

#### 4. ST JAMES AVENUE SEWER RENEWAL - DEFAULT BY CONTRACTOR

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The purpose of this report is to seek approval to terminate this sewer renewal contract to allow other arrangements to be put in place to complete the contract works.

##### **BACKGROUND**

On 11 December 2001 the Council accepted a tender of \$82,814 from H&H Drainage for sewer renewal in St James Avenue.

The contractor has been paid \$69,674.80 to date.

On 17 June 2002, Paul Harding, Manager of H&H Drainage, orally advised the Council that they had abandoned the site and ceased all work on the contract. This is a default by the Contractor under the contract. This understanding was formalised by a 'Notice to Contractor' from the Council to H&H Drainage dated 17 June 2002.

The contractor has left the site and only minor plant and equipment remain.

##### **TERMINATION**

The Council must give written notice to the contractor of its intention to terminate the contract under Section 14 of NZS 3910:1998 'Conditions of Contract for Building and Civil Engineering Construction'. The contractor has 10 working days from receiving the notice to remedy the default.

If this does not happen, the Council may then take possession of the plant and equipment left on site and arrange for the contract to be completed, including making good any defects in the works already completed.

If the cost of completing the contract works and remedying the defects exceeds the cost, had the contract works been completed by the contractor, the difference is payable to the Council by the contractor in addition to any liquidated damages payable for late completion.

**Recommendation:** That H&H Drainage be given written notice of the Council's intention to terminate the contract, and the Council terminate the contract if the default is not remedied within ten working days of that notice.