

**10. CONTRACT 04/05-59
CLARENCE/RICCARTON/STRAVEN INTERSECTION REALIGNMENT**

Officer responsible
City Solutions Manager

Author
Ross Herrett, Section Leader – Transportation, DDI 941-8863

PURPOSE OF THE REPORT

The purpose of this report is to obtain Council approval for acceptance of a tender which is above the \$500,000 authority delegated to Council Officers.

DESCRIPTION OF THE PROPOSAL

The contract is for the construction of kerbs, channels, asphaltic concrete paths, landscape planting, grassed berms, drainage works and carriageway construction at the intersection of Clarence Street, Riccarton Road and Straven Road. Street lighting and the demolition of the building at 95a Riccarton Road are also included.

Tenders have been received as follows:

City Care Limited \$749,855.80

The tender was evaluated using the PQM Simple (Price Quality Method – Simple) tender evaluation method and City Care Ltd has provided a conforming tender.

All prices exclude GST.

These prices include a contingency sum of \$60,000.

The pre tender estimate for the work was \$600,000.00.

The work is for a 14 week period and can be completed within the specified time.

City Care's tender was below the estimate by \$8,000 on demolition but significantly exceeded the estimate on kerb and channel (\$25,000), project management (\$11,000), paths (\$11,000), lighting (\$9,000), traffic management (\$37,000) and smaller amounts on other items.

It appears City Care has loaded the rates for work early in the contract like excavation, kerbs, paths and carriageway excavation with other rates typically a few per cent above estimate. The rates are not unreasonable in the light of the difficulty in working on this intersection. It is considered unlikely to achieve significantly better rates by retendering the project.

Now that there is a price in the market place set by City Care anyone else tendering will be unlikely to come significantly under that price and even City Care could price higher. Even if we could get a significantly better price this would be offset by additional retendering costs and delays.

The delays are a double edged sword. We want to get the project finished by the end of April so asphalt can be laid before the winter. Construction during winter would also be unwise in the light of difficulties experienced with the sub grade in the previous section of Straven Road. Any delays at this stage would push the project into 2005/06 year incurring a minimum six months delay.

RESULTS OF CONSULTATION

Extensive consultation, involving residents and the business community, has been carried out. The contract has taken this into consideration and found the best way to carry out the work with the minimum disruption to businesses, road users and residents. Land and buildings have been purchased for this arterial road realignment.

There is a high level of expectation by the businesses and residents in the area for the work to proceed early in the new year. To change this would be embarrassing for the Council.

FINANCIAL CONSIDERATIONS

This project forms part of the Transport and City Streets Capital Expenditure Programme for the 2004/05 (\$384,100) & 05/06 years (\$300,000)

Cost Summary

City Care tender	\$749,855
Ancillary works	\$113,668
Fees	\$86,000
Management and other costs	\$33,138

Total	\$982,661
	=====

Cost Split (Maintenance/Capital)

	Tender	Budget	Difference
Capital costs (542/642)	\$880,961	\$684,100	\$196,861
Maintenance (541/146/2/2)	\$101,700	\$94,000	\$7,700
	-----	-----	-----
Total	\$982,661	\$768,840	\$204,561
	=====	=====	=====

The 2005/06 budget will be brought forward to the 04/05 year allowing this project to be completed this year. As is normal practice, the funding shortfall of \$204,561 will be managed within the City Transport total capital and maintenance budgets.

STAFF RECOMMENDATION

That the tender of City Care Limited for the sum of \$749,855.80 be accepted.