Te Kaunihera ō Taranaki ki Te Tonga
South Taranaki
District Council

Road Network Procurement Strategy

Corporate Ownership and Internal/External Endorsement

Document Approval

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Revision History

Revision Number	Author	Designation	Date
1	Vincent TC Lim	Roading Manager	June 2010
2	Vincent TC Lim	Roading Manager	Oct 2013
3	Vincent TC Lim	Roading Team Leader	Aug 2019
4	Vincent TC Lim	Roading Team Leader	June 2022

Waka Kotahi Endorsement

Revision Number	Name	Designation	Date
2	Sol Hessell	Senior Engineer	Nov 2013
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1. Executive Summary

1.1. Summary Statements of Key Issues and Opportunities to Obtain Value for Money.

The balance between effective competition and efficiency of procurement processes is essential to achieving value for money over the long term. This strategy for procurement of goods and services in South Taranaki District Council (STDC) provides for a delivery model and procurement procedures that ensure competition is maintained without creating costly inefficiencies.

Ensuring competitive and efficient markets is about obtaining 'value for money' that is sustainable in the long term. This can be achieved by creating a market place where small to medium size contracting firms can compete with major national firms. This flows from South Taranaki District Council's reputation of being a fair and reasonable client. STDC is an advocate of co-operative relationship building where 'value for money' can be achieved and unproductive adversarial disputes can be avoided.

STDC also considers the broader outcomes available from appropriate procurement. Broader outcomes are the secondary benefits that are generated by the way a good, service or works is produced or delivered. These outcomes can be social, environmental, cultural or economic benefits, and will deliver long-term public value for the people of South Taranaki and New Zealand.

Broader outcomes require you to consider not only the whole-of-life cost of the procurement, but also the costs and benefits to society, the environment and the economy.

STDC has taken a targeted approach to leveraging broader outcomes, and is placing greater requirements on procurement to leverage a priority set of broader outcomes. These areas are:

- increase New Zealand businesses' access to STDC procurement: increasing the number of New Zealand businesses contracting directly to STDC, and within the supply chain. This includes Māori businesses and Pasifika businesses
- increase the size and skill level of the domestic construction sector workforce: STDC is leveraging procurement through construction to encourage businesses to increase the size and skills of their workforces
- improve conditions for workers and future-proof the ability of New Zealand businesses to trade: this priority protects workers from unfair and unsafe behaviour, and incentivises well-performing firms while ensuring they are not undercut by firms who have reduced costs through poor labour practices
- support the transition to a net zero emissions economy and assist the Government to meet its goal of significant reduction in waste by 2020 and beyond.

To maximise the effects of these priorities, STDC will appropriately target contracts where one or more of the priority outcomes must be implemented by Government directives in 2022 and beyond.

STDC has until recently moved to managing the core road maintenance management work in-house. The main reason is to take more stewardship of the roading network which was lacking in the previous set up.

Council agreed the roading asset management activity be bought in-house for the following reasons:

- In-house is considered best practice with most councils taking this approach
- Better value for money
- Reduced cost
- More monitoring and quality assurance with in-house services
- Customer satisfaction

STDC intend to procure its roading works using:

- Term service contracts for specialists professional services, road maintenance, pavement rehabilitation, reseals, streetlight maintenance and pavement marking and delineation.
- Annual contracts are bridge replacements and renewals, low cost low improvement works, major drainage works, footpath renewals and other minor works.

STDC intend using the Price Quality Method (PQM) as the evaluation method for major and complex works e.g. term service contracts. Lowest Price Conforming Method will be used for straightforward works and direct appointment for other minor works. The PQM method is designed for the evaluation of tenders when the quality of the supplier is important. STDC prefer the PQM because it is simple and transparent.

PQM gives a clear and consistent process for deciding the supplier quality premium (SQP) for each tenderer. It also enables tenderers who don't win the contract to learn the difference between their SQP and the winning tenderer's SQP. It also makes evaluating alternative tenders much simpler. STDC believes that encouraging alternative tenders will also encourage innovation.

The normal attributes weighting for PQM is 30-50%. The attribute weighting will be set by evaluating the risk and term length of a project. The high risk or longer term projects will have more emphasis on attributes where quality of works and management is paramount. In certain circumstances where we wanted an experienced contractor for a very high profile project, then we may increase the attributes weighting up to 70%.

The road network procurement strategy should be read in conjunction with STDC Corporate Procurement Manual and Policy.

1.2. Recommendations

It is recommended that Waka Kotahi endorses South Taranaki District Council's Road Network Procurement Strategy.

2. Policy Context of South Taranaki District Council

2.1. Strategic Objectives and Outcomes

Section 317 of the Local Government Act 1974 states that all district roads shall be under the control of the relevant council.

The Roading activity encompasses the management, maintenance and provision of rural and urban roads, footpaths, kerb and channel, street lighting and associated infrastructure for the District excluding State Highway 3 and State Highway 45 (maintained by Waka Kotahi).

The Roading network managed by the South Taranaki District Council totals 1632.5kms (as at 30 June 2022), made up of 1480.4kms of rural roads and 152.1kms of urban streets, and 230 bridges.

In addition, there are over 1007kms of unformed legal road and a number of bridges 'beyond the maintenance area' that are not maintained by Council.

The Roading asset includes all pavements from the sub-base to and including, the top sealed or metal surface, traffic services (lighting, street and safety signage, footpaths, kerb and channel), bridges, culverts and side drains.

The main users of the network are residents, industries (particularly dairy, forestry and oil), a small commercial sector, and visitors. Fonterra, NZ's largest dairy company, is a key heavy transport user and the dairy industry collectively has a significant impact on the rural Roading network.

The total roading assets Optimised Replacement Cost is $404,699,352 (valuation 2021/22) excluding land value.

This activity contributes to the District's wellbeing and the achievement of the desired outcomes through the Council's provision of an integrated, safe, responsive and sustainable local land transport system, because this is a fundamental requirement for every District and because the Council is the road controlling authority under the Local Government Act 1974, with responsibility for all local roads in the area.

Wellbeing's	Taranaki Region/STDC Outcomes	Community Priorities
Social Economic Environmental Cultural	**Connected Taranaki** - A Region that delivers accessible and integrated infrastructure, transport and communication systems, which meet the needs of residents, business and visitors. **Prosperous Taranaki** - A region that boasts a more prosperous yet sustainable local economy, that recognises strengths and encourages diversity. **Secure and Healthy Taranaki** - A region that provides a safe, healthy and friendly place to live, work or visit. **Sustainable Taranaki** - A region that appreciates its natural environment and its physical and human resources in planning, delivery and protection	Affordable, high quality, core services and facilities. Sustainable development A built environment that is attractive, safe and healthy.

STDC has developed goals and supporting objectives to direct its efforts towards the achievement of the desired outcomes.

The Roading activity goal is: "To provide a road network that is suitable for the effective and efficient movement of vehicles and people, has a suitable all weather surface that is appropriate to its location and function in terms of skid resistance, smoothness and has a structure suitable for traffic loading requirements."

The principal goals are:

- To meet consumer expectations
- To achieve defined standards of customer service
- To protect the health and safety of the community and road users
- To minimise adverse effects on the environment
- To comply with legal requirements
- To achieve defined technical standards
- To implement policies of South Taranaki District Council
- To promote development within each community
- To achieve defined standards of system management

The principal objectives are:

- Roads, streets and bridges are maintained to standards developed in consultation with New Zealand Transport Agency.
- A safe pedestrian environment is provided with adequate footpaths, crossing points and street lighting in appropriate areas (primarily urban).

2.2. Objectives and Outcomes for the Procurement Strategy

The objectives and principles of the Procurement Policy in regard to sourcing products and services include;

- Best value for money
- Fit for purpose
- Bought using commercially astute and appropriate processes
- Promote open and effective competition between capable suppliers
- Follow public sector policy especially for fairness, efficiency and transparency
- Have regard to health and safety, sustainability and environmental protection
- Working collaboratively within Council and with other organisations
- Take account of Whole of Life cost of supply arrangements

2.3. The New Zealand Government Broader Outcomes Procurement Requirements and what they mean for South Taranaki District Council:

2.3.1. Increasing Access for New Zealand Businesses

Agencies must consider how they can create opportunities for New Zealand businesses, including Māori, Pasifika and regional businesses, as well as social enterprises.

2.3.2. Construction Skills and Training

The Government is committed to using its procurement to find ways to partner more effectively with the construction sector to grow the size and skills of New Zealand's construction workforce.

2.3.3. Improving Conditions for New Zealand Workers

The Government aims to improve conditions for New Zealand workers by requiring agencies to ensure suppliers and their sub-contractors comply with employment standards, and health and safety requirements. Agencies must also consider how they can create quality employment opportunities through their procurement activities.

2.3.4. Reducing Emissions and Waste

The New Zealand Government is committed to achieving positive environmental outcomes through sustainable procurement by buying low emissions and low waste goods, services and works.

2.4. Other Relevant Factors

Other relevant factors, such as organisational policies, wider organisational procurement plans or the regulatory environment.

2.4.1. Land Transport Management Act (LTMA)

The management and operation of the transport activity of Council is required to comply with the requirements of the LTMA. There are many requirements that are developed by Waka Kotahi and Ministry of Transport (MOT) as part of their responsibilities under this legislation and one such document is the Waka Kotahi Procurement Manual.

A large portion of Council's funding for transportation activities is assisted by Waka Kotahi (Section 20 of the LTMA sets out the requirements for the Waka Kotahi to approve activities for funding from the National Land Transport Fund (NLTF). Council receives funding from this fund through a transport disbursement account, and expenditure from this account must be made with an approved procurement procedure. Section 25 of the LTMA further requires that an approved organisation (Council in this case) design its procurement procedures to obtain best value for money spent.

2.4.2. Local Government Act (LGA)

Overriding everything that Council does, including in the area of Transportation, is the purpose of local government which is:

- To enable democratic local decision-making and action by, and on behalf of, communities, and
- To promote the social, economic, environmental and cultural well-being of communities, in the present and for the future. (Section 10, Local Government Act 2002)

2.4.3. Government Policy Statement (GPS)

The Government releases its policy statement for transport on a three yearly basis and this sets the priorities of the Government for that period for Waka Kotahi and TLAs to follow in regard to their programmes.

2.4.4. Council Procurement Policy

This procurement strategy has objectives and outcomes that are consistent with Council's

Procurement Policy. Council will be responsible to manage its resources in an effective and efficient manner and comply with all relevant legislation when it procures goods, works and services. It also acknowledges that in many cases a competitive procurement process is likely to result in a better procurement outcome for Council than one that is not competitive.

2.4.5. Network Management

The level of service i.e. ride comfort, safety, general appearance etc. of the Roading network is dependent upon how well the asset is maintained. Regular inspections are undertaken to make sure the asset is maintained in accordance with the set service levels as stated in the contract network management and other contracts.

The management of the Roading network can be grouped into the following activity areas:

- Planned (including renewals, augmentation) and Routine Maintenance – proactive regular or programmed work required to maintain the service level of an asset or prevent its failure, e.g. grading unsealed roads, painting guard rails.
- Unplanned maintenance – reactive minor repairs to a failed asset to return it to its normal level of service, e.g. pothole repairs, replacing damaged signs.

The annual Roading budgets include operational costs such as street cleaning and energy costs for street lighting.

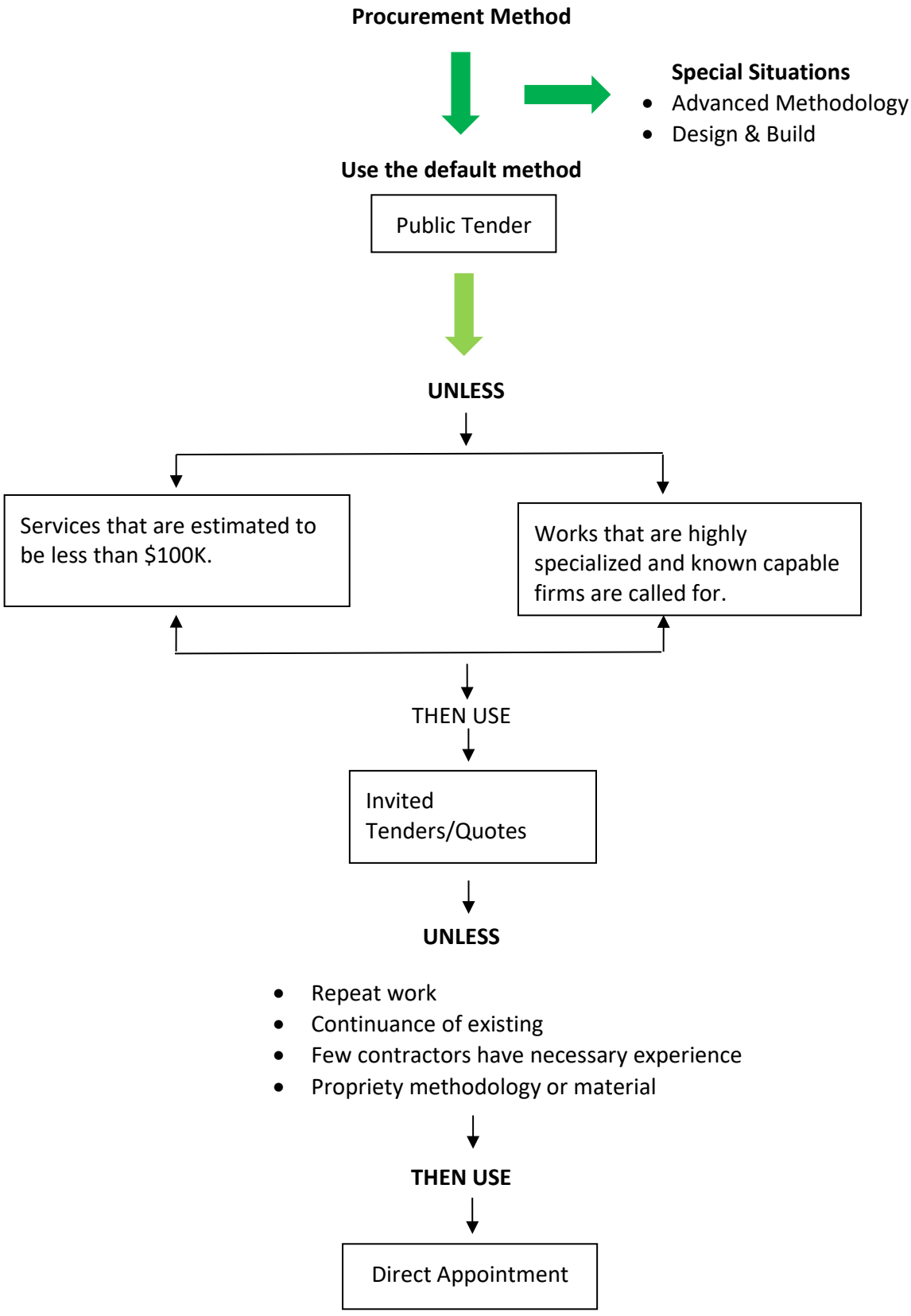
The physical works carried out on the District roads are undertaken by private contractors. Most of the routine maintenance work involving pavement, drainage, structures, environmental and traffic services is carried out under the Roading Network Maintenance Contract. Emergency works, such as clearing slips and restoring dropouts is generally included in this contract.

Most renewals and planned work involving, pavement rehabilitation, bridge renewals and minor safety works are contracted out annually except for reseal which is contracted out in a 3 year term service contract. Street light and pavement marking are handled under separate contracts, normally a 3+2 year term service contract.

Having established the in-house professional services structure, we will review whether to contract out the pavement rehabilitation work and management of bridges over a longer term between 6 to 9 years.

All contracts are let in accordance with the Procurement Manual stipulated by the Waka Kotahi and in accordance with Council's Procurement Policy.

STDC intend to use the following model for procurement:



STDC is aware of Waka Kotahi procurement rules of either open or closed tender for procuring services that attracts Waka Kotahi financial assistance.

3. Procurement Programme

The South Taranaki District Council (the Council) will call for suitably qualified Contractors to tender for roading work for the next few years as follows:

Responsible	Contract Type	Title	Nominal Contract term	Indicative tender date	Estimated Value of Contract (excl. GST)	Tender Process	Evaluation Method	Remark
Roading Team Leader	Term service	Network Management-Core Maintenance – professional services						In-house
Roading Team Leader	Term service	Network Maintenance Contract-Southern Area	3+2+2 years	Feb 2028	$3.0m/yr	Public tender	PQM	Subject to roll over.
Roading Team Leader	Term service	Network Maintenance Contract-Egmont Central Area	3+2+2 years	Feb 2028	$3.0m/yr	Public tender	PQM	Subject to roll over.
Roading Team Leader	Term service	Road Marking Contract	3+2 years	Mar-2027	$400K/yr	Public tender	PQM	Subject to roll over.
Roading Team Leader	Term service	Street Light Maintenance Contract	3+2 years	Apr-2027	$450K/yr	Public tender	PQM	Subject to roll over.
Roading Team Leader	Annual	Pavement Rehabilitation 1	4-10 weeks	Sep	$600-$800K	Public tender	PQM	Annual, pavement rehabilitation programme work will be parcelled into 3-4 contracts based on value and locations.
Roading Team Leader	Annual	Pavement Rehabilitation 2	4-10 weeks	Oct	$600-$800K	Public tender	PQM	
Roading Team Leader	Annual	Pavement Rehabilitation 3	4-10 weeks	Nov	$600-$800K	Public tender	PQM	
Roading Team Leader	Annual	Pavement Rehabilitation 4	4-10 weeks	Dec	$600-$800K	Public tender	PQM	
Roading Team Leader	Term service	Reseal Contract - District	3 + 2year	Mar 2026	$2.4m/yr	Public tender	PQM	Subject to roll over.
Roading Team Leader	Annual	Drainage Renewals 1	4-12 weeks	Jan	$150-$250K	Public tender	PQM/LCM	
Roading Team Leader	Annual	Drainage Renewals 2	4-10 weeks	Feb	$150-$250K	Public tender	PQM/LCM	
Roading Team Leader	Annual	Low Cost Low Risk Improvement 1	4-10 weeks	Aug	$50-$250k	Public tender	PQM/LCM	

Roading Team Leader	Annual	Low Cost Low Risk Improvement 2	4-10 weeks	Sep	$50-$250k	Public tender	PQM/LCM	
Roading Team Leader	Annual	Low Cost Low Risk Improvement 3	4-10 weeks	Oct	$50-$250k	Public tender	PQM/LCM	
Roading Team Leader	Annual	Low Cost Low Risk Improvement 4	4-10 weeks	Nov	$50-$250k	Public tender	PQM/LCM	
Roading Team Leader	Annual	Footpath renewals	4-10 weeks	Nov	$600K	Public tender	PQM/LCM	
Roading Team Leader	Annual	Various minor works	Various	Various	< $50,000	Invited tenders	LCM	
Roading Team Leader	Annual	Various minor works	Various	Various	< $20,000	Negotiated price	Pre-qualified	
Note: Invited tender may be called for some contracts with estimated value less than $100,000.								

3.1. Professional Services – In-House

STDC in-house staff will be providing professional management services for the safe, efficient and economical maintenance and management of the roading network within the District, including the supervision and administration of the Physical Works Contracts.

The STDC in-house staff will take "ownership" of the district roading networks in performing their duties as specified by the STDC Senior Leadership Team. The in-house staff are pro-active in protecting and enhancing the image of STDC as a responsible road controlling authority.

The in-house staff will be performing the following professional management services functions:

1. Network Management
    a. Preparation of Annual Programme and Quarterly Report
    b. Managing all aspects of RAMM including traffic counts

2. Manage Network Controls
    a. Customer Request Management
    b. Street Opening
    c. Overweight Permits (External consultant-Specialist work)
    d. Road Closures
    e. Resource Consents (External consultant-Specialist work)

3. Contract Documentation and Management
    a. The documentation, supervision and administration of the specified contracts such as Maintenance - General Contracts; Pavement Marking Contract; Resealing Contract; and Pavement Rehabilitation/Associated Improvement Contracts.
    b. Regular inspection of the District roading networks, and the reporting of deficiencies, complementary to the Maintenance General Contractor's Inspections. Regular inspections shall be deemed to include casual inspection of parts of the network when in the general vicinity on other specific issues.
    c. Joint inspections with the Physical Works Contractors, as specified in those contracts.
    d. Temporary Traffic Management site audits in accordance with the provisions stated in the General Maintenance Contracts.
    e. The documentation, supervision and administration of other maintenance related contracts that are let.
    f. The co-ordination of contractors to ensure effective and economic pavement and maintenance management.
    g. The input of all data into the Client RAMM inventory and updates from the specified contracts.

3.2. Network Maintenance Contracts

The existing STDC network maintenance contracts are separated into the two regional areas, namely the Egmont Area and Southern Area contracts. STDC have previously considered and evaluated the options of whether to combine both of the contracts into a single large contract. As a result, STDC have decided to tender out its network maintenance contracts as a combination of two independent contracts and allows the tenderer the opportunity to supply both unconditional and conditional tenders for one or both of the contracts.

The process for this will be as per the guideline by Waka Kotahi file notes:

https://www.Waka Kotahi.govt.nz/assets/resources/procurement-manual/docs/assessing-combinations-of-tenders-for-a-group-of-independent-contracts.pdf.

https://www.Waka Kotahi.govt.nz/assets/resources/procurement-manual/docs/evaluation-template-for-combinations-of-tenders.xlsx

The scope of the network maintenance contract will involve the following requirements:

a. The successful Contractor for the road maintenance contract(s) is expected to develop, execute and monitor maintenance strategies which will ensure the proper and long term performance of Council's roading asset.
b. The contract will be a three year services delivery contract with two rights of renewal of one year each for the continued operation and maintenance of the STDC roading facilities.
c. The contractor will be required, unless specified otherwise, to provide a complete maintenance service for all elements included in the Contract. This will include:
    i. The identification of maintenance needs within the defined work categories contained in the specifications.
    ii. Undertaking all necessary inspections, reporting and programming of work required.
    iii. Providing all labour, plant and materials to effect prompt and efficient maintenance of the District's assets included in the Contract.
    iv. Executing the works to specification requirements in a safe efficient and timely manner while minimising any inconvenience to the public.
    v. Responding promptly to emergencies and minimising as far as possible any resultant damage.

3.3. Professional Services – External Consultants

STDC intends to tender out the professional services and management of specialist work to external consultants.

Work includes:

- All related bridge work, including bridge inspections. Design and documentation of bridge repair and renewal or replacement work.
- Design and documentation of pavement rehabilitation work (depending on in-house staff resources and capability).
- Over weight permits.
- Traffic counts.
- RAMM condition survey.
- Deterioration modelling.

4. Procurement Environment

4.1. Analysis of Supplier Market

Roading Network Management Contract

Contract Area	Approved Organisation	Expected Completion Date	Consultants
Stratford	Stratford District Council	Ongoing	Business Unit
New Plymouth	New Plymouth District Council	Ongoing	Mostly in-house
Whanganui	Whanganui District Council	Ongoing	Downer

Maintenance Contract

Contract Area	Approved Organisation	Expected Completion Date	Contractor
Stratford	Stratford District Council	30/6/2026	Downer
New Plymouth	New Plymouth District Council	30/6/2029	Downer

Stratford District Council contract is a traditional maintenance contracts (3+1+1) inclusive of Pavement Rehabilitation, Reseal, Pavement Repairs, Vegetation Control, Drainage Work, Customer Service Requests, Emergency Works and any small projects that may come about from the Local Authorities.

The New Plymouth District Council contract is a ten year long term contract which is inclusive of all roading works and three waters as well.

Downer has an Open Space Management (OSM) contract with STDC which involves the mowing berms of parks, cemeteries, gardens and local berms. The expected completion date is 30/6/2030.

Downer has a Park and Reserves maintenance contract with Stratford District Council, which involves the maintenance of parks, cemeteries, gardens and local berms, this contract expires on 30/06/29 subject to a two-one year roll-over.

New Plymouth District Council Parks Department maintain their own Parks and Open Spaces.

The other major maintenance contracts in the region are:

Contract Area	Approved Organisation	Expected Completion Date	Contractor
West Wanganui State Highways	Waka Kotahi	30/06/2028	Downer
Open Space Management	STDC	30/06/2030	Downer
Parks and Reserves	Stratford District Council	30/06/2026	Downer
South Taranaki Utilities Maintenance	STDC	30/06/2023	Veolia Water Ltd

4.1.1. Regional Contractors & Consultants capable of performing STDC's Maintenance Contracts & Renewal Contracts

The following companies are active in the Taranaki region in providing roading services and goods:

- Consultants - Calibre, Opus Internationals, Beca and MWH
- Contractors - City Care, Veolia, Burgess & Crowley, Downer, Fulton Hogan, HEB, Whitaker Civil Construction Ltd.
- Specialist contractors: Independent Roadmarkers, Coastal Roadmarkers, NPE Ltd, Obertech, JLE Electrical, Greaves Electrical, Roadmarking Services Ltd.

4.2. Analysis of the South Taranaki District Council Current Procurement Expenditure and Profile

SUBSIDISED	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/53
Operating Costs - Budget							
Sealed pavement maintenance	$1,842,650	$1,842,650	$1,842,650	$1,842,650	$1,842,650	$1,842,650	$1,842,650
Unsealed pavement maintenance	$452,166	$452,166	$452,166	$452,166	$452,166	$452,166	$452,166
Routine drainage maintenance	$1,017,960	$1,017,960	$1,017,960	$1,017,960	$1,017,960	$1,017,960	$1,017,960
Structures maintenance	$422,790	$422,790	$422,790	$422,790	$422,790	$422,790	$422,790
Environmental maintenance	$1,050,940	$1,050,940	$1,050,940	$1,050,940	$1,050,940	$1,050,940	$1,050,940
Traffic Services Maintenance	$588,183	$588,183	$588,183	$588,183	$588,183	$588,183	$588,183
Cycleway Maintenance	$17,705	$17,705	$17,705	$17,705	$17,705	$17,705	$17,705
Level crossing warning devices	$47,685	$47,685	$47,685	$47,685	$47,685	$47,685	$47,685
Footpath Maintenance	$103,530	$103,530	$103,530	$103,530	$103,530	$103,530	$103,530
Minor events	$144,214	$144,214	$144,214	$144,214	$144,214	$144,214	$144,214
Network and asset management	$1,487,160	$1,487,160	$1,487,160	$1,487,160	$1,487,160	$1,487,160	$1,487,160
Sub Total	**$7,174,983**	**$7,174,983**	**$7,174,983**	**$7,174,983**	**$7,174,983**	**$7,174,983**	**$7,174,983**
Community Road Safety							
Community programme and coordination	**$772,384**	**$560,000**	**$560,000**	**$560,000**	**$560,000**	**$560,000**	**$560,000**
Cyclic Renewal [Capital]							
Unsealed Road Metalling	$259,590	$259,590	$259,590	$259,590	$259,590	$259,590	$259,590
Sealed road resurfacing	$2,346,000	$2,346,000	$2,346,000	$2,346,000	$2,346,000	$2,346,000	$2,346,000
Drainage renewals	$656,982	$656,982	$656,982	$656,982	$656,982	$656,982	$656,982
Pavement Rehabilitation	$2,397,000	$2,397,000	$2,397,000	$2,397,000	$2,397,000	$2,397,000	$2,397,000
Structures component replacements	$100,000	$100,000	$100,000	$100,000	$100,000	$100,000	$100,000
Traffic services renewal	$285,600	$285,600	$285,600	$285,600	$285,600	$285,600	$285,600
Footpath renewal	$689,520	$689,520	$689,520	$689,520	$689,520	$689,520	$689,520
Sub Total	**$6,734,692**	**$6,734,692**	**$6,734,692**	**$6,734,692**	**$6,734,692**	**$6,734,692**	**$6,734,692**
Capital Improvements							
Minor Improvements	$820,000	$700,000	$2,000,000	$2,000,000	$2,000,000	$2,000,000	$2,000,000
Road to Zero	$964,564	$100,000	$0	$0	$0	$0	$0
Walking and Cycling	$1,207,101	$180,000	$0	$0	$0	$0	$0
Sub Total	**$2,991,665**	**$980,000**	**$2,000,000**	**$2,000,000**	**$2,000,000**	**$2,000,000**	**$2,000,000**

Unsubsidised Maintenance	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/53
CBD Maintenance	$79,257	$79,257	$79,257	$79,257	$79,257	$79,257	$79,257
South Taranaki Business Park Roading	$652,978	$652,978	$652,978	$652,978	$652,978	$652,978	$652,978
Festive Lighting	$73,973	$73,973	$73,973	$73,973	$73,973	$73,973	$73,973
Litter Bins	$454,406	$454,406	$454,406	$454,406	$454,406	$454,406	$454,406
Parking	$23,249	$23,249	$23,249	$23,249	$23,249	$23,249	$23,249
Pavement Maintenance	$215,771	$215,771	$215,771	$215,771	$215,771	$215,771	$215,771
Professional Services	$10,568	$10,568	$10,568	$10,568	$10,568	$10,568	$10,568
Street Lighting (STDC)	$26,419	$26,419	$26,419	$26,419	$26,419	$26,419	$26,419
Street Lighting renewals	$12,681	$12,681	$12,681	$12,681	$12,681	$12,681	$12,681
Street Lighting (NZTA)	204,600	204,600	204,600	204,600	204,600	204,600	204,600
Sub Total	**$1,753,902**	**$1,753,902**	**$1,753,902**	**$1,753,902**	**$1,753,902**	**$1,753,902**	**$1,753,902**

4.3. Analysis of the Impact of the Procurement Programmes of other Approved Organisations and other Entities

Roading Network Maintenance Contract

STDC let its Roading Network Maintenance Contracts in late 2020. Both the contracts were awarded to Fulton Hogan for a period of 3+2+2 years.

In discussions with the neighbouring Councils this proposed programme will stagger the tendering round and reduce the impact on Contractors competing for the following contracts.

Contract Area	Approved Organisation	Expected Completion Date
Stratford	Stratford District Council	01/07/2028
New Plymouth	New Plymouth District Council	01/02/2029

Other Renewal Contracts

STDC intend to liaise with neighbouring District councils for all other major works including pavement rehabilitation, reseal, low cost low improvement work and drainage renewal works. STDC's programme for these works will be forwarded to all neighbouring District councils at their quarterly liaison meeting.

Council co-ordinates its three year programme on a regional level with other roading authorities in the area. The level of impact these authorities have on Council's transport procurement is minimal, but opportunities for packaging or integrating to provide better value for money is constantly discussed.

Council shares a number of boundary roads with Stratford, New Plymouth and Whanganui District Council's and a very cooperative relationship exists to deliver appropriate levels of service on these roads.

The biggest impact on procurement activities (and budget) is however between Council and the numerous utility organisations where coordination of the various programmes and acknowledgement of the commercial imperatives of the utilities can reduce customer and network interruption and disruption.

Council has therefore adopted protocols with the service providers to ensure better budget provisions to achieve best value for money. Quarterly liaison meetings with utility service providers to foster close cooperation and forward work programme alignment will be the key to achieve the results above.

Private property development is managed through resource consent and land use regulation processes and impacts on the transport corridor are managed appropriately. Where there are significant impacts on the network special conditions or agreements are arranged between the parties.

4.3.1. Procurement Profile

The analysis of Council's current procurement profile highlights the fact that the organisation procures its transport activities through Price Quality Method, Lowest Conforming Method, Direct Engagement, or under the Road Maintenance Contract.

This has generally been combined with a measure and value basis of payment. This model has worked very well over a long period of time for the scale and level of complexity associated with roading works and is also widely known and accepted by the local contracting industry. Whilst this provides the benefits of a 'no surprises' environment to the suppliers it still lags in creating opportunities to share more risk with suppliers and thereby stimulate more innovation through other means such as design/build or outcome focussed models.

These models will be analysed further and if found to provide better value for money they will be considered for inclusion in a future procurement strategy.

Across New Zealand, over recent years, there has been widespread promotion and development of new initiatives including increased collaboration, increased innovation, increased focus on customers, the adoption of suggestions arising from the Road Efficiency Group (REG) and the development of new style of contracts for State Highways.

4.3.2. Current Council Collaboration

Council has been proactive in collaborating and working together with other organisations to achieve best value for its community and road users. In addition, the recent changes in the

transport sector with the Better Business Case and the One Network Road Classification (ONRC) initiatives have been welcomed.

Involvement in the Regional Technical Advisory Group (RTAG), and other inter-regional groups have been useful in sharing knowledge and building positive relationships across boundaries. All projects that are approved in the National Land Transport Plan will be subject to Project Business Case scrutiny to inform the project and influence the outcome of the investment decisions.

Council intends to continue to collaborate with others where it is sensible and adds value.

5. Approach to Delivering the Work Programme

5.1. Specific Strategic Objectives

Council intends to procure the various projects listed in its annual plan. Each project will follow a process that is consistent with the objectives of this strategy. This strategy also indicates the intended delivery models and supplier selection processes that will be applied to the projects in the transport programme for years specified in the Long Term Plan 2018/2028 (as adopted by Council).

5.2. The Procurement Approach

5.2.1. Nature of Activities

Roading Network Maintenance Contract

Scope: Consists of all road maintenance items except pavement markings and streetlights. Emergency response work is generally included. Seven years (3+2+2) is the preferred term for the contract.

Scale: Two separate contracts. Egmont Area - $3 million per annum & Southern Area - $3.0 million per annum. There are sufficient differences in the road maintenance focus for these two areas to warrant separations i.e. substantial metal roads and predominantly shell rock. Also, the contract is scaled to increase

the opportunities for new contractors to enter the market and increase competition. Other benefits include less disruption if a new contractor was awarded the contract.

Complexity: The work is of medium complexity. Risk of institutional knowledge is managed by maintaining good procedures, processes and policy documents.

Potential Suppliers: Refer to section 4.1.1

Street Light and Pavement Markings

Scope: Five years (3+2) is the preferred term for these two contracts.

Scale: Street light - $450K, Pavement markings - $350K.

Complexity: Medium. Works are more specialised than normal roading maintenance and hence warrant separate contracts.

Potential Suppliers: Refer to section 4.1.1

Pavement Rehabilitation Contract

Scope: Work generally includes associated improvement and minor safety works and may include drainage and utility works. (Works are contracted out annually now. Future contract may be long term service contract following review due to only receiving 1-2 tenders in recent contract)

Scale: 2-3 separate contracts per annum range $800K-$1300K per contract. Benefits of separate contracts: Ability to stagger the work to be tendered; opportunities for new contractors to enter the market; competitive bids by local contractors.

Complexity: Low.

Potential Suppliers: Refer to section 4.1.1

Others Contract (Drainage Renewal, Footpath Renewal and Minor Safety Projects).

Scope: Works are contracted out annually.

Scale: Contract value range from $50K- $200K per contract.

Complexity: Low.

Potential Suppliers: Refer to section 4.1.1

5.2.2. Key Attributes and Value for Money Strategy

'Value for money' is the principal driver of performance; this concept can be illustrated with the following equation:

$$\text{Value for money} = \frac{\text{Functional Performance}}{\text{Resources Consumed}}$$

In this equation 'Functional Performance' is described as the gain received from the investment in terms of economic, social and environmental performance. STDC considers such intangibles as innovation, design and integrity, safety and human development in its measure of 'Functional Performance'.

'Resources Consumed' include the cost incurred to deliver the functionality sought. Therefore, in STDC's view best 'value for money' from any activity is a result of extracting the greatest performance out of any activity and delivering the work for the most efficient cost, where both performance and cost are assessed in economic, social and environmental terms.

5.2.3. Proposed Delivery Model(s) and Supplier Selection Method(s)

STDC intends to use the 'Staged' Delivery Model and, in general, the Price Quality Method (PQM) as default procurement procedure for supplier selection. This method is designed for the evaluation of tenders when the quality of the supplier is important. STDC prefers the PQM because it is simple and transparent. Lowest Price Conforming Method would also be used where the work is straightforward.

5.2.4. Impact of the Preferred Approach on Value for Money, Fair Competition and Competitive and Efficient Markets

Staged Delivery is the most appropriate delivery model for the complexity and size of STDC's roading procurement programme. PQM gives a clear and consistent process for selecting suppliers and deciding the supplier quality premium (SQP) for each tenderer. It also enables tenderers who don't win the contract to learn the difference between their SQP and the winning tenderer's SQP. It also makes evaluating alternative tenders much simpler. STDC believes that encouraging alternative tenders will also encourage innovation.

5.2.5. Risk Identification and Management

STDC has developed a risk management process based on AS/NZS 4360:2004 Risk Management. The process provides a set of tools that will help minimise threats to South Taranaki District Council's business and maximises opportunities to enhance it. Specifically, the risk management process is designed to raise awareness of threats and opportunities and to minimise such risks as:

- Programme/project overrun (in cost or time)
- Litigation
- Delivery of services
- Death/injury
- Community concern
- Environmental damage

STDC has also developed processes for interrogating rogue and low tenders and, providing the process used is fair, STDC could reject a tender that failed to meet a criterion specified in the request for proposal (RFP). Where a rogue tender results from illegal practice on the part of a tenderer or tenderers then STDC will use the law to address the issue.

5.2.6. Approach to Contract Management.

STDC planning for the management of the contract commences in the procurement planning phase and continues right through evaluation and contract performance. Throughout this period consideration is being given to the requirements of how the contract will be managed based on consideration of the value, complexity, strategic importance, risk, the general market maturity and the selected supplier's capability.

The planning for contract management is broken down into three broad areas:

- service delivery management
- relationship management
- contract administration

All three areas must be managed successfully if the contract is to be a success.

While the written contract is a record of each party's obligations, it is not designed as a management document for the contract. Therefore, STDC prepare a contract management plan. The contract management plan is formalised following the contract award; however it is a living document and will continue to be updated throughout the life of the contract.

5.3. Analysis of whether Advanced Components, Customised Procurement Procedures or Variations to Procurement Rules are required and why

The procurement of an output or activity takes place within a strategic context that is informed by the overarching procurement strategy. This context informs the delivery model best suited to managing, amongst other things, the price, risks, scope and complexity of the output. The choice of delivery model in turn informs the choice of supplier selection method. A contract is then established to purchase the required outputs. Surrounding each of these components are rules that put limitations or restrictions on the choices that can be made.

In relation to delivery models and supplier selection methods, several options are available within each procurement procedure. The Procurement Manual contains guidance on which delivery models and supplier selection methods are best suited to particular situations.

When considered in this way, the procurement process can be broken down into discrete pieces of work and, due to the options available, considerable tailoring of the procurement procedures is therefore possible, all within a strategic context. This ensures that the specific procurement procedure chosen to purchase the outputs can be designed by STDC to obtain best value for money in our particular circumstances.

'Advanced' delivery models generally apply to more complex procurement activities and requires a higher level of procurement capability and experience to ensure their success. STDC do not envisage that they have to procure roading contracts that are very complex and therefore the most complex procurement procedures being used will be the Price Quality Method (PQM) for supplier selection. Depending on preference for experience contractor, the attributes weighting may be as high as 70% but normally will be in the range of 30%-50%. Network management contract, the attributes weighting may be as high as 80% but normally will be at 70%.

STDC's decisions and choices are consistent with its strategy and the relevant procurement procedures and rules. However, if STDC do encounter a roading project that called for "Advanced" methodology, then it will submit a proposal to Waka Kotahi for approval.

6. Implementation

6.1. Capability and Capacity

This roading procurement strategy is aligned to STDC corporate-wide procurement policy and procedures. STDC will be carrying out a self-assessment based on Road Efficient Group template on its corporate wide procurement strategy. The results of the self- assessment will identify STDC current level and future target level. The improvements identified to close the gaps between the current level and future target level will be incorporated into, or referenced in, subsequent versions of this strategy as appropriate.

The in-house professional services roading department, supported by external resources (consultants) as necessary, will be resourced with adequate capacity to procure the services and works listed in the procurement programme included in this strategy.

6.2. Internal procurement processes

The internal processes, as noted above have been reviewed very satisfactorily in the past but will be improved as appropriate, in areas arising out of the self-assessment. The scrutiny of any efficiency, accountability and transparency issues is part of that review.

6.3. Performance Measurement and Monitoring

6.3.1. Identification of Asset Requirements

The identification of asset requirements dictates the standards of performance, condition and capacity and the consequential funding requirements. It requires knowledge of existing asset performance and performance targets to identify the gaps in asset performance.

Performance measures of road assets are aligned with the One Network Roading Classification (ONRC) to deliver consistent community outcomes. Identified asset requirements must therefore correspond to the prescribed CLoS hierarchy taking into account community requirements and the existing network usage, configuration and condition. This involves collecting current condition/performance data and setting network performance targets/intervention criteria for each CLoS class so that performance gaps can be identified and rectified.

6.3.2. Customer Level of Service (CLoS) Framework

CLoS is a term used to describe the quality of services provided by the asset for the benefit of the users. Depending upon the Road Classification a higher CLoS may be required for some parts of the network compared to others. Adopting the CLoS framework helps to achieve consistency in standards along roads of the same strategic importance. This has been identified as an important road user requirement and provides Council with an efficient systematic approach to managing their assets. The various CLoS have been defined by the Roading Efficiency Group (REG). Council is supporting this approach by implementing the ONRC and associated CLoS and Performance Measures.

6.3.3. Road Hierarchy

The ONRC CLoS hierarchy has been developed by the Roading Efficiency Group (REG) to define what class of asset is required. The REG has taken the view that uniformly high operating conditions across all roads in the network are too costly to achieve and would not present an economic return on investment. On the other

hand, it is impossible to manage an infinite number of standards and performance levels across the network. For this reason and for reasons of equity and transparency, all roads meeting a specific range of functional criteria should achieve a uniform CLoS. The criteria 'bins' to which road sections are assigned are the Road Classifications.

Functional Classification: There are criteria and thresholds for each category, based on the functions the road performs within the network. To be included in a particular category a road must meet the agreed criteria and thresholds, including at least one of either – typical daily traffic (AADT), heavy commercial vehicles (HCV), or bus (urban peak) as appropriate.

6.3.4. Asset Performance Measures

Target road asset conditions (roughness, rutting, etc.) and road configuration parameters (width, lanes, etc.) have been defined for each CLoS / Roading Category. Performance measures are measurable targets with which current asset condition and configuration are objectively compared to determine road asset requirements. They are used to identify gaps in asset performance, which identify maintenance and/or capacity improvement activities.

Performance measures are defined using parameters such as those presented in Table 3. The configuration parameters are physical and dimensional parameters that reflect the operational and structural capacity of the asset. The configuration parameter targets represent the minimum acceptable levels. Condition parameters represent the health and condition state of the asset. The condition parameter performance targets represent the maximum acceptable levels, above which remedial actions are considered.

Targets for other aspects such as delineation, safety, availability, accessibility, reliability of travel times, congestion and environmental performance are aligned with a range of ONRC-Performance Measures.

The Performance Measures have been developed in conjunction with the ONRC and associated CLoS outcomes. For each category of road the minimum (or maximum) acceptable configuration and condition parameters have been set.

Performance measures have also been set for an asset network as a whole. They are used to compare the network performance over a defined period, e.g. from year to year, and thus assess the effectiveness of the adopted asset management practices. For example, efficiency, safety, resilience, amenity, travel time reliability, and accessibility.

6.3.5. Community Consultation

Implementing the ONRC, associated CloS and Performance Measures as the basis for identifying asset requirements incorporates the informed view of the stakeholders and the rest of the community.

Council consultation with stakeholders and the community is a requirement of the Local Government Act 2002 and is an essential part of the planning and policy development of the whole road system. Community consultation continues throughout the whole Integrated Asset Management process.

Formal community consultation is conducted in accordance with Sections 82 and 83 of the Local Government Act 2002.

When conducting community consultation to determine acceptable intervention criteria for condition parameters, it is important to consider the distinction between the perceived condition of the asset as 'seen' by the users and the condition of the asset as determined by measurement and the analysis of condition data, particularly the structural condition of the asset.

6.3.6. Setting Performance Targets/Intervention Criteria

Council's performance targets/intervention criteria are set by legislative requirements, Council's goals and objectives including equity, the ONRC, associated CLoS, and Performance Measures, road user requirements (e.g. comfort, economy and general ease of use), engineering and safety standards, economic analysis, existing road standards, historical performance trends and budgetary limitations.

As a consequence, Council has developed strategies and makes policy choices regarding the degree to which an equity objective should be pursued to complement an economic efficiency objective when defining road CLoS outcomes.

Maintenance Intervention Criteria: are based on features that are measured in an objective and repeatable manner. Further, as the intervention criteria apply across the entire network, they must be affordable from a network funding level perspective. Setting of affordable intervention criteria for a 30 years' time horizon for a network can be difficult given future funding uncertainties. Therefore, different funding scenarios with different sets of intervention criteria have been developed.

Routine maintenance: intervention criteria are more specific than the approach taken in developing infrastructure preservation programs. Setting routine maintenance intervention criteria involves establishing, for different classes of asset (roads, structures, roadsides, traffic signals and on-road electrical assets), the maximum acceptable routine maintenance inspection periods, severity and extent (intervention levels) of condition parameters that can be tolerated and times within which condition parameters are to be repaired (response times).

- Intervention levels are specified in Council's Road Maintenance Contract and define the value (extent and severity) of a condition parameter, which triggers either maintenance investigation or maintenance activity. An intervention level will identify a defect as either acceptable or unacceptable. The latter will require further consideration of the defect in relation to its location with respect to the asset, safety issues, the possibility of continuing deterioration and increased repair cost and the economics of not undertaking repairs.
- Response times are specified in the Road Maintenance Contract stating the maximum period between the time the defect/condition parameter was detected and the maintenance action was undertaken. Response times are based on the severity and extent of the defect/condition parameter and the level of asset usage.

Periodic maintenance and rehabilitation: Intervention levels are established for combinations of condition parameters to trigger investigation into major infrastructure preservation activities. For example, intervention levels are set for road surface roughness to trigger investigation into pavement rehabilitation. The optimum intervention level for road roughness is determined using a whole of life cycle costing analysis which includes ONRC Performance Measures (Amenity).

On the other hand, pavement resealing operations are usually triggered using a number of criteria/condition parameters, which may include, seal age, extent of surface distress (cracking and patching), rutting and roughness.