

BRANZ project procurement process

The BRANZ redevelopment shows how even smaller projects can be complex. An early challenge was identifying the best procurement process to ensure the project would be delivered on time, within budget and to the required specialist quality.

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Maintaining a working environment while undertaking wholesale alterations to existing specialist buildings, including demolition and new rebuild, certainly challenged BRANZ and the consultant team.

To achieve the best outcome for BRANZ, considerable thought and discussion went into what procurement process should be followed. Was it best to advertise for open tenders, receive the lowest price and commit to contract or should other methods of procurement be investigated?

Preferred contractor delivery

A project team is not complete without early involvement of one of the key members in the project delivery process – the builder or main contractor. This is especially important on complex, staged projects. With all the BRANZ project team accepting this principle, a procurement methodology called preferred contractor delivery was developed and adopted (see Figure 1). This has some advantages over a traditionally tendered contract.

The process consists of four stages leading up to a signed contract and start on site:

- Expression of interest (EOI) for a shortlist of four suitable main contractors.
- A tender process between the four short-listed companies to select a preferred contractor.
- A period of working with the preferred contractor resulting in the project being fully tendered from completed design documentation.
- An evaluation of the fully tendered project, resulting in a go/no go into contract and construction.

Expression of interest

Due process needed to be followed in selecting the four shortlisted main contractors to competitively bid the proposed construction works. To achieve this, BRANZ advertised for expressions of interest from suitably qualified construction companies. Information about the project including drawings, staging plans and an outline programme were included in the expressions of interest package.

Once expressions of interest were received, a panel reviewed them and used a weighted system of scoring to select the four best candidates. These four construction companies were then advised that they had been selected to tender for the position of preferred contractor.

Tender for preferred contractor

The four selected construction companies then had to competitively tender for the works. They were required to prepare a fixed preliminary and general tender and margin for the proposed project based on the design information. They also had to submit a priced schedule of rates for the concrete and carpentry trades, from schedules provided by the quantity surveyor.

The design was not 100% complete but gave the tenderers a clear scope of work. The tenderers were required to provide company information, a list of personnel who would be involved with the project, a construction programme and health and safety statements.

The review panel evaluated the information supplied, and the preferred contractor was selected – Fletcher Construction.

Working together for tender

Once selected as preferred contractor, Fletcher Construction entered a non-contractual period

working with the consultants and client to comment on the design, introduce buildability aspects and, importantly, understand and comment on the staging of the works and construction programming. Getting to know key BRANZ people and understanding what would be involved in maintaining an operational business while the construction works were undertaken was also important.

Over this period, the design was completed to 'for tender' issue, and selected schedules of quantities were prepared for subcontract tendering and main contractor trade negotiations. At this time, the preferred contractor tendered the works to selected subcontractors and priced their own works on an open-book basis at the rates previously tendered. These rates were audited/negotiated with the quantity surveyor. The preferred contractor then presented their final lump-sum fixed-price tender for acceptance.

Up to this point, there was no contractual obligation for BRANZ to proceed with either the project or with the preferred contractor. If the construction tender had been over budget or some other problem has been identified, BRANZ could have retained the preferred contractor and worked through a solution, such as a cost-cutting process, or decided to go to another contractor and repeat the process (very unlikely).

Tender evaluation and contract signing

With the lump-sum fixed-price tender within budget, in acceptable form and to the client's expectations, BRANZ proceeded to enter into a formal contract with the preferred contractor, Fletcher Construction, for the construction phase.

Many advantages

The advantages of the above delivery process have been that:

- the client is not required to enter a construction contract until the final tender price is received and evaluated against the project budget and programme
- the main contractor has had input in the preconstruction process
- the main contractor can choose the subcontractors to tender the works, helping to maintain quality
- the project only proceeds if the price and programme is acceptable to the client.

With the project now well into construction, there is plenty of evidence that this collaborative non-confrontational delivery process has won the approval of all parties concerned, delivering a quality project for BRANZ. ♦

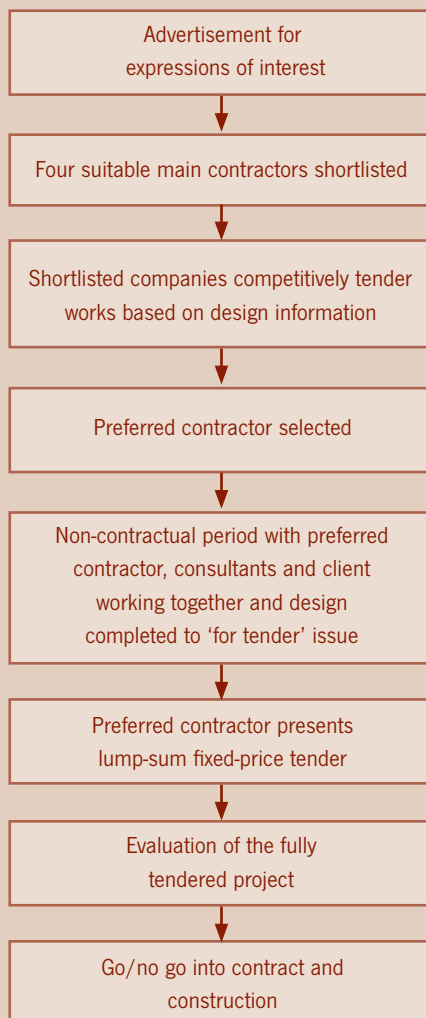


Figure 1: Procurement process for the BRANZ refurbishment project.