

9.2 PROCUREMENT PLAN - PŌRANGAHAU AND TAKAPAU WASTEWATER IRRIGATION SYSTEMS

File Number:

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Attachments: 1. Procurement Plan - Wastewater Irrigation Systems

The Council is satisfied that, pursuant to s48(1)(a)(i) of the *Local Government Official Information and Meetings Act 2002*, the information to be received, discussed or considered in relation to this agenda item is:

- s7(2)(b)(ii) the withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information
- s7(2)(h) the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities
- s7(2)(i) the withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).

PURPOSE

The matter for consideration is the procurement of a contractor to provide design and build services for the irrigation systems required for the Pōrangahau and Takapau wastewater irrigation projects.

Approval of council is required as the procurement value exceeds the delegated authority of \$1m held by the Chief Executive in accordance with Councils Procurement Policy.

RECOMMENDATION FOR CONSIDERATION

That having considered all matters raised in the report:

1. **That Council approve the procurement plan to tender for the irrigation systems required for the Pōrangahau and Takapau wastewater schemes, up to the value of \$1.3m.**
2. **That Council delegates to the Chief Executive to negotiate and award the contract in line with the procurement plan.**
3. **That the minute relating to this item be released as publicly available information upon contract award.**

EXECUTIVE SUMMARY

In the 2021- 2031 Long Term Plan the Council outlined a plan to drastically improve the district's wastewater treatment and discharge. Projects at Pōrangahau and Takapau form part of this program and both respectively work on upgrading wastewater treatment and shifting the discharge of wastewater from the rivers to land.

This procurement plan is seeking approval to source a contractor to provide design and build services for irrigation systems at both the Pōrangahau and Te Paerahi, and Takapau Wastewater Treatment Plants.

For overall efficiency and gain, both procurements have been combined. There are multiple providers of irrigation systems, all of whom could be selected to provide the required result.

The first Separable Portion (SP1) of this contract includes 30 hectares (ha) of centre pivot irrigation across pastoral farmland in Takapau.

The second separable portion (SP2) will involve installation of 4 hectares of irrigation, in Pōrangahau and Te Paerahi. As outlined in the Wastewater Strategy it is planned that a further 36 hectares of irrigation will be installed in Pōrangahau to meet growth predictions. Due to multiple factors including the extended period of time between installation of these stages the aforementioned 36 hectares is excluded from this procurement.

BACKGROUND

In alignment with community drivers and the council's values, the projects aim to shift the discharge of wastewater from the rivers and sand dunes to land, therefore providing a sustainable long-term solution. In order to achieve this, treatment of the wastewater will be upgraded, and irrigation systems installed on local farmland. The wastewater will be applied to the land in a way no different to typical freshwater irrigation and managed under a series of consents for both the Pōrangahau and Te Paerahi, and Takapau communities.

Due to land features, existing landowners' preference and farming operation, different irrigation systems have been chosen respectively for each project.

In Takapau a centre pivot irrigator provides benefits such as high efficiency and effectiveness, whilst being the preference by the landowners. A pivot is also deemed the most appropriate irrigation method for the discharge property which will allow for compliance with consent conditions.

In Pōrangahau and Te Paerahi fixed sprinkler and moveable pods provides benefit of compatibility with land and soil variability in addition to the current farming system.

DISCUSSION

Due to the value of this procurement exceeding \$1,000,0000, the planned approach needs to be approved by Council as per Council procurement policy and the delegation's manual.

As described in Council's Wastewater Strategy the programme of works aims for removal of the district's discharge of wastewater from surface. Procurement of the irrigation system will take a further step towards this goal.

In order to ensure that there isn't an unnecessary delay to the progress of the project, a single-stage, open tender approach has been proposed.

Both landowners in Pōrangahau and Takapau will be included within the procurement process due to the affect any resultant designs or decisions may have on their farming operations. This inclusion will take place through observing the tender evaluation process.

RISK ASSESSMENT AND MITIGATION

A key risk for this procurement is that we will receive limited interest within the irrigation sector. This would likely be as a result of Council not being considered a customer of choice due to the additional administrative requirements that suppliers may not be fully experienced in. In addition to this, key buyers within the irrigation industry are commonly agricultural farmers and the horticulture sector. Community land irrigation systems of wastewater for District Councils are not as common and therefore also may reduce the interest shown.

In order to mitigate this risk communication with potential tenderers has already taken place and will continue where necessary until tender evaluation. Due to the nature of the project and works, a hybrid of Irrigation New Zealand's standard contract and NZ3916:2013 will be utilised to bind the terms and conditions of the works. This will remove where possible some of the additional administration usually acquainted with NZ3916:2013.

In addition, as mentioned previously a decision was made to combine the procurement of both Pōrangahau and Takapau as the collective value will likely make the contract more appealing to potential tenderers.

FOUR WELLBEINGS

As a part of decisions made to upgrade the wastewater treatment and discharge at both Takapau and Pōrangahau, growth projections and environmental impact assessments supplied provide the ability to ensure that resources are used in a smart and sustainable way.

Furthermore, the installation of irrigation system enhances the resilience of both Wastewater Treatment Plants in a manner that provides fit for purpose infrastructure which meets the needs of our community both now and for the future.

The procurement will also meet broader outcomes in line with our commitment to Hawke's Bay regional progressive procurement initiatives:

- Cultural wellbeing – Genuinely partnering with Mana whenua and the wider to community in manner that ensures representation and respect.
- Economic wellbeing – Building a diverse and prosperous economy
- Environmental wellbeing – Preventing and reversing environmental degradation, specifically of the awa and surrounding areas.

DELEGATIONS OR AUTHORITY

This procurement value is greater than \$1,000,000, which sits within the delegated financial approval of Council.

SIGNIFICANCE AND ENGAGEMENT

In accordance with the Council's Significance and Engagement Policy, this matter has been assessed as low and not requiring specific engagement in advance of a decision.

OPTIONS ANALYSIS

Two possible options for Council to consider delivering the works are:

Option 1 –

Approve the procurement plan to tender for the irrigation systems required for the Pōrangahau and Takapau wastewater irrigation systems.

Option 2 –

Reject the procurement approach and provide advice on next steps.

	<u>Option 1</u> Approve Procurement Plan	<u>Option 2</u> Reject Procurement Plan and provide advice on next steps
Financial and Operational Implications	Procurement fits within budgets and will provide fit for purpose infrastructure that meets aspirations.	Procurement plan will likely remain within budgets and will provide fit for purpose infrastructure that meets aspirations but will lead to significant delay in commencement.
Long Term Plan and Annual Plan Implications	Consistent with direction and budget of the Wastewater Strategy, Long Term Plan which outline removal of wastewater discharge from the rivers and sand dunes.	Advice will likely remain consistent with direction and budget of the Wastewater Strategy, Long Term Plan which outline removal of wastewater discharge from the rivers and sand dunes.

Promotion or Achievement of Community Outcomes	Installing of irrigation systems takes a step towards meeting community aspirations in both areas which clearly advocate for removal of wastewater from rivers and sand dunes.	Meeting community aspirations of removing wastewater from rivers and sand dunes will still be met but likely at a later date.
Consistency with Policies and Plans	Consistent with direction set within the wastewater strategy and procurement policy.	Advice will remain consistent with direction set within the wastewater strategy and procurement policy.

Recommended Option

This report recommends **option one** to approve the procurement plan to tender for the irrigation systems required for the Pōrangahau and Takapau wastewater irrigation for addressing the matter.

NEXT STEPS

On the basis the recommendation is approved, Officers will release the tender to the market in early February 2023, evaluate and return with an outcome decision report May 2023.

RECOMMENDATION

That having considered all matters raised in the report:

1. That Council approve the procurement plan to tender for the irrigation systems required for the Pōrangahau and Takapau wastewater irrigation up to the value of \$1.3m including contingency.
2. That having approved the Procurement Plan to tender for the aforementioned contract, Council delegates to the Chief Executive the award and negotiation of the contract providing the tender is consistent with the procurement plan.
3. That the minute relating to this item be released as publicly available information upon contract award.