

5. CONTRACT 03/04-253 ISLINGTON SEWER SCHEME STAGE 2

Officer responsible City Water and Waste Manager	Author Bruce Henderson, Asset Manager Water and Wastewater, DDI 941-8324
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The purpose of this report is to seek Council approval for the award of the contract for the construction of stage 2 (final stage) of the Islington Sewer Scheme.

BACKGROUND

This scheme is to provide piped sewer disposal for the remainder of the Islington area still utilising septic tank disposal. The design was commenced in 2001 and tendered in 2002, after calling for registrations of interest. Construction was delayed due to protracted delays with issues relating to gaining permission, from Transit NZ, to install part of the pipework in State Highway 1 (Main South Road). When these issues were not being resolved the contract was reduced and became Stage 1. This stage was finally completed early 2004.

Continuing discussions with Transit NZ have achieved permission for only a small section of the required pipework to be installed in the Main South Road, thus the remaining work (Stage 2) has been redesigned to have most of the pipework installed within private properties adjacent to the road. Easements for this have been negotiated.

The provision of this piped sewer disposal for this area has been signalled for many years and there is high community expectation that the work will be completed.

TENDERS RECEIVED

Tenders for the work were invited from four contractors selected through the original registration of interest process. Three tenders were received as follows:

Contractor	Tender Price
Delta Utility Services	\$666,324
March Construction	\$823,936
Dormer Construction	\$1,028,397

The lowest tender received is from the contractor who satisfactorily completed stage one.

FUNDING IMPLICATIONS

The lowest tender received is higher than the estimate for the work \$525,000, and is considerably higher than the Council funding remaining for this last stage of the project, \$187,513. Thus there is a finding short-fall of \$478,811.

An analysis of the reasons for the discrepancy between funding, estimates and tender is provided in the attached appendix. Also provided is a list of options available.

Given the high community expectations for the scheme to be completed, it is recommended that the lowest tender be accepted and that the short fall in funding be provided by reducing funding for non-critical programmed wastewater sewer renewals, (\$200,000) and water supply main renewals (\$278, 000).

Staff

- Recommendation:**
1. That the tender received from Delta Utility Services for \$666,324 be accepted subject to funding being approved by the Council.
 2. That \$200,000 be re-allocated from wastewater reticulation renewals (WBS 522/1160 to the Islington Sewer Scheme (WBS 522/122/18).
 3. That \$278,000 be allocated from water supply mains renewals (WBS 502/250) to Islington Sewer Scheme (WBS 522/122/18).

**Chairman's
Recommendation:**

1. That the tender from Delta Utility Services of \$666,324 be accepted subject to funding being approved by the Council.
2. That it be recommended to the Strategy and Finance Committee that the funding required be considered during the next quarterly review.