

7. BELFAST PIPELINE TENDER

General Manager responsible:	General Manager Corporate Services
Officer responsible:	General Manager Corporate Services
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PURPOSE OF REPORT

1. This report is to advise the Council of the process used to approve the tender for the Belfast Pipeline Stage 3.

EXECUTIVE SUMMARY

2. At its meeting on 16 December 2004, the Council approved an additional \$3.75m of capital funding for the Belfast pipeline project bringing the total budget to \$8.4m.
3. Tenders were called for Stage 3 of the project in December 2004. Five tenders were received ranging in price from \$3.650m to \$5.518m. There were some technical questions asked of the tenderers in response to their bids. Satisfactory resolution was only received a matter of days before the tenderers had the ability to withdraw their price. The recommended tenderer was one of the parties discussions were occurring with.
4. The estimated cost for pipeline Stage 3 was \$3.928m all up. Stage 3 was scheduled to be one third completed in the current year and two thirds completed in 2005/06. Budget provision for the total project for 2004/05 was \$3.8m.
5. Based on the Stage 3 tender price, it was estimated that the total project, including a contingency provision, would be \$8.591m vs a budget of \$8.2m.
6. Officers are confident that a lot of the contingency (\$674k) would not be utilised as only Stage 2 and the pump station design remained to be undertaken.
7. The Council at its meeting on 16 December 2004 gave any two General Managers financial authority to enter into contracts for capital works or maintenance contracts, up to \$5m, provided the money was within a Council approved budget.
8. The tender for \$3.650m was within the \$5m delegation. Acceptance of the tender may result in the total budget of \$8.2m being exceeded, but staff believed that it was far from certain.
9. Attached is the memorandum GMs signed off on.
10. The General Manager Regulation and Democracy Services is of the view that this tender does not breach the delegated authority as the tender was under \$5m. Nor did it exceed the budget. It is only when the final work is tendered that it will be apparent if this is the case and Council approval of the tender (and therefore increase in required budget) will need to be sought.
11. Although the acceptance of the tender is within delegation, the total project budget is over the delegation. This situation will occur again with significant projects and even within programmes, so it is considered appropriate to ensure the Council is comfortable with the process and how the delegations operate.

STAFF RECOMMENDATION

It is recommended that the Council receive this information.