

Procurement Strategy for Land Transport Programme

2019



Mackenzie
DISTRICT COUNCIL

Procurement Strategy for Land Transport Programme

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20 September 2019

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Dear Bernie

Transport Activity Procurement Strategy Endorsement

Thank you for your request seeking endorsement from the NZ Transport Agency for the Transportation Procurement Strategy dated August 2019.

I am pleased to confirm that the Transport Agency has reviewed the Procurement Strategy for the Land Transport Programme dated August 2019. This document forms Mackenzie District Council's Procurement Strategy, the requirements of which are outlined in the NZ Transport Agency's Procurement Manual.

We are satisfied that it meets the requirements of the NZ Transport Agency's Procurement Manual and formally endorse the Procurement Strategy effective 9 September 2019.

We would like to draw your attention to the following matters:

1. The NZ Transport Agency approves the continued use of in-house professional services by Mackenzie District Council, in accordance with s.26 of the Land Transport Management Act, with much the same scope and scale as it has in the past.
2. The NZ Transport Agency notes that a number of key decisions in relation to the delivery model and supplier selection method of the roading maintenance contract to be tendered by the Aoraki Roading Collaboration (ARC) in 2021 have not yet been made and are subject to further discussions between members of the ARC. The NZ Transport Agency have not therefore been able to assess this aspect of the Mackenzie District Council's Procurement Strategy.

Our endorsement of the Procurement Strategy is therefore subject to the following conditions:

1. That a comprehensive procurement plan is provided to the NZ Transport Agency for review prior to the tender for the roading maintenance contract being released to the market by the Aoraki Roading Collaboration, or Mackenzie District Council.

The NZ Transport Agency's Procurement Manual requires approved organisations to review their Procurement Strategy at a minimum once every three years and ensure that they always remain fit for purpose. The Procurement Strategy's endorsement will expire on the 9 September 2022 and you are encouraged to seek endorsement of a new or revised Procurement Strategy in advance of this date.

Executive Summary

1.1. Procurement strategy at a glance

The Mackenzie District Council’s procurement strategy is required by the Land Transport Management Act. The strategy signals the Council’s intentions for procurement of subsidised land transport activities.

The New Zealand Transport Agency (NZTA) 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 roading dollar spent.

1.2. Review

The NZTA Procurement Manual has been the guiding document since 2009 when Mackenzie District prepared its first procurement strategy. This document is the first review since that time and it documents the changes to its delivery model since that time. The most notable change is the common document is the letting of the Maintenance and Operation of Local Roads with an “aligned” contract document as part of the Aoraki Roads Collaboration.

1.3. Delivery Model

The proposed delivery model for the Mackenzie District Council is the Staged Model (as defined in sec 6.4 of the NZTA Procurement Manual). All the land transport activities in Mackenzie District are well defined, low risk and the scope can easily be defined into contract documents.

1.4. Programme Delivery for Local Roads

The annual transport programme and proposed supplier selection methods/models are summarised below.

Programme	Annual Expenditure (\$k)	Price Quality	Lowest Price	Direct Appointment	Closed Contest
Maintenance and Operation	\$ 1,750	?	?		
Renewals	\$ 1,570	?	?	?	
Emergency works	\$ Varies	?	?	?	?
Low Cost Low Risk	\$0.300	?	?	?	?
Professional Services	\$ 0.385	?	?	?	?

The Councils “Maintenance and Operation of Local Roads” contract is the largest contract that delivers roading services across the district. This five year contract was let in December 2015 and is due to be retendered in the first half of 2021, subject to approval from NZTA and the respective Council to approve a seven (7) month extension to the existing contract.

1.5. Procurement Environment.

The present delivery of physical works is by external providers and the delivery of professional services is a combination of in-house and external providers. It is proposed that this is still the appropriate method of delivery for land transport activities.

By maintaining an “In-House” service we have experienced staff on hand to deal with the normal operational roading requirements and provide that local “face” for ratepayer contact. Using external consultants, when required, brings the added expertise and/or resource when projects are beyond the capabilities of our staff.

1.6. Council Adoption.

Council will adopt the draft strategy following NZTA endorsement.

1.7. NZTA Endorsement.

The Council now requests NZTA to endorse the procurement strategy.

Policy Context of Approved Organisation

1.8. Strategic Objectives

The strategic objectives of the Mackenzie District Council are those set out in the Long Term Plan. The overall objective can be summarised as:

“Council provides a safe, efficient, convenient and comfortable roading network to ensure appropriate property access and freedom of travel for all people including pedestrians.”

1.9. Ten Year Plan

The ten year plan is defined in the Long Term Plan, Roding Activity Management Plan and Strategic and Programme Business Case documents.

1.10. Document Inputs

The following documents were required to feed into the ten year plan

- Regional Land Transport Strategy.
- 30 year Infrastructure Strategy
- Roding Asset Management Plan – Version 6 (December 2017)
- Strategic and Programme Business Case
- Bi-annual Roding Asset Valuation

1.11. Value for Money

For the purposes of this strategy document the Mackenzie District Council defines value for money as:

“To ensure all roading assets are managed to provide the desired level of service and safety in the most cost effective and achievable manner for existing and future customers.”

1.12. Competitive and Efficient Markets

The roading financials in the LTP provide a statement to the community what the Mackenzie District Council intends to procure.

This statement provides certainty to the market that a minimum of \$3.6M will be spent per annum for the next ten years. However, existing suppliers will still need to recognize that there are uncertainties with that programme due to:

- Oil prices effecting market prices
- Council’s ability to fund the “local share”
- Storm events that may impact on Council’s reserves

- Changes in legislation – could increase oil and power prices and reduce the amount of work that can be afforded
- Changes in land use
- A downward trend in the financial assistance rate

The purpose of the procurement strategy is to acknowledge the above but ensure a competitive market is still maintained. Council's procurement strategy also needs to be flexible to adapt to rapidly changing political and economic factors.

1.13. Fair Competition Amongst Suppliers

The NZTA is committed to the concepts of value for money, maintaining competitive and efficient markets, and fair competition among suppliers. The NZTA's Procurement Manual contains procurement procedures approved by NZTA under Section 25(1) of the Land Transport Management Act 2003 (LTMA).

Transport users want a system that is accessible for all modes of transport and is safe and reliable. The Transport Agency and the MDC's investment in transport services and infrastructure with an Investment Assessment Framework help achieve value for money through:

- Planning to implement activities and programmes in the right way (through business cases).
- Selecting the right things to do (through results alignment).
- Implementing them at the right time and for the right price (through cost benefit appraisal and smart procurement).

The procurement procedures contained in the manual are approved for use to purchase the goods and services required to deliver the activities that have been funded under Section 20 of the LTMA.

The Procurement Manual requires that Approved Organisations adopt a strategic approach in procuring their NZTA subsidised transport programme.

This procurement strategy shows MDCs long-term view. This will enable roading stakeholders to consider the new procurement environment and, if necessary, take appropriate action.

In summary, our procurement strategy has to ensure the Mackenzie District's strategic objectives are met and fulfilled.

1.14. Organisation-wide Procurement Policy

This procurement strategy is not our organisation-wide procurement policy, but a separate specific document focusing on subsidised land transport activities only.

1.15. Regional Procurement

Council has signed a Memorandum of Understanding with Timaru, Waimate and Ashburton District Councils (Memorandum of Understanding Collaboration on Roding Matters) with the objective to improve management and operation of their road networks by working together. In doing this they want to:

- a) Improve asset management processes, outcomes and consistency in respect of their respective road networks.
- b) Improve investment decision-making, while recognising and accepting appropriate risk.
- c) Attract, develop, and retain good internal human resources.
- d) Enhance governance through shared policy and strategy.
- e) Provide a sustainable market for affordable specialist resources.
- f) Become “smarter buyers”.
- g) Enhance customer satisfaction.
- h) To further embed safety in the cultures of the respective organisations.

The collaboration initiative is known as Aoraki Roding Collaboration (ARC). This collaboration saw the alignment of contract start dates and duration for the various maintenance contracts for each of the respective districts. A common contract and specification was prepared and tendered. The ARC intention was to allow individual tenders for each district along with an ability to tender for any combination of the districts.

ARC have also developed a common resurfacing contract document and Timaru, Waimate and Mackenzie District have used this to let a two year regional surfacing contract. Ashburton continue to go alone to keep a competitive market but the other three TLAs will continue with this contract arrangement. All parties will use the standardised document in the future as this allows either adding all TLAs into the tender or splitting the work in two along geographical boundaries.

The ARC initiative is used as the means to explore other options of joint procurement of contracts and services now and into the future.

Procurement Programme and Delivery

1.16. Delivery Model

The delivery model appropriate for the Mackenzie District Council is the staged model. This model requires land transport activities to be well defined, low risk and that the scope can be easily defined into contract documents. The majority of our workload fits this programme.

The maintenance, operation and renewal programme will be delivered through several contracts. These will be achieved by the following supplier selection methods (direct appointment, lowest price conforming and price/quality).

In regards to price/quality weightings it is generally proposed to stay with the 70/30 ratio. Council is aware that the NZTA Procurement Manual allows for lesser price weighting (can be between 10% and 70%). There may be occasions when other price weights will be used when quality is more of a concern as opposed to price.

The common Road Maintenance Contract prepared and tendered by ARC, will be evaluated with a price weighting of 50%.

1.17. Procurement

The Mackenzie District approach to procurement will be similar to Waimate District Council, Timaru District Council and Ashburton District Council which are likely to be the staged model: The reasons for this are;

- Road controlling authorities can very easily combine contracts (should they choose to) if both have similar delivery models and supplier selection methods. There will be implementation difficulties if delivery models are poles apart.
- Contractors and professional service providers can tender for contracts in adjacent road controlling authorities without having to accommodate different procurement methods especially when both Timaru and Waimate Districts are our neighbours.
- There are some minor differences as to how Mackenzie District Council contracts will be packaged and this will be discussed in our procurement programme below.
- This is our first formal review of the procurement strategy since letting the common maintenance contract and it has incorporated the refinements developed through the collaboration with the ARC group and NZTA.
- It is suggested that when the NZTA has reviewed all road controlling authorities procurement strategies that they produce a summary document with “value for money” ideas or policies that can somehow be shared amongst all parties.

1.18. Procurement Programme

Mackenzie District Council’s programme and preferred procurement is discussed below

1.18.1. Combining with State Highways

There is potential to combine with State Highway contracts for the delivery of some services, but Council 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 Councils preferred model.

1.18.2. Collaboration with other Councils

Council has let the road maintenance contracts as standalone using the “aligned” contract documentation prepared by ARC, with a contract term of 5 years. There was opportunities to combine any number of the various contract works for the respective TLAs as they were all advertised on the same day, closed on the same day using the aligned documentation.

Resurfacing has been procured via a joint two year contract with Timaru, Waimate and Mackenzie District Councils. Due to the substantial benefits this has achieved, this will continue into the future. Ashburton currently has a separate and specific contract, tendered on alternate years to allow for spreading of the work in the district and to maintain competition.

The ARC collaboration will continue to investigate opportunities in the field of physical works delivery and asset management.

1.18.3. Maintenance and Operation of Local Roads

Approximate annual expenditure	\$3.62M
Proposed delivery model	Staged
Proposed supplier selection methods	Price Quality

The District maintenance of local roads is serviced through one maintenance contract.

Area	Sealed Roads	Unsealed Roads	Contractor	Current Contract Amount (\$M)
District	213.3 km	518.8 km	Whitestone Ltd	\$9,016,725.59

Originally the district was serviced by four contracts and in 2000 they were combined into two contracts. At the time Council were concerned about maintaining competition in the area and this is still a concern to Mackenzie. In 2010, the two area contracts were let as one contract covering the whole district.

Council has resolved that it would advertise the Maintenance and Operation of Local Roads as one contract covering the Mackenzie District area. This RFT was to use the “aligned” contract document

developed by the Aoraki Roding Collaboration Group and all four RFTs were advertised and closed on the same day. In the future the intention is to continue with this “aligned” contract document as currently used, ie generally “measure and value” with some lump sum components and is will be a performance based specification. It is likely that this will continue for future procurement of this service.

The successful tenderer will have to demonstrate through the evaluation process best value for money for each individual RCA.

1.18.4. Streetlight Maintenance Contract and Power Supply

Description	Value
Street lighting, power etc	\$92,000

The maintenance of street lights is carried out by Netcon Ltd. This is a “sole” supplier of services being the only company available locally that is licensed to work on the lighting infrastructure.

Energy supply is negotiated as part of an “All of Government” supply contract for all Council’s energy needs.

Streetlight Renewal/Upgrade. Normally this would be accommodated within the sole supplier from Netcon. However with the roll out to LED fittings, Council has worked with suppliers to develop a “Dark Sky” compliant fitting namely one with a colour temperature of 2200k. Betacom and Windsor Heritage have been able to supply fitting that are compliant with those requirements whilst delivering a high quality product. As such we will be procuring fittings from those suppliers for the foreseeable future. Compliance with our “Dark Sky” status is extremely important to Council. Council is completing its “Business Case” for the extra funding for this roll out and it is likely that the total value of this programme will be approximately \$900,000.

1.18.5. Renewal of Local Roads

Council has a small annual budget of approximately \$275,000 for the renewal of local roads. This work is normally rehabilitation and is generally appears as a result of the harsh winter environment we live in. If <\$100,000 the work is general procured within the road maintenance contract and generally tasked directly to the Maintenance Contractor.

If delivered separately, the work will be procured by the following:

Proposed delivery model	Staged
Proposed supplier selection methods	Price/quality (70/30) Lowest price

1.18.9. Low Cost Low Risk

Approximate annual expenditure	Year 1 \$190,000
	Year 2 \$1.26M
	Year 3 \$1.05M
Proposed delivery method	Staged
Proposed supplier selection method	Lowest price

Many of the projects are low value and negotiated with the area maintenance contractors using existing scheduled rates. The other option is obtaining two to three quotes from local contractors to tender for the work. In line with NZTA directives, small bridge replacements are funded from this work category and let by open contest.

Although Councils Long Term Plan refers to \$300,000 annually, we are currently embarking on a significant strategic study entitled Destination Mackenzie that will set the scene for future growth and as a consequences transport project to support that growth. It is anticipated that there will be significant expenditure identified as an outcome of that study.

1.18.10. Professional Services

Approximate annual expenditure	\$200,000
Proposed supplier selection methods	Price/quality (70/30)
	Direct appointment
	Quality based

Professional services provision for Mackenzie District is generally in-house via an Agreement for the Supply of Roading Administration Services, with supplementation from consultants where expertise beyond that available is required or where work load is too great to adequately advance a project. Supplier selection method will be determined by value, complexity and the expertise of available consultants.

In addition, Council signed a Multi Party Funding Agreement with Timaru District Council for the provision of professional services to assist with the management of the road network with specialised local government expertise. This agreement was made on the 31 October 2018 and has a term of two years.

1.18.11. Summary

As a guide the following table indicates the most appropriate approach for different contract values. This is a general guide and circumstances may dictate a different more appropriate approach.

Table 3.0

Supplier Selection Process				
Method	Contract Value \$			
	\$0 to 50,000	\$50,001 to 100,000	\$100,001 to 200,000	Over \$200,001
Direct Appointment	?	?	?	?
Lowest Price Conforming Tender	?	?	?	?
Purchase Nominated Price (Professional Services only)	?	?	?	?
Price Quality (eg weighted attributes)	?	?	?	?
Key	? Most? Appropriate	? Appropriate	? Less? Appropriate	? Generally Not? Appropriate
NZTA Rule 10.9	Direct Appointment			
	Closed Contest			
	Open Contest			

Table 3.1 – Summary of Roading Procurement

Contract	Comments	Award Date	Duration	Annual Value (\$m)	Procurement Method
Network maintenance	Including footpaths and pavement marking	2015	5 Years	9.5	Price Quality
Rehabilitation		Annual	Varies	0.2	Award to maintenance contractor
Renewal	Bridge Construction	By Project	As required	Varies	Lowest Price Conforming
Street light Maintenance	Includes NZTA State Highway	Sole Supplier			
LED Replacement	Local Roads Only	2019	Sole Supplier	\$0.9	
Resurfacing	Joint with Timaru and Waimate District Councils	2019	2 Years	\$0.5	Price Quality
Low Cost Low Risk		By Project	As Required	\$0.3 - \$3.0	By Project
Emergency Works	Generally awarded to Maintenance Contractor				
Professional Services		By Project	As required	<\$0.1	By Project

Procurement Environment – analysis of Supplier Market

1.19. Professional Services Providers

The Mackenzie District Council uses professional service providers to supplement its In-House Roding Business Unit in completing its roading programme.

Professional services include:

- Traffic Engineering planning and advice
- soil samples and investigations
- resource consents – geotechnical investigations and land drainage issues
- roading design, testing and quality assurance
- site supervision and contract management
- asset and RAMM management systems
- specialised services like strategy assistance
- Structures Inspections

Mackenzie District generally uses Opus-WSP because they are locally based in Timaru and experienced in roading activities. However their presence in Timaru has diminished in recent times but they are still able to provide specific roading consultancy services from Timaru or their wider regional and national staff resource. In the past we have also used Stantec and GHD. Mackenzie District does not have a formal professional services contract in place with Opus-WSP, but as they are engaged on a case by case basis a “Short Form Agreement” is signed by the parties to confirm the deliverables. Council also continues to use

Council continues to use DCL Consulting for its regular structural bridge inspections as they have developed an intimate knowledge of the assets and are able to more efficiently recognise change or deterioration in the structure.

Consultants provide value for money through specialised skills sets and additional resourcing which the Council does not possess. This provides MDC with access to a wider range of skills and support from those staff directly working on the transport activity with local authority experience. It also allows TDC to add to and upskill their staff to assist both organisations.

In addition, Council signed a Multi Party Funding Agreement with Timaru District Council for the provision of professional services to assist with the management of the road network. This agreement was made on the 31 October 2018 and has a term of two years.

The RAMM database is hosted in Auckland by RAMM Software Ltd. The advantage of this is that the data is always backed up and we are always dealing with the latest software that has been correctly installed and is reliable. There are no costs associated with installing new software. Bi-annual roughness and rating services are acquired by closed competition.

In recent times, Waugh Infrastructure Management Ltd for specialist support in writing our strategic documents for our funding bid to NZTA and updating the Activity Management plan for transport.

Also we have used Abely in the traffic engineering space to plan for and develop strategies to deal with the increased growth across the district. They also provide traffic engineering advice to analyse the information provided as part of the increased development growth Council is experiencing.

1.20. Physical Works Contractors

Historically, road construction projects and maintenance contracts were carried out using Council workforces. This ceased in 1998.

It is considered that tendering out this work is still in the best interests of the ratepayers because:

- there is a sufficient number of contractors in the current market to ensure competitive tendering
- the cost of re-establishing, maintaining and depreciating construction plant, depot and staff would make this unviable

Historically, the Mackenzie District Council has two large national/international contractors, Fulton Hogan Ltd and Downer NZ Ltd operating in the region along with a medium-sized Oamaru based company Whitestone Ltd (the incumbent contractor). In recent years Southroads has entered the market in the region with that company managing the Waitaki District Council network.

Mackenzie is also serviced by contractors based in Ashburton and Timaru. There are also some highly skilled local contractors that are able to undertake a variety of smaller projects including small scale bridge construction, small road re-alignments and earthworks, such as sight benching.

There are other specialist contractors who have specific skill sets, vital for the continuation of the roading network, for instance, road marking and streetlight maintenance.

1.21. Other Road Controlling Authorities

The other influences on our procurement environment are the NZTA, Timaru District Council, Ashburton District Council and Waimate District Council. The NZTA highway managers have regular liaison meetings with all three authorities. 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.

Mackenzie District roading team has a close working relationship with our neighbouring Council's through the Aoraki Roding Collaboration (ARC).

The NZTA run a Network Operating Contract for the South Canterbury state highway network. The contract started in April 2014 and runs for a seven year term.

Implementation

1.22. Organisational Chart

The Mackenzie District Council roading team provides services and maintains physical assets for land transport and local roads in the district and regional land transport planning through the Technical Officers Group that reports to the Regional Land Transport Committee.

The Mackenzie District Roding Business Unit services all district land transport functions. It has 4.0 full time equivalents to service an annual budget of \$3.620M.

The Roding Business Unit reports to the Engineering Manager, which is overseen by General Manager Operations. The Roding Manager's role is to efficiently manage the District's capital and infrastructure and the provision of all associated services related to land transport.

The roles and responsibilities of the roading section are discussed below:

Role	Full Time Equivalent	Tasks
Engineering Manager	0.6	Asset management planning and control
Roding Manager	1.0	Asset management planning, maintenance contracts, bridges supervision, minor improvements, resurfacing
Consents Engineer	0.3	Manage the resource consent process to ensure compliance with District Plan and construction standards
Assets Engineer	0.3	Data management within the RAMM framework (to be recruited)
Engineering Officer Roding	1.0	Corridor management, street lights, traffic management plans, RAMM administration and traffic surveys etc.
Administration Support	0.5	Daily administration support

The roading team has recently been enhanced as part of the organisation review to reflect the growth and development in the Mackenzie. It will be important to maintain an experienced Roding Manager to ensure quality advice is supplied to Council so that important policy decisions can be debated with the best information available. The size of our roading operation allows for an easy flow of information between all parties for the best service delivery.

There is also a greater liaison between the engineers and contractors which allows for innovation but also risk sharing.

1.23. Organisational Risk

An organisational risk for the Council is the eventual retirement of senior roading engineers and Councils ability to attract a suitable replacement.

This risk is being managed by:

- Ensuring an open environment where ideas are shared.
- Encouraging all members of the roading team and the Engineering Manager to be familiar with the roading network. This ensures that everyone is familiar with the total network.
- Ensuring professional training is available to all members to develop their skill sets.
- Additional training via the New Zealand Institute of Highway Technology courses is made available to all members of the roading team.
- Documentation of strategies, plans and policies (such as AMP, Procurement Strategy and other operational policies)
- The provision of support from Timaru District through the MPFA.
- Mackenzie roading staff participate and contribute to the Road Efficiency Group (REG) learning and development programme through regular attendance at Canterbury Regional workshops (5 x workshops per annum)

The Mackenzie roading staff have various memberships to professional organisations such as IPWEA, and training is always available through low volume roads symposiums. Due to our location there is a risk that we could become insular in our processes - meeting and discussion with other roading engineers lessens this.

1.24. Internal Procurement Processes

The Mackenzie District Council has a delegation manual which defines individual Council officers spending limits.

- All Council's infrastructure and construction contracts, not just roading, are based on NZS 3910 for various contracts and NZS3917 for the Road Network Operations and Maintenance term contract. This provides certainty to the market both locally and nationally.
- As part of the recent review of all Council services it is planned that there be developed an organisation wide procurement strategy and it will eventually incorporate the NZTA procurement requirements.

1.25. Performance Measurement Monitoring and Monitoring

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

NZTA audits – these include road infrastructure safety assessments, technical reviews and financial audits. South Canterbury Roads Safety Management System – This document is designed to assist Mackenzie, Timaru, Ashburton and Waimate District Councils to better manage the safety of their roading networks and to ensure that consistent strategies, policies, standards and procedures are in

place and understood. It does this by establishing a hierarchical framework of information, policy and direction in as follows:

- Vision – our “destination”
- Strategy – a description of the route we will follow to get there; it describes outcomes and targets we need to achieve that will assure us we are on track.
- Plan – The things we need to do to meet the strategic outcomes/targets and thus achieve the Vision
- Operations – the vehicles and methods we will use to implement the plan. These include the SMS procedures.
- Monitoring, Review and Audit – How we will check we are still on course.

The LTP has the following information in regard to land transport and parking:

- Levels of service statement
- Performance measurements
- Targets
- Mechanisms to achieve the targets

These are audited by the Audit Office on behalf of the Auditor General.

1.26. Communication

Once NZTA have endorsed this strategy and Council have approved it, then the document will be published on Council’s web site and also communicated through the following channels:

1.26.1. Within the Roothing Sections

The procurement strategy will be available for the roading team and situated in the roading library.

1.26.2. Professional service providers

The procurement strategy will be distributed to our providers because they have a major input into our resurfacing and renewal programmes.

1.26.3. Road controlling authorities

Copies will be sent to surrounding RCA including Ashburton, Waimate and Timaru District Councils and the NZTA.

1.26.4. Supplier market

The draft procurement strategy will be distributed to the supplier market for comment.

1.26.5. Elected members

The Council a committee system whereby The Asset and Services Committee is responsible for the transportation activity.

Regular monthly activity management reports are given to this committee of the Council. One of the many roles of this committee is to recommend the awarding of contracts to full Council.

1.26.6. The New Zealand Transport Agency

The NZTA is a multi-disciplined organisation with separate functions. The Mackenzie District Council recognises reporting functions are important to the NZTA and will ensure the information required is given in a timely and accurate manner.

1.27. Implementation plan

Council has resolved that it will advertise the Maintenance and Operation of Local Roads as one contract covering the Mackenzie District area with an “aligned” contract document. This RFT will continue to be the same for the Aoraki Roving Collaboration Group (Timaru, Ashburton, Waimate and Mackenzie District Councils) and all four RFTs will be advertised and close on the same day. The format of this “aligned” contract documents will be the same as currently used, ie generally “measure and value” with some lump sum components.

The current road maintenance contracts for the four districts all expire on 30 November 2020.

The Mid-South Canterbury Collaboration technical group has undertaken a project planning exercise in regard to the review, preparation and procurement of the next generation of generic road maintenance contracts. It has been identified that the completion of a robust contract renewal process will require an extension of the current contracts for a further seven months to 30 June 2021.

Another factor is that the current contracts coincide with the three yearly planning cycle being the preparation of new AMP's, strategic and business cases, NLTP bids, RLTP and our own Long Term Plans. Procuring a new maintenance contract after this preparation will add value and asset needs and future strategies/plans will be developed to provide more focus and confidence in road maintenance needs for the next 10 years.

The scope of the next generation of the road maintenance contracts is also to be reviewed to consider a restructure of services. Under consideration is the potential inclusion of road resurfacing, footpath renewal and some asset management functions. This will require an alignment of contract expiry dates particularly with the road resurfacing contract for Timaru, Mackenzie and Waimate Districts that will expire 30 June 2021.

An application has been submitted to NZTA to approve the contract extension passed the allowed 3 months.

The successful tenderer will have to demonstrate through the evaluation process best value for money for each individual RCA.

The key dates identified by the Mid-South Canterbury Collaboration technical group are tabled below:

February 2020	Define Tender Process
March 2020	Prepare Contract Documentation, Tender process agreed and contract engagement complete
October 2020	Contractor engagement
October 2020	Contract documentation complete
November 2020	Tender process underway
May 2021	Contract awarded
July 2021	Contract Start

1.28. Corporate ownership

This report will be presented to NZTA for initial endorsement and then finally to Council for their final approval.

Roading Infrastructure

Key Assets as at 30 June 2017

Asset Group	Component	Quantity	Unit
Pavement	Sealed	213.3	km
	Unsealed	518.8	km
Footpaths	A/C & Concrete	11,452	m
	Chip Seal	39,319	m
	Unsealed	10,586	m
Structures	Bridges	95	no.
	Cattlestops	58	no.
	Fords	20	no.
Drainage	Culverts	1,801	no.
	Kerb & Channels	63.8	km
	Unlined Channels	746.91	km
	Catchpits	309	no.
	Soakpits	40	no.
Signs	Signs	3,342	no.
Streetlights	Streetlights	791	no.

Capital Expenditure

ROADING	LTP									
	Budget Yr 1	Budget Yr 2	Budget Yr 3	Budget Yr 4	Budget Yr 5	Budget Yr 6	Budget Yr 7	Budget Yr 8	Budget Yr 9	Budget Yr 10
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
(thousands)										
Roading Professional Services										
0868925. Plant and Equipment	0	0	0	0	6,105	0	0	0	0	6,941
District Roding										
2548193. Vested Assets	721	665	95	0	1,187	0	0	1,480	0	0
2548211. Unsealed Road Metalling	650	668	685	703	722	740	760	779	800	820
2548212. Sealed Road Resurfacing	500	514	527	757	555	570	585	600	615	631
2548213. Drainage Renewal	70	72	74	76	78	80	82	84	86	88
2548214. Sealed Road Pavement Rehabilitation	200	205	211	216	222	228	234	240	246	252
2548215. Structures Component replacements bridges	50	51	53	54	56	57	58	60	62	63
25482151. Structures Component replacements cattle stops	10	0	11	0	11	0	12	0	12	0
2548222. Traffic Services Renewals	60	62	63	65	67	68	70	72	74	76
2548310. Footpaths - Surfacing	30	31	32	361	370	380	58	60	62	63
2548341. Low Cost Low Risk	300	308	316	325	333	342	351	360	369	379
2548395. Non Sub Seal Extension	140	144	153	162	155	159	0	0	0	0
Total Roding Capital Expenditure	2,731	2,719	2,219	2,719	9,859	2,623	2,209	3,734	2,325	9,314

New Zealand Transport Agency Endorsement



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20 September 2019

Mr Bernie Haar
Engineering Manager
Mackenzie District Council
PO Box 52
Fairlie 7949

Dear Bernie

Transport Activity Procurement Strategy Endorsement

Thank you for your request seeking endorsement from the NZ Transport Agency for the Transportation Procurement Strategy dated August 2019.

I am pleased to confirm that the Transport Agency has reviewed the Procurement Strategy for the Land Transport Programme dated August 2019. This document forms Mackenzie District Council's Procurement Strategy, the requirements of which are outlined in the NZ Transport Agency's Procurement Manual.

We are satisfied that it meets the requirements of the NZ Transport Agency's Procurement Manual and formally endorse the Procurement Strategy effective 9 September 2019.

We would like to draw your attention to the following matters:

1. The NZ Transport Agency approves the continued use of in-house professional services by Mackenzie District Council, in accordance with s.26 of the Land Transport Management Act, with much the same scope and scale as it has in the past.
2. The NZ Transport Agency notes that a number of key decisions in relation to the delivery model and supplier selection method of the roading maintenance contract to be tendered by the Aoraki Rooding Collaboration (ARC) in 2021 have not yet been made and are subject to further discussions between members of the ARC. The NZ Transport Agency have not therefore been able to assess this aspect of the Mackenzie District Council's Procurement Strategy.

Our endorsement of the Procurement Strategy is therefore subject to the following conditions:

1. That a comprehensive procurement plan is provided to the NZ Transport Agency for review prior to the tender for the roading maintenance contract being released to the market by the Aoraki Rooding Collaboration, or Mackenzie District Council.

The NZ Transport Agency's Procurement Manual requires approved organisations to review their Procurement Strategy at a minimum once every three years and ensure that they always remain fit for purpose. The Procurement Strategy's endorsement will expire on the 9 September 2022 and you are encouraged to seek endorsement of a new or revised Procurement Strategy in advance of this date.

If you would like to discuss this matter further, please do not hesitate to contact Philip Walker, Approved Organisations Senior Procurement Advisor, directly on 021 633986.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Tara Macmillan', with a long, sweeping flourish extending to the right.

Tara Macmillan
Senior Manager Procurement



Mackenzie

DISTRICT COUNCIL