnston". The signature is fluid and cursive.

Brent Johnston
Principal

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EBJ:njb