

Transportation Procurement Strategy

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ADC Approval

Name	Title	Date
Mark Chamberlain	Roading Manager	20/07/2022
Neil McCann	Group Manager Infrastructure Services	20/07/2022
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Waka Kotahi NZTA Endorsement

Name	Title	Date
Shane Avers	Acting Senior Manager Procurement	01/07/2022

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1. Executive Summary

1.1. Introduction

Ashburton District Council (ADC) is an approved organisation (AO) under the Land Transport Management Act 2003 (LTMA), and as such it is eligible to receive funding assistance for roading work from the New Zealand Transport Agency (trading as Waka Kotahi New Zealand Transport Agency).

In order to qualify for this funding assistance, the LTMA requires all AOs to have a Procurement Strategy, complying with the requirements of, and endorsed by, Waka Kotahi.

Waka Kotahi requires all road controlling authorities to submit a procurement strategy. This not only fulfils obligations by the Office of the Auditor General but ensures that both taxpayers and rate payers obtain value for money from each transportation dollar spent.

1.2. Procurement Delivery Model

The proposed models for the Ashburton District Council are the “Staged Model” and “Design and Build” (as defined in sec 6.4 of the Waka Kotahi Procurement Manual). The majority of the land transport activities in Ashburton District are well defined, mostly low risk, and the scope of each of these activities can be easily defined in contract documents.

1.3. Programme and Delivery

The transportation activity programme for Ashburton District and the proposed supplier selection methods and models are summarised below for 2021-2024. Future years of the 2021-2031 programme are expected to be similar in scope.

Table 1-1 2021-2024 Programme and Selection Models

Programme	2021-24 Average Annual Expenditure	Price Quality	Lowest Price	Direct Appointment	Closed Tender
Maintenance and Operations	\$5,830,000	●	●		
Renewals	\$7,483,000	●	●	●	●
Road Safety	\$136,000	●	●	●	●
Emergency Works	Varies	●	●	●	●
Low Cost Low Risk	\$1,800,000	●	●	●	●
New Infrastructure	\$333,333*	●	●	●	●
Professional Services	Varies	●	●	●	●

*\$1M allocated in 2021-22 for the Ashburton-Tinwald Connectivity project Detailed Business Case.

There are programmes for managing, maintaining and improving transportation works that are not eligible to receive funding assistance from Waka Kotahi. Sourcing of service providers for these works will be undertaken in accordance with the Ashburton District Council Procurement Policy and this procurement strategy.

1.4. Ashburton Procurement Environment

Ashburton District has an extensive history of the methods used to obtain the services necessary to complete the annual roading programmes. Over the last 8 years Council has used a combination of in-house, contract design and build, and professional services to undertake the work delivery. It is proposed that this remains the appropriate method of delivery for land transport activities with external expertise sought as required

1.5. Recommendations

Ashburton District Council recommends that Waka Kotahi;

- endorse this procurement strategy
- approve the use of in-house professional services

2. Policy Context

This procurement strategy focuses on subsidised land transport activities only.

2.1. Government Procurement Rules

New Zealand government procurement is shaped by the Government Procurement Charter, which sets out Government's expectations of how agencies should conduct their procurement activity to achieve public value, and these five principles;

- Plan and manage for great results.
- Be fair to all suppliers.
- Get the right supplier.
- Get the best deal for everyone.
- Play by the rules.

To facilitate these expectations and principles Government Procurement Rules have been created to support good market engagement, improve cost efficiencies and help drive better outcomes for agencies, businesses and New Zealand.

All councils are encouraged to use the Rules to help drive good procurement practice.

2.2. Ashburton District Council Long Term Plan

The 2021-2031 Long Term Plan (LTP) adopted by Council on 30 June 2021, sets out Council's purpose;

- 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 (we call these the four-well-beings).

Council's strategic direction includes Community Outcomes to integrate the four well-beings:

- Residents are included and have a voice
- A district of great spaces and places
- A balanced & sustainable environment
- A prosperous economy based on innovation and opportunity

And to further enable success with these aims there are Transportation Strategic Priorities:

- Plan and provide fit for purpose services
- Lead the community with clear and rational decision-making
- Work with the community and engage in meaningful conversations
- Represent the district on regional/national issues and partner with others as needed.

2.2.1. Transportation Activity

The LTP details level of service, key performance measures, and the funding required for operating, managing, maintaining and improving the district transportation network. This LTP is informed by Council's 30 year Strategic Plan and the Transportation Activity Management Plan 2021-24.

Council's role with respect to transportation is to:

- Provide effective and efficient core Council infrastructure that meets the district's needs
- Advocate for effective and efficient transport

The goal is to meet a required level of service, in the most cost effective manner, through the management of assets for present and future customers.

2.2.2. LTP inputs

The following documents are required to inform the transportation aspects of the LTP;

- Regional Land Transport Strategy (Canterbury) [Ecan]
- Regional Land Transport Plan 2021-31 (Canterbury) [Ecan]
- ADC 30 year Infrastructure Strategy
- ADC Transportation Activity Management Plan 2021-24
- ADC Annual Roding Asset Valuation
- ADC Procurement Policy

2.3. Ashburton District Council Procurement Policy

The current Policy (adopted February 2020) states that Council will, alongside other decision-making considerations, consider the five principles of the Government Procurement Rules (and an additional sixth relating to sustainability) when making decisions on procurement.

Council will ensure that where possible procurement processes consider the social, economic, environmental, and cultural well-being (the four well-beings from the LTP) of current and future communities. Considering these well-beings in procurement contributes to the achievement of Council's community outcomes and strategic priorities. Generally, procurements that are more significant will lead to a greater consideration of the four well-beings.

These four well-beings are based on the Government's Broader Outcomes.

2.4. Broader Outcomes

In October 2018 the Government recognised that its procurement activities offer a unique opportunity to achieve broader cultural, economic, environmental and social outcomes for New Zealand.

These outcomes are secondary benefits generated through how goods, services or works are produced or delivered, and are incorporated in the Government Procurement Rules. To include these outcomes within the procurement process enables evaluations to reach beyond the usual cost or asset-based considerations, and look at the more qualitative effects of council works on the community and New Zealand at large.

2.5. Optimised Decision Making

Council's Transportation Activity Management Plan 2021-24 is a statement of how agreed services will be provided to defined standards, at least cost, and through the management of assets in a way that is sustainable in the long term and that complies with statutory requirements. This plan is used by Council's officers to combine management, financial, engineering and technical processes and procedures to ensure agreed levels of service are provided to present and future customers.

Council is involved in a number of working groups and initiatives seeking to ensure that the specific aspects of the transportation activity are connected to peers from other councils, other transport sector organisations, and relevant professionals. However, this is largely focused on the service delivery functions of Transportation. Longer term there is a need to evaluate if other governance and funding models are feasible. Council's involvement in regional working groups is considered a sound first step in being involved in this type of discussion in the future.

2.6. Competitive and Efficient Markets

The transportation financials in the LTP provide a statement to the community on what Council intends to procure. This statement provides details of per annum amounts to be spent on operating, maintaining, upgrading and improving the transportation networks in Ashburton District.

Service suppliers will be procured in a manner as set out in this strategy to complete the work planned for each of the next 10 years. However, suppliers will still need to recognise that there are uncertainties with this programme due to:

- Legislative changes
- Local and global economic factors (including volatility of oil prices) affecting the cost and availability of materials, equipment and personnel sourced from overseas markets
- Funding constraints affecting the National Land Transport Programme
- Changes to the Waka Kotahi subsidy funding assistance rate (FAR)
- The impact of increased heavy commercial vehicles (HCV), including high performance motor vehicles (HPMV), on existing infrastructure
- Loss of experienced engineering staff and contractors through transfer or retirement
- Council's obligations for fiscal responsibility possibly affecting their ability to fund the "local share"
- Limited service provider competition due to increased national work programmes, other markets and practical considerations
- Changes in rural land use throughout the district
- Effects of climate change on transportation infrastructure planning and assets

The purpose of a procurement strategy is to acknowledge the above but ensure a competitive market is still maintained. Council's procurement strategy needs to be flexible to adapt to rapidly changing political and economic factors. Since 2010, Council has used its Transport Procurement Strategy (based on Waka Kotahi's Procurement Manual) as a means to ensure that fair competition to the market is maintained. The Waka Kotahi manual is designed to ensure that transportation within local authorities and Waka Kotahi can obtain physical works and professional services in an efficient manner, whilst maintaining fair competition amongst suppliers.

It has been recognised for a long time that an important factor to ensure the best value for money spent was through the encouragement of fair competition between suppliers of materials, physical works and professional services.

Parties involved with procurement of services for transportation activities are familiar with the requirements of the Transportation Procurement Strategy.

This procurement strategy recognises changes made beyond the last decade and continues to map out Council's long term view on procurement, in order to be able to obtain the best value for money for our stakeholders (ratepayers, Waka Kotahi, and other sources of funding). Ashburton District must ensure that the strategic priorities are met and that value for money is obtained through the competitive process. This procurement strategy will be reviewed three yearly to ensure that this continues to be the case.

2.7. Collaboration

Ashburton District is party to joint arrangements with adjacent approved organisations. If arrangements are deemed to be advantageous to Ashburton and provide the best value for money, then the process to secure the most efficient services will need to comply with each AOs' procurement strategies.

If the Council proposes to enter into a joint venture in a transportation contract as joint client where the other client is a private or government organisation, then the other organisation will be bound by the requirements of the Ashburton District Council Procurement Strategy.

Council have a Corridor Agreement with Waka Kotahi which clarifies the financial and operational responsibilities for transport activity management (maintenance and operational issues) on and within the State Highway road corridors within the Ashburton District.

Council is party to a Memorandum of Understanding with Timaru, Waimate and Mackenzie District Councils with the objective to improve management and operation of their transportation networks by working together in all aspects of activity management. In undertaking this venture Council wants to:

- improve activity management processes, outcomes and consistency in respect of the transportation network
- improve investment decision-making, whilst recognising and accepting appropriate risk
- attract, develop, and retain effective and talented personnel, while utilising shared skill, knowledge and resources across the four councils
- enhance governance through shared policy and strategy
- provide a sustainable market for affordable specialist resources
- become "smarter buyers"
- enhance customer satisfaction
- improve safety on the network
- utilise collective strength in regional and national sector submissions and feedback through ARC representation

This initiative is known as the Aoraki Roding Collaboration (ARC) and has been in place since 2014. The first major collaborative achievement was the preparation and tendering of a common maintenance contract and specification.

Over the years specific projects have changed to reflect the current direction of the sector, but through all actions there is valued support and participation from all members.

2.8. Health and Safety

Ashburton District Council focuses on the health, safety and wellbeing of its people, our wider group of workers and our customers. Our health and safety culture and performance is the collective sum of all our efforts.

As an organisation, our people are committed to:

- Leading by example and demonstrating our safety commitment through visible leadership and performing tasks safely.
- Taking responsibility for their own health, safety and wellbeing.
- Managing risks and introducing controls that improve the way we work.
- Having a safety management system which will continuously improve through our people's participation.
- Providing the tools, equipment and knowledge to keep our workplaces safe.
- Empowering our people to assess every situation, speak up or stop work if their safety or the safety of another person is ever compromised.
- Complying with the provision of all relevant legislation, regulations, codes of practice and guidelines.
- Rewarding success, promoting event and near miss reporting, and sharing organisational learnings.
- Ensuring the safety of all people present at our places of work during an emergency.
- Supporting our people through the promotion of health and wellbeing initiatives and return to work programmes.
- Consulting, cooperating and collaborating with our contractors and other stakeholders.
- Measuring our performance, reviewing our results and setting objectives to improve.

Expectations of robust Health and Safety practices by our contractors are included in the specific risk analysis of larger projects. All contracts require submission of Health and Safety schedules providing information and commitments to training, planning, logging, monitoring, inspections, oversight and reporting, to ensure the requirements of the current Health and Safety in Employment Act are met.

2.9. Professional Services

Ashburton District Council undertake various professional services through in-house resources. These services include;

- Contract management/supervision
- Forward works collation and programming
- Activity Management Plan and strategy preparation
- Data gathering and analysis/evaluation
- Document preparation and tender evaluation

Where time constraints or expertise dictate, outsourcing is undertaken in accordance with this strategy – refer to Sections 4 and 5.1.

Services provided by external suppliers include;

- RAMM Condition Rating and Roughness surveys
- Traffic counting
- Falling Weight Deflectometer testing
- High Speed Data road condition surveys
- Bridge inspections and design
- Pavement modelling

2.10. Contract Management

Contract management is currently undertaken by council staff, with specific individuals assigned as Engineer's Representative, or general liaison (specific designation is defined by the relevant contract model and specifications).

Contract management includes ongoing monitoring and management of a supplier's provision of services in line with the agreed terms and conditions. This means ensuring open and effective communication, making sure suppliers meet their commitments on time, and that the approved organisation, as the purchaser, has also performed and delivered in accordance with the contract.

Efficient contract management includes consideration at the start of the contract of how to manage both expected and unexpected changes to the contract over time. Overall, good contract management will ensure the anticipated best value for money outcomes are obtained.

3. Procurement Delivery

3.1. Delivery Model

The Waka Kotahi Procurement manual has identified 4 permitted delivery models that AOs may use. These are as follows:

- Staged – for small to medium projects, with low complexity and risk, control retained by AO, and the scope is easily defined.
- Design and Build – for medium to large projects, complexity and risk are higher, there is more opportunity to innovate, and more risk is transferred to supplier.
- Shared Risk (advanced) – for medium to large projects where complexity and risk are high, joint venture suppliers are required and innovation potential is high.
- Supplier Panel (advanced) – similar projects are included in a programme and supplier consistency is required, there is value to establish a long term purchaser/supplier relationship, large volume involving multiple suppliers, or specialist skills/resources are required and there are multiple suppliers able to provide required outputs.

The selection of a delivery model depends on the scale and complexity of the activity and the risks generated. Consideration should also be given to assessing any value that may be gained by aggregating or bundling activities against the use of multiple discrete contracts. Generally the two delivery models most appropriate to the Ashburton District Council are the “Staged” and the “Design and Build” models. The ability of Council to adequately justify and design for the desired outcomes will determine the model to be used.

The Staged model is suitable for activities where:

- The scale of the activity is small to medium
- Complexity, uncertainty and risks are low
- The AO wishes to maintain some form of involvement and control
- Scope is well defined, and opportunity of innovation is low

The Staged model is generally **not** suitable for:

- Complex, large scale activities
- Activities that are difficult to specify
- Activities with high levels of risk
- Activities that require innovation and the capability to manage risk

Given these factors a Design and Build model may be the better option. This involves appointing a single supplier who assumes responsibility for the overall delivery of the activity and assumes a larger portion of the risk. Council will need to place greater emphasis on quality to ensure receipt of the best combination of price and quality.

The transportation activities for Ashburton District in the areas of maintenance and operation, renewal, and improvement will normally be delivered through a number of separate contracts.

Section 6.4 *Delivery models* of the Waka Kotahi Procurement Manual provides details of the various delivery models. If it is deemed by the Council that a delivery model other than the Staged or Design and Build models are to be used for a particular activity, agreement to use a different model will be sought from Waka Kotahi before proceeding.

3.2. Supplier Selection Methods

Ashburton District is permitted to use supplier selection methods referred to in the Waka Kotahi Procurement manual under section 6.5 *Supplier selection methods*. Under the Staged delivery model, an activity may be delivered through one or several contracts. Every supplier selection process over \$100,000 must commence as an open competitive process as required under rule 10.9 in the Waka Kotahi Procurement manual. Where appropriate the process may be in stages, with the initial open competitive process followed by, for example, a short-listing process which may reduce competition to 3 or 4 suppliers.

Where the Design and Build delivery model is to be used then “Price Quality” is the supplier selection method that will be used.

Historically, most Council contracts have been let using the Lowest Price Conforming method, but where best-for-network once drove outcomes, the focus is now on best-for-customer, and thus there is a greater emphasis on public value. The Price Quality Method provides more clarity and assurances for expected outcomes, and is used on larger, longer-term contracts where quality is considered by Council as a qualifying differentiator.

3.3. Contracts

Once a service supplier is selected, Council will enter into a contract with that supplier. The contract establishes the form of relationship between the Council and the supplier, and will include terms and conditions for the purchase of the outputs. Council will provide potential suppliers the contract terms and conditions, including the form of proposed contract in the “Request for Proposal”(RFP). The Waka Kotahi Procurement manual sets out the minimum requirements to be contained in the RFP in section 10.12 *RFP contents and conformity*.

The above contracts will be tendered either separately or in combination following the procurement processes outlined.

4. Procurement Programme

The details of the Ashburton District procurement programme for the current LTP period (2021-24) are set out below. Expenditure per year can vary dependent on various factors including; reactive maintenance work, emergency events and additional projects identified during the period. The forecast budgets for the next 10 years have been summarised in the appendix attached.

Some of the contracts will include planned Council work which does not receive subsidy from Waka Kotahi, mainly because the work does not qualify, but is included because it is of a similar nature to work that does qualify for subsidy, and increasing the scope generally improves the best value for money for the Council.

4.1. Maintenance and Operation of Local Roads

Approximate expenditure 2021-24	\$17.9M
Proposed delivery model	Staged
Proposed supplier selection method	Price/quality

4.1.1. General Road Maintenance & Operations

Contract value	\$29.9M
Supplier selection	Price/quality
Contract duration	5 years
Start Date	1 December 2020
End Date	30 November 2025

Council has an existing contract with HEB Construction Ltd for the general maintenance of roads, footpaths and structures throughout the district. It includes areas of renewal work such as unsealed road metalling, drainage renewal and signage. It was tendered using the Price Quality Method with 60% for Non-Price Attributes and spans multiple LTP periods. The Tender noted a possible two year extension subject to contract performance and required approvals. Section 10.21 of the Waka Kotahi Procurement Manual requires Approved Organisations to seek approval for contract term extension. ADC will review the extension option at the end of 2024 and discuss with Waka Kotahi if required.

4.1.2. Streetlight Operation and Maintenance

Contract value	\$0.8M
Supplier selection	Lowest price conforming
Contract duration	3 years
Start Date	1 August 2019
End Date	30 June 2022

Council has an existing contract with EA Networks which was extended by two years in December 2021 (as per contract options) to 30 June 2024. It was tendered using the Lowest Price Conforming method. The contract includes the ADC Roding, Property and Open Spaces assets, as well as Waka Kotahi streetlights on the district's State Highways.

Note: Electricity supply is procured under a whole-council contract, and traffic signal maintenance is undertaken as part of WTOC operations with a shared service agreement.

4.1.3. Network and Asset Management

Approximate expenditure 2021-24	\$3.1M
Supplier selection	Varies
Contract duration	Varies

This activity includes day to day management of the road corridor along with data collection and analysis for planning purposes. Both in-house resources and outsourced professional services are utilised, dependent on time constraints and the expertise required.

In-house work includes;

- Corridor management (including Corridor Access Requests, work permits and Temporary Traffic Control approvals)
- Forward programming
- Speed limit reviews
- Network user management and information
- Data and inventory management
- Stakeholder liaison

Outsourced contracts include;

Contract	Last Tendered	Last Contract Value	Last Supplier	Procurement Type	Frequency
Bridge Inspections	2022	\$37,750	WSP Opus	Closed tender (limited suppliers)	3 years
Falling Weight Deflectometer Survey	2020	\$81,666	GeoSolve	Closed tender (limited suppliers)	3-5 years
Footpath Condition Rating Survey	2022	\$16,169	Cabal Ltd	Direct appointment (best business practice)	3 years
Pavement Modelling (dTMs)	2021	\$22,500	Fulton Hogan	Direct appointment (sole supplier)	3-5 years
Road Condition Rating Survey (northern)	2021	\$24,498	Cabal Ltd	Direct appointment (best business practice)	2 years
Road Condition Rating Survey (southern)	2022	\$16,200	Cabal Ltd	Direct appointment (best business practice)	2 years
Road Roughness Survey (northern)	2021	\$16,920	WSP Opus	Direct appointment (sole supplier)	2 years
Road Roughness Survey (southern)	2022	\$14,341	WSP Opus	Direct appointment (sole supplier)	2 years
Traffic Counting	2019-24	\$233,268	AgFirst	Closed tender (limited suppliers)	5-10 years

4.2. Renewal of Local Roads

Approximate expenditure 2021-24	\$22.4M
Proposed delivery model	Staged
Proposed supplier selection method	Price/quality

Some renewal activities are best tendered within and as part of other contracts because of the size/nature of the activity, not as separate contracts.

4.2.1. Sealed Road Resurfacing

Contract value	\$6.0M
Supplier selection	Price/quality
Contract duration	2 years

Council has an existing 2-year contract for the resurfacing of roads throughout the district, and includes seal design, service lid adjustment and pavement marking. The contractor is Ashburton Contracting Ltd, and the contract works were completed in March 2022. It was tendered using the Price Quality Method with 50% for Non-Price Attributes. A one-year extension for the 2022-23 construction season has been approved by both Council and Waka Kotahi.

4.2.2. Sealed Pavement Rehabilitation

Approximate expenditure 2021-24	\$6.3M
Supplier selection	Lowest price conforming OR Price/quality
Contract duration	Annual or Bi-Annual

This activity is undertaken annually, and may be made up of one or more separate contracts, over one or multiple years, determined by the location and extent of the proposed work. The supplier selection method of LPC or PQM is determined by the scope and duration of the works. Minor rehabilitations may also be undertaken within the network maintenance and operations contract where appropriate. Sealed road rehabilitation contracts let in recent years are shown below;

Contract	Year	Supplier	Contract Price	Tender Method	Sites	Length (m)
ROAD0100	2019-20	Fulton Hogan Ltd	\$329,250	LPC	Beach Road	710
ROAD0103	2019-20	Ashburton Contracting Ltd	\$687,028	LPC	Arundel Rakaia Gorge Road, Fords Road	3020
ROAD0188	2020-21	Fulton Hogan Ltd	\$540,240	LPC	Pudding Hill Road, Fairfield Road	2591
ROAD0205	2021-23	HEB Construction Ltd	\$2,287,151	PQM	Arundel Rakaia Gorge Road (2 sites), Thompsons Track (2 sites)	9845
ROAD0230	2021-22	Fulton Hogan Ltd	\$857,590	LPC	Ashburton Staveley Road (2 sites), Christys Road, Forks Road, Valetta Westerfield Road	4225

4.2.3. Footpath and Kerb & Channel Renewals

Contract value	~\$1.4M
Supplier selection	Lowest price conforming
Contract duration	Annual

This contract usually combines both renewal and capital (new install) works and is tendered annually or as programming requires. Best value for money is lowest price supplier selection. Minor renewals may also be undertaken within the network maintenance and operations contract where appropriate.

4.3. Improvements to Local Roads

Approximate expenditure 2018-21	\$10.0M
Proposed delivery model	Staged
Proposed supplier selection method	Price/quality Lowest price conforming

4.3.1. Low Cost - Low Risk

Approximate expenditure 2021-24	\$5.4M
Supplier selection	Lowest price conforming OR Price/quality
Contract duration	Annual

This activity is for a number of minor capital works, with individual project expenditure to be less than \$2m. Project procurement will be varied, dependent on scope, location, complexity and priority. Procurement options include;

- multiple projects combined into a single package to provide a larger scope for the RFT;
- projects included in existing or proposed contracts;
- closed tenders where resources or availability is limited;
- direct appointment via negotiations with a single supplier.

4.4. Road Safety

Approximate expenditure 2021-24	\$0.4M
Proposed delivery model	Staged
Proposed supplier selection method	Lowest price conforming OR Direct appointment
Contract duration	Annual

The Council undertakes approved Road Safety Action Plan works under four main categories (Speed, Alcohol, Intersections and Young Drivers). Alcohol and Young Drivers are actioned by direct appointment with ACADS and RYDA. Speed and Intersection plans are undertaken with regional co-ordination through media campaigns.

4.5. Professional Services

Approximate expenditure 2021-24	Varies
Proposed delivery model	Staged
Proposed supplier selection method	Direct appointment OR Price quality

The Waka Kotahi Procurement manual permits direct appointment of a single willing and able supplier in the activity of professional services when the contract cost estimate is less than \$100,000. The professional services work will be made up of a number of separate contracts which may fall below the \$100,000 limit so the supplier selection process will be carried out in terms of Appendix C Section C.2 of the Waka Kotahi Procurement manual.

Where applicable other professional services will be obtained using “price quality”.

4.6. Shared Work

In the past ADC has combined planned work with the State Highway operations team when similar work has been carried out by them adjacent to the Council work site. In these cases Waka Kotahi have prepared the RFT, and the delivery model and supplier selection process complied with the Waka Kotahi rules. While there are currently no combined works planned for 2021/24, future joint ventures will be handled in a similar way to obtain best value for money. The funding share of the Council work is met through the approved Council annual plan budget.

While there is potential to combine with State Highway contracts for the delivery of some services, ADC considers there is more opportunity for collaboration with its neighbouring Councils. The current contract delivery model for the State Highway maintenance and operation is not one that aligns with ADC’s preferred model.

Kiwirail undertakes maintenance, renewals and improvements at its rail crossing sites, and where appropriate minor council works may be executed in conjunction with these projects to ensure optimisation of resources and minimal disruption to road users. Costs are apportioned per asset owner according to existing demarcation agreements.

EA Networks is the local lines company and has an ongoing programme of undergrounding power. Where the power poles support streetlights, council funds the installation of new streetlights and poles as required within a managed programme.

Council requires notification of all works carried out in the road corridor by third parties, and ensures contractors undertake works to council-specified requirements. This allows liaison to occur where required and any project planning to coincide for resource and road user advantage.

5. Procurement Environment

5.1. Professional Service Suppliers

The close proximity of Ashburton District to urban centres including Timaru and Christchurch means that there are multiple suitably experienced and qualified professional service firms able to provide competition for services to the Ashburton District Council. Modern work practices and technology also enable remote suppliers to compete for works, dependent on the particular project. Many of these suppliers have national and/or international resources so servicing our needs can be carried out in a competent and timely manner.

The work that we could require these suppliers to provide includes the following:

- Road design, pavement and material testing and quality assurance
- Site supervision and contract management
- Asset management and RAMM systems
- Resource consent preparation and management
- Investigations and surveys
- Contract auditing
- Land surveying and land purchase

The main service providers used in recent years include the following

- WSP
- GHD Ltd
- Beca
- David Smith Ltd
- Stantec
- Aecom Ltd
- Neil Salter Ltd
- Tonkin and Taylor
- Abley Limited

The Roding team within Council are supported when required by professional service providers as indicated above to manage, administer, maintain, renew and develop the district roading network.

Engagement of professional service providers complies with Waka Kotahi procurement requirements.

5.2. Physical Works Contractors

There are a number of contracting firms that have carried out work for Council in recent years including:

- Fulton Hogan Ltd
- Ashburton Contracting Ltd
- Electricity Ashburton
- Higgins Contracting
- Grant Hood Contracting
- The Roothing Company
- HEB Construction Ltd
- Tru-Line Civil Ltd
- Downer New Zealand Ltd

It should be noted that Ashburton Contracting Ltd is wholly owned by Ashburton District Council. To ensure fair competition in tendering processes, Council staff in the role of tender evaluator will include reference to how Ashburton Contracting Ltd will be treated i.e. at the strategic level they are owned by Council but treated the same as any other contractor on an operational level.

These contractors and others are currently interested in tendering for roading works, meaning there will be on-going competition between service providers for Council work packages.

In addition there are smaller contractors who have carried out work for Council at various times. The general approach to physical roading works has been to use the price quality method to secure suppliers for the reseal and road maintenance contracts, and lowest price conforming for other works.

Land use changes within the Ashburton District over the last decade, as a result of increased irrigation, has been the catalyst for increased heavy commercial vehicle travel. Dry stock and sheep farming has reduced, while more intensive agricultural practices have grown. Intensive farming requires increased vehicle trips for both the farm transport (eg. trucks, tractors) and supporting services (eg. dairy tankers, feed supply). This traffic growth is predicted to continue to increase but at a slower rate. The existing pavements are failing with this increased pressure, resulting in Council's roading budget increasing. Council will continue therefore to have work available and by combining with its collaboration partners be able to bring to market physical packages of a size that will readily interest the larger firms ensuring favourable proposals are received.

5.3. Emergency Work

Emergency events causing significant levels of work not currently allowed for in any suppliers' contracts or in annual plan budgets are likely to arise from the following:

- Severe rain events and flooding
- Severe snow events
- Earthquakes

Rain events and associated flooding is an ongoing issue to varying degrees across the district, and especially recurring in the foothills and high country. Snow events are expected annually, but not usually of a severity to disrupt much of the network for extended periods. Earthquakes resulting in

infrastructure damage have occurred in the last 15 years, and the predicted AF8 event is planned for through the local and regional emergency management entities.

The maintenance contract set up for managing and maintaining the district's roading assets requires the service provider to manage and co-ordinate all physical work relating to an immediate response to emergency events. The maintenance service provider is also required to obtain and manage assistance from as many additional contractors that may be necessary to attend to the issues and ensure road user safety during emergency events.

Permanent reinstatement, and budget provision will be provided by way of variations through the service agreement or by tendering appropriate work packages.

5.4. Other Road Controlling Authorities

The other influences on our procurement environment are the Waka Kotahi and our ARC partners; Timaru, Mackenzie and Waimate District Councils. The Waka Kotahi State Highway managers have regular liaison meetings with ARC and the individual councils. These meetings are vital, not only for information sharing but upcoming maintenance and construction contract discussions to ensure we work in where appropriate or stagger contracts to avoid overloading the contractor tendering teams. This means that there is certainty around work load and commitments to ensure the best price is achieved.

6. Implementation

6.1. Transportation Organisational Structure

The Roding team of the Ashburton District Council is part of the Infrastructure section, managing transportation activities in the district, including maintaining and operating the road and footpath assets of the Ashburton District Council. All roads in the District come under the jurisdiction of the Ashburton District Council, except State Highway 1 from Ealing to Rakaia, and State Highway 77 from Ashburton to Rakaia Gorge which are the responsibility of Waka Kotahi. All footpaths are Council’s responsibility including those on State Highways.

The Roding team has a total of 8 full time staff responsible for managing all aspects of the roading network. The network includes 2622 km of sealed and unsealed roads, 185 bridges and 248 km of footpaths.

The roles and responsibility of the current Roding section staff are shown in Table 5-1.

Table 6-1 Staff Responsibilities

Programme	Role and Responsibility
Roding Manager	Managing the Roding Team; development and implementation of the District Land Transport programme; asset management planning; procurement and financial strategies; regional land transport planning.
Asset Management Engineer	Assist with developing and implementation of the district land transport programme; assisting activity management planning; managing the co-ordination of utility and other network access requirements; managing gravel resource; supervision of renewal work and improvement contracts; auditing contract work; approving overweight permit applications.
Asset Management Officer	Development and maintenance of transportation asset databases; valuations; assisting in long term programme development; activity management planning; HPMV permit application approval.
Roding Engineer – North and Roding Engineer- South	Field investigation and contract supervision; development and management of maintenance; supervision of renewal work and improvement contracts; supervision of minor activities on the network; auditing contract work.
Roding & Safety Engineer	Implementation of community programmes and road safety action plans; safety audits; assist the roading engineers; undertake investigation and long term programme development.
Technical Support Officer – Roding and Applications Officer - Roding	Management of road corridor activities including CAR (corridor access requests) PUR requests, carriageway access requests; auditing TTMP; road closures and event management.

There is a good level of liaison between Council staff and contractors, with innovation being encouraged where possible to ensure that outcomes in the transportation area continue to evolve positively. Given the small size of the team, there is a continual need to provide services from suitably resourced consultants, mainly in the area of specialised investigation work such as bridge inspections, pavement investigation and design, plan preparation and project management.

6.2. Organisation Risks and Issues

A number of risk scenarios were listed in Section 2.3. While many of these are outside the control of the Council, they still need to be considered and their effects managed within current activity plans and approved budgets.

In recent years the effect of oil price fluctuations on the cost of road surfacing materials has been high, requiring continual review of the work scope of this activity. While additional funds have been available from Waka Kotahi, it is not always possible to source these due to restraints on the ability to raise the local share of funds. The process has been generally managed by reducing scope in other activities to retain the overall work activities within the total budget.

An organisational risk for the Council is the transfer or retirement of experienced engineers and Council's ability to attract suitable replacements.

This risk is being managed by:

- Ensuring an open environment where ideas are shared
- Encouraging all members of the team to be familiar with the network and how it is managed
- Ensuring professional training is available to all members to develop their skill sets
- Additional training via various industry-led courses is made available to all members of the team
- Documentation of strategies, plans and policies (such as AMP, Procurement Strategy and other operational policies)

Changes to rural land use over the last decade, with a large number of dairy farms being developed, has led to a significant increase in heavy commercial vehicles on many roads in the district. The effect of these changes has been a deterioration of both sealed and unsealed roads throughout the network. Many of these roads were not designed or constructed to withstand the loadings now being impacted on them, and deterioration in some areas has been rapid. Whilst funding for road renewals had been included in the current 10 year plan, the level of this funding will need to be carefully reviewed to determine if it is adequate. With any changes proposed to current budget forecasts, the ability of the district to supply the local share of funding has to be considered.

6.3. Council Delegations

Council has an internal delegations manual that clearly sets out the limits and parameters Council can commit to suppliers for various activities. Delegations to specific work positions, standing committees and Council are clearly set out in this manual.

It is planned that for roading services procurement there is compatibility between the Waka Kotahi Procurement manual and Council's internal procurement practice.

6.4. Performance Measures

The Ashburton District Council has a number of performance monitoring systems for internal performance and external reporting.

Council has an agreement with Waka Kotahi which sets out maintenance guidelines including road user satisfaction measures, safety measures, and asset preservation measures. These are reported on annually, and to date the condition of the district's infrastructure has been retained within the specified limits. There are also three-yearly Waka Kotahi procedural and technical audits carried out where processes are monitored and the state of the network assessed to ensure that standards are being maintained.

Appendix E of the Waka Kotahi Procurement Manual details the information that AOs are required to collect for audit purposes.

The Council LTP has a range of key performance indicators that the district must achieve annually, and these are reported on in the Council's annual report. There have also been separate audits into activity management plans.

6.5. Communications

The Transportation Procurement Strategy will be distributed and communicated as follows;

6.5.1. Roding Team

All staff in Roding will be using this strategy to implement the transportation programme.

6.5.2. Other Local Authorities

Copies will be sent to surrounding AOs including Mackenzie, Waimate and Timaru District Councils.

6.5.3. Elected Representatives

The Roding team reports regularly via the monthly Activity Briefing. All contracts awarded throughout the year are reported here, including those awarded under delegated authority.

The Ashburton District Council will adopt the Transportation Procurement Strategy as a formal Council procedure.

6.5.4. Waka Kotahi New Zealand Transport Agency

This strategy is required to be endorsed by Waka Kotahi and failure to obtain this endorsement may put at risk the ability of Council to receive Waka Kotahi subsidy funding.

The Council has had a reporting responsibility to Waka Kotahi and its predecessors for a very long time. There is an active partnership between Council and Waka Kotahi to operate, maintain, redevelop and improve the transport network in Ashburton District with positive results, and for many years a high return in the value for money spent has been achieved. There is increasing pressure on the demand for local share funding, and increased stresses on the network which requires the relationship to remain strong to ensure we continue to achieve the best value for district road users.

6.5.5. Suppliers

This strategy will be available to all current and/or prospective suppliers via the Ashburton District website, or at the Council offices.

6.5.6. Public

This strategy will be available to all local road users via the Ashburton District website, or at Council offices.

7. Appendix A: Transportation Funding Forecast 2021-2031

The table below is an excerpt from the Ashburton District Council Long Term Plan (LTP) 2021-2031. Specific funding sources and applications can be found in the LTP.

Table 7-1 2021-31 Ashburton Land Transport Programme

Ashburton District Council	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Transportation Funding	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
10 Year Forecast 2018-2028	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Operating expenditure by activity										
Roading	11,494	11,853	12,233	12,534	12,875	13,216	13,521	13,865	14,339	14,796
Footpaths	1,199	1,227	1,256	1,282	1,311	1,342	1,371	1,404	1,442	1,478
Total operating expenditure	12,693	13,080	13,489	13,816	14,186	14,557	14,892	15,269	15,781	16,274
less depreciation	7,281	7,485	7,707	7,894	8,097	8,289	8,473	8,715	8,956	9,205
Total applications of operating funding	5,412	5,594	5,782	5,921	6,090	6,268	6,419	6,555	6,825	7,070
Capital expenditure by activity										
Roading	12,771	12,858	14,051	13,814	14,414	11,821	11,070	26,969	27,553	13,442
Footpaths	1,029	1,121	1,155	1,112	1,166	1,252	1,043	1,217	1,215	1,243
Total capital expenditure	13,799	13,978	15,206	14,926	15,580	13,072	12,113	28,186	28,769	14,684
less vested assets	2,542	2,275	3,253	1,495	1,930	1,414	601	3,457	3,531	3,609
Council funded capital expenditure	11,258	11,703	11,953	13,431	13,650	11,658	11,511	24,729	25,237	11,076