

Public Excluded

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Report to the Utility Services Committee
from Barry Leonard, Plantation Forest Manager
and Sisira Jayanatha, Senior Engineer, Engineering Consultancy Group

Contract No. 1179 : Pakuratahi East Forest Access

1. Purpose

To recommend a suitable tenderer for Contract No. 1179 for the construction of the Pakuratahi East Forest Access.

2. Exclusion of the Public

Grounds for exclusion of the public under section 48(1) of the Local Government Official Information and Meetings Act 1987 are:

That the public conduct of the whole or relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist, i.e.; commercial negotiations.

3. Background

Harvesting of the Pakuratahi East forest commenced in 1998 following the preparation of a Logging Impact Report and extensive public consultation. The Logging Impact Report was produced to ensure that the impact of the logging operations on the Rimutaka Incline Walkway and visitors to the area were both managed and minimised. Logging in the lower Pakuratahi East Block has taken place continuously since that time and to date only approximately 8,000 tonnes remain to be harvested.

It is now proposed to harvest the remaining approximately 240 ha of pine trees in the Upper Pakuratahi East Forest. This area is also traversed by the Rimutaka Incline Walkway and this harvest will follow the methodologies set out in the 1998 Logging Impact Report. The lower and upper sections of the Pakuratahi East Forest are separated by the walkway, which includes the lower tunnel, the trestle bridge and the Ladle Bend Bridge. These features preclude the use of the same roading network as was used for harvesting the lower section and require a new route for the transport of the logs.

After extensive investigation a route was been identified that provides a connection with State Highway 2. This route will minimise the effect on the Incline walkway and provide a shorter route. The Upper Hutt City Council and Wellington Regional Council have granted all resource consents required for the construction of the access road and culvert structures.

The road is to be constructed in three sections;

- The inland section, which utilises a short section of Kelly's Track and a connection to the Via Dolorosa Track . This work cannot commence until the block to be traversed is felled.
- A section which follows the Via Dolorosa to the ridge above State Highway 2. This section has already been constructed.
- A 700 m section from the ridgeline to connect with State Highway 2. This is the most difficult section and includes the construction of an intersection with State Highway 2 to specifications provided by Transit New Zealand. This Contract relates to this section for which design work was carried out by the Engineering Consultancy Group.

3. Tenders Received

Tenders were invited from 12 selected contractors for this Contract. Tenders closed on 24 May 1999. Tenders received were as follows:

Tenderer	Tender Price \$
John Ray Ltd	275,868.00
Dixon and Dunlop Ltd	427,779.00
Bruce Buchanan Ltd	449,675.00
Ray Purser Digger Hire Ltd	462,686.00
Stringfellow Contracts Ltd	483,365.00
Brendon Dillon Contracting	544,315.00
Groundworks Ltd	691,075.00

The following alternative tenders were also received:

Tenderer	Tender Price \$
Ray Purser Digger Hire	407,394.80
John Ray Ltd : Lump Sum with no provision for Contingency	233,000.00

The Engineer's estimate for the work is \$348,025. All prices exclude GST.

4. **Analysis of Tenders**

4.1 **General**

Tender prices received vary from 80 percent to 200 percent of the Engineer's estimate.

Two tenderers submitted alternative tenders in addition to their complying tender.

4.2 **Lowest Tender**

John Ray Ltd submitted the lowest tender. John Ray Ltd's tender price is \$151,911 less than the tender price submitted by Dixon and Dunlop Ltd. John Ray Ltd did not allow for hydroseeding in their excavation rate.

John Ray Ltd subsequently confirmed that hydroseeding will be done for a Lump Sum of \$5,000. This additional cost does not affect the ranking of the tenders.

The revised tender price is therefore \$280,868.00.

John Ray Ltd specialises in earthworks and quarrying. They successfully completed the earthworks of Ngauranga Interchange in June 1998 for Transit New Zealand. They have the experience and resources required for the access road construction and are aware of Transit New Zealand's requirement for working near State Highways.

Using a weighted attribute evaluation system the tender submitted by John Ray Ltd has the highest ranking.

4.3 **Construction Methodology and Programme**

John Ray Ltd has submitted a detailed construction methodology, programme, health and safety plan and a draft copy of a traffic management plan with the tender.

4.4 **Subcontractors**

John Ray Ltd advised that they would use Fulton Hogan Ltd for sealing and Alexander Contracting Ltd for hydroseeding.

Fulton Hogan Ltd is experienced in road paving works. Alexander Contracting Ltd has successfully completed hydroseeding works for the Wellington Regional Council in the past.

4.5 **Alternative Offer**

John Ray Ltd has offered a saving of about \$21,500 if the excavated material could be disposed of within the forestry area. This may not be possible. However, the possibility of disposing of excavated material within the forestry area will be investigated further. If disposal of the excavated material in the forestry area is possible, a variation to the Contract will be issued after negotiating a lower excavation rate.

5. **Finance**

This block is estimated to produce approximately 111,000 m³ of logs for a gross value of \$6,700,000 and a net return of \$2,580,000 after logging costs but before roading costs.

In the 1998/9 financial year \$100,000 has been budgeted towards this project, of which \$70,800 has been spent on the construction to date and the engineering and document preparation related to this tender. A further \$100,000 is included in the 1999/00 budget. It is anticipated that other capital item projects will be underspent by \$50,000 in the current financial year.

The estimated costs still to come to charge for this project include:	\$
➤ Contract No. 1179	280,868
➤ Contract supervision	10,000
➤ Construction of inland sector between Kelly's Track and Via Dolorosa, say	30,000

Total	320,868
Plus 10 percent contingencies	32,087

	352,955

Current remaining budget provision is \$129,200 made up of \$29,200 in the current year and \$100,000 in the 1999/00 year. It will be necessary to increase the budget provision the 1999/00 year by \$224,000 to \$324,000.

6. **Conclusion**

Although this road is expensive, it will provide ongoing access to this section of the forest estate and ensure the ongoing "protection" of the Incline Walkway. While Transit New Zealand conditions preclude the use of the new road by the public, it will be available to Council and will ensure that roading costs for the second rotation in this area are minimal.

The tender submitted by John Ray Ltd is the lowest acceptable tender.

7. Recommendations

- (1) *That the tender submitted by John Ray Ltd be accepted for the sum of \$280,868.00, excluding GST.*
- (2) *That additional expenditure of up to 10 percent of the accepted Contract sum to allow for unforeseen circumstances be approved.*
- (3) *That the Common Seal of the Wellington Regional Council be affixed to the necessary documents of Contract No. 1179.*
- (4) *That the capital provision within the Plantation Forestry Department budget be increased by \$224,000 for the 1999/2000 year.*

Report prepared by:

Approved for submission:

SISIRA JAYANATHA
Senior Engineer, Engineering Consultancy

JOHN L MORRISON
Engineering Consultancy Manager

BARRY LEONARD
Plantation Forestry Manager

DAVID BENHAM
Divisional Manager, Utility Services