

# RUAPEHU DISTRICT COUNCIL

## Confidential Reports Released into the Public Business

FROM THE PUBLIC EXCLUDED MEETING OF RUAPEHU DISTRICT COUNCIL  
ON WEDNESDAY 25 AUGUST 2021

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### Item

#### C4 Moore Street Social Housing Project

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
Moore Street Social Housing Project	s7(2)(i) To enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	s48(1)(a) the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 7

The redacted report and minutes have been released into the Public Business through an Official Information Request.

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### Minutes

#### C4 Moore Street Social Housing Project

- 1 That the report on Moore Street Social Housing Project be received.
  - 2 That Council approve the Housing Construction contract to a consortium comprising Eves Construction / Isthmus Group and MyKiwiHouse for a value of [REDACTED] ex GST plus an additional Prime Cost Sum of [REDACTED] which covers the civils works which will be undertaken by a sub-contractor to Eves Construction. Noting that this project is funded entirely (up to \$2.405M) through Crown Infrastructure Partners
  - 3 That this resolution is not recorded in the Public Business Minutes of this meeting.
  - 4 That this report is not released as publicly available information
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**Report to: Council****Meeting Date:** 25 August 2021**Subject:** Moore Street Social Housing Project**Purpose of Report**

- 1.1 The purpose of this report is to seek approval to undertake earthworks and construct six residential units at 13 Moore Street, Ohakune.

**Significance and Engagement**

- 2.1 This report does not trigger the Significance and Engagement Policy. Although building six social housing units is significant to the community, who the contract is awarded to for undertaking the work is not considered significant.

**Background**

- 4.1 Council owns 1012m<sup>2</sup> vacant land at 13 Moore Street, Ohakune. The site is part of a larger property at 11 Moore Street containing eight residential units which make up part of Council's Social Housing portfolio.
- 3.2 Council has been approved by the New Zealand Government for \$2,405,000 funding support through the COVID Response and Recovery Fund shovel ready project Crown Infrastructure Partners (CIP) initiative to construct six residential housing units on the land at 13 Moore Street.
- 3.3 A resource consent has been sought and granted for the project.
- 3.4 On 17 May 2021 Tenders Group Resolved as follows:
1. *That the report on Moore Street Social Housing Project be received.*
  2. *That the following information on award of contract is/is not recorded on the Ruapehu District Council public website: month awarded, contract name, contract sum (excl GST), proposals received:*
    - *Moore Street Social Housing Contract C60-1881*
    - *Moore Street Social Housing Geotch Contract C60-1882*
  3. *That the Tender Group recommend that the contract be referred for full Council approval. That this report is not released as publicly available information.*
  4. *That the Tenders Group approve the approach to project delivery for the construction of six council houses at 11-13 Moore Street being:*
    - *Direct appointment of Morrison Low and Associated Limited as Project Managers for a value of [REDACTED]*
    - *Direct appointment of Cheal Consultants for a value of [REDACTED] to undertake the resource consents, site investigations, design and specifications, construction monitoring (civils and house construction)*

- Award of the Housing Construction contract for a value of [REDACTED] to a consortium comprising Eves Construction / Isthmus Group and MyKiwiHouse, which was via an open Invitation to Partner process.

Noting that this project is funded entirely (up to \$2.405M) through Crown Infrastructure Partners.

5. That this resolution is not recorded in the Public Business Minutes of this meeting.
6. That this report is not released as publicly available information.

## Discussion

- 4.1 The awarding of this contract is considered to have a social impact on the community. There are public benefits to awarding contracts to local suppliers where the capability exists. The Project is expected to support approximately 15 Full Time Equivalent Jobs.
- 4.2 The proposal is to construct six dwellings on the site. The dwellings will consist of five one bedroom units approximately 56m<sup>2</sup> each in area, and one unit containing two bedrooms approximately 78m<sup>2</sup> in area. A new car park for six vehicles will be formed to the east of the new dwellings.
- 4.3 Government Funding has required the project to be “shovel ready” and has necessitated the identification of consultants and contractors that can undertake the project with a practical completion date of 31 August 2022. The following have been identified to deliver this project:
  - Project Management [REDACTED] – Morrison Low and Associated Limited. Appointed via direct appointment as involved during the CIP application and have specialist skills on projects of this nature
  - Housing Construction – as part of the CIP funding application and the need to be “shovel ready” an Invitation to Partner document was released via GETS to the market for the building consents and construction of six houses on Moore Street. This open tender process identified a preferred contractor (a consortium comprising Eves Construction / Isthmus Group and MyKiwiHouse) which was reviewed by Councils consultants MEQ Consultants. The civils construction works will be incorporated within this contract as it is critical that the site development works are streamlined and coordinated. The consortium is to identify a proposed civils contractor whose pricing will be reviewed and confirmed appropriate by Cheal Consultants. The value of the housing construction is [REDACTED] with civil works estimated to be approximately [REDACTED].
  - Civil Works – resource consents, site investigations, design and specifications, construction monitoring (civils and house construction) - up to [REDACTED]. Cheal Consultants were originally engaged to undertake due diligence on Moore Street to support the CIP funding application. Cheal Consultants, appointed by direct appointment, are the only local consultancy firm that can undertake the works required, and have significant local knowledge (geotechnical, planning and engineering) which will be invaluable on this project. Their submitted fees have been reviewed to ensure they are market appropriate.
  - The remainder of the \$2,405,000 budget comprises costs spent to date (and which CIP has indicated they will reimburse), construction completion works including engineering certification, as built surveys, development contributions etc (in the

order of \$150,000) and contingency (\$230,000)

- 4.4 CIP funding requires milestones to be met and reported on throughout the construction.
- 4.5 The Procurement Plan sets out the terms of engagement and outcomes delivered from this complex procurement.
- 4.6 The project is entirely Government funded, but will require Council to meet the costs of milestones in the short term, before they can be recovered from CIP. Council has set up a separate bank account and has cash reserves available to meet this cost. A project budget, provided in **Figure 1**, shows what and when budget will be required over the duration of the Project. It should be noted that this project budget was supplied as part of the CIP funding agreement in early February but only approved in May, so while the costs are still correct the timing of payments have been delayed by 3-4 months.
- 4.7 We have existing contracts in place for Morison Low and for Cheal Consultants, which do not require Council approval. Whilst CIP have agreed to “Eves Construction / Isthmus Group and MyKiwiHouse” to be awarded this contract, as it is a new contract for [REDACTED] it requires Council’s endorsement.

### Suggested Resolution(s)

- 1 That the report on Moore Street Social Housing Project be received.
  - 2 That Council approve the Housing Construction contract to a consortium comprising Eves Construction / Isthmus Group and MyKiwiHouse for a value of [REDACTED] plus an additional Prime Cost Sum of [REDACTED] which covers the civils works which will be undertaken by a sub-contractor to Eves Construction.
- Noting that this project is funded entirely (up to \$2.405M) through Crown Infrastructure Partners.
- 3 That this resolution is not recorded in the Public Business Minutes of this meeting.
  - 4 That this report is not released as publicly available information.



Rina Hepi

**TEAM MANAGER COMMUNITY PROPERTY AND RECREATIONAL FACILITIES**

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Attachments: Figure 1: Project Budget

Project Budget	Dec-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Aug-21	Oct-21	Dec-21	Feb-22	Totals
Cost to Date - Project establishment Milestone (see notes below)											\$ 65,000
Resource Consent											\$ 40,000
Further Site Investigations - including geotechnical, site survey, planning etc											\$ 20,000
Civil Design - including urban and engineering design											\$ 50,000
Building Consent											\$ 30,000
Construction Civils - including site enabling works (Physical works)											\$ 200,000
Construction Civils (Professional Services)											\$ 40,000
Construction - Houses (Physical Works)											\$ 1,400,000
Construction - Houses (Professional Services)											\$ 80,000
Construction Completion - including engineering certification, as built, survey, GFC, titling, easements and Contributions required.											\$ 150,000
Programme, project management, governance & procurement, reporting etc											\$ 100,000
Contingency (15% of \$14 construction costs and \$200K civil costs)											\$ 230,000
<b>Total</b>	\$ 65,000	\$ 27,500	\$ 62,500	\$ 72,500	\$ 147,500	\$ 147,500	\$ 385,000	\$ 445,000	\$ 445,000	\$ 607,500	\$ 2,405,000
											\$ 2,405,000

Figure 1: Project Budget