



**ROTORUA**  
**LAKES COUNCIL**

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# TARAWERA SEWERAGE RETICULATION SCHEME

STAGE 2 PROCUREMENT UPDATE AND RECOMMENDATIONS

5 APRIL 2023

# REPORT PURPOSE

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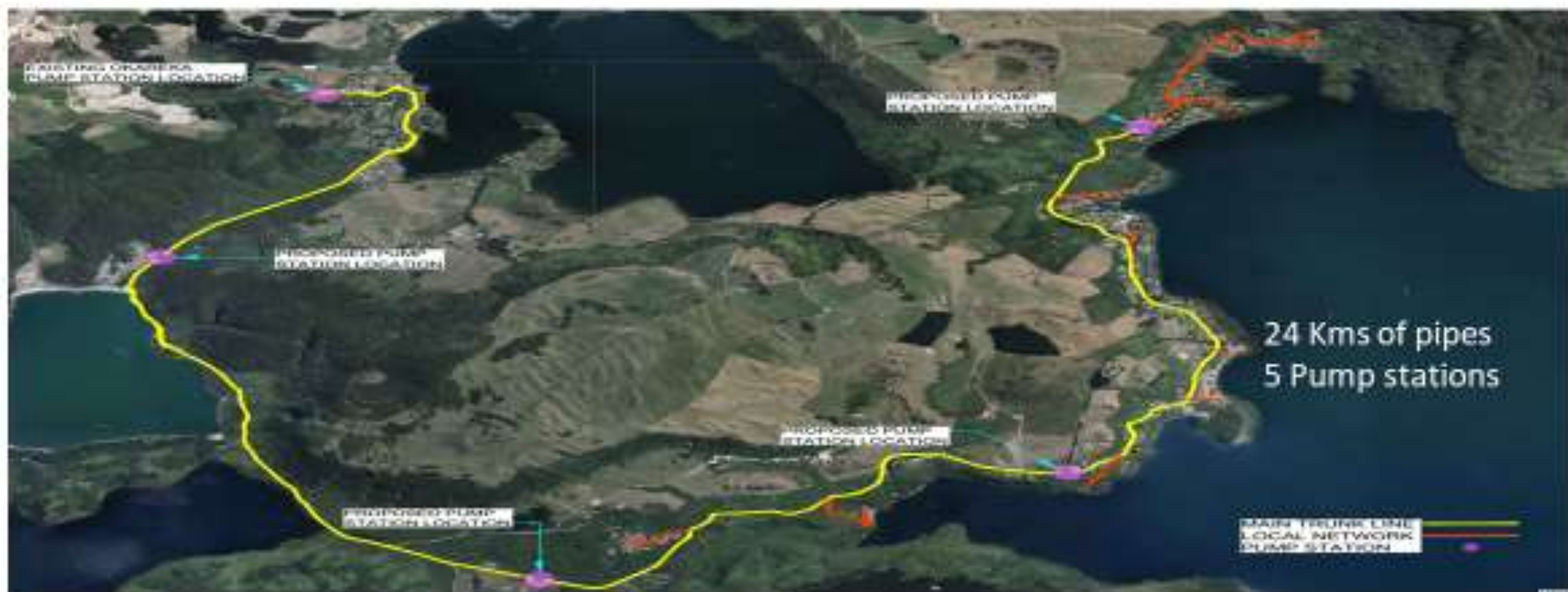
- Update on the status of the scheme.
- Scheme approved by Council in 2021-31 LTP.
- A phased approach approved June 2022 – MfE Deed.
- Stage 1 contract August 22 – In implementation now.
- Stage 2 procurement type recommendation.
- Provide community comfort and assurance.

# LAKE TARAWERA SS RECAP

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- One of last remaining communities not reticulated.
- Strong Health, Cultural and Environmental effects/impacts.
- Price significantly higher than 2018 estimate – agreed to proceed in two stages to optimize price and safeguard MfE subsidy of \$6.5 m.
- Community comfort / transparency required as net costs are high.

# THE SCHEME – STAGE 1

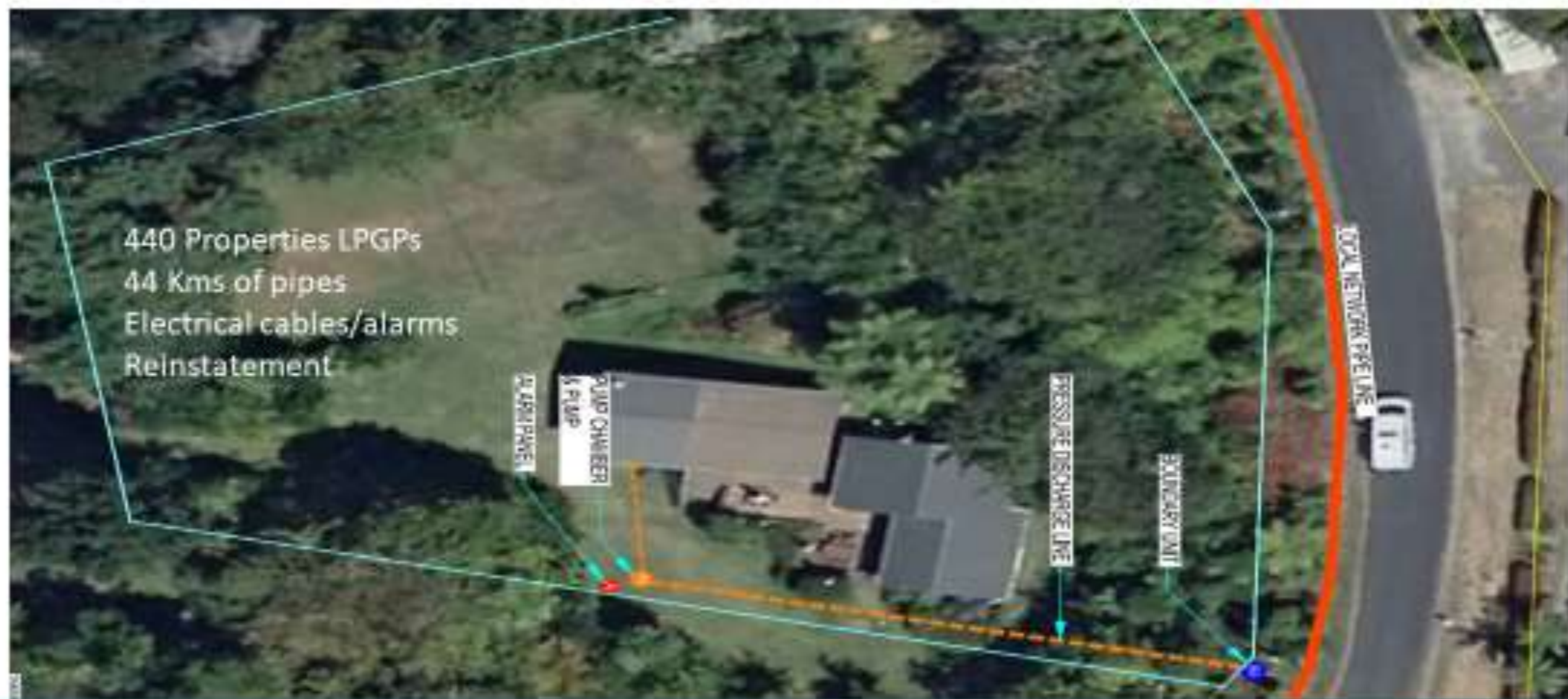


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## THE SCHEME – STAGE 2



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# COMMUNITY FEEDBACK

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- Broad support for reticulation to mitigate OSET Rule.
- Legitimate concern about net capital costs.
- Seeking further financial assistance to mitigate costs to owners.
- Seeking maximum compression of gross costs.
- Assurance that costs are transparent and competitive.

# PROCUREMENT OPTION 2

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- Stage 1 by direct negotiation to protect MfE subsidy.
- Stage 2 needs to demonstrate optimum cost outcomes.
- Recommended Option 2 (supply and installation on-property) by full open competitive tender most transparent process.
- Results will be reported to Council and the community crystallizing final gross costs.

# OFFICER NOTES

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- Legitimate community concern about net costs (trends from 2006 will continue)
- Status Quo non-viable (septic tanks) – OSET non-viable for 40%.
- Effort required to suppress price for Stage 2.
- RLC has responsibility to pursue health, cultural and environmental objectives.
- RLC only authority with legitimate power to make decisions, strike rates in line with funding plan and make efficient use of public resources.
- Continue to work with the community to explore all options for additional funding support.



# REPORT RECOMMENDATIONS

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1. That the report “Procurement Plan for Stage 2” be received.
2. That the Council notes the feedback from the Tarawera Community, in particular, the need to compress gross costs for the Tarawera Sewerage Scheme.
3. That Stage 1 is currently in implementation mode to meet MfE funding requirements.
4. That procurement Option 2 is the option that will most likely meet the need to secure the most competitive offers for Stage 2 of the scheme and demonstrate maximum transparency to the affected community.