



TRANSPORT PROCUREMENT STRATEGY



SEPTEMBER 2010

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1. Executive Summary

1. Introduction

1.1 This document is Waipa District Council's (Council) Procurement Strategy for roading works as required by the New Zealand Transport Agency's Procurement Manual. The purpose of the strategy is to demonstrate how Council will procure its roading programme whilst continuing to meet the requirements of the Land Transport Management Act 2003 (LTMA).

1.2 The LTMA requires recipients of NZTA funding (Approved Organisations) to use procurement procedures designed to obtain best value for money; enable fair competition; and encourage competitive and efficient markets.

1.3 All Approved Organisations must have a NZTA endorsed Procurement Strategy by 1 October 2010 in order to apply for NZTA funding of roading projects.

1.4 This document contains the Council's strategy which is to be adopted on, or before, 1 October 2010. The strategy will be reviewed and updated regularly and formally reviewed and updated at least once every three years, in conjunction with the Council's LTP cycle.

1.5 Recommendation:

That NZTA endorses the Waipa District Council's Procurement Strategy.

That Waipa District Council Executive adopts the Strategy for all roading related procurement.

2. Policy Context – Waipa District

2.1 Strategic Goals & Objectives

Waipa District Council's Long Term Council Community Plan (Ten Year Plan 2009-2019) was developed in 2008/09, based on the following:

Purpose (Mission)

To partner the community in promoting the wellbeing of the Waipa District and its people.

Vision

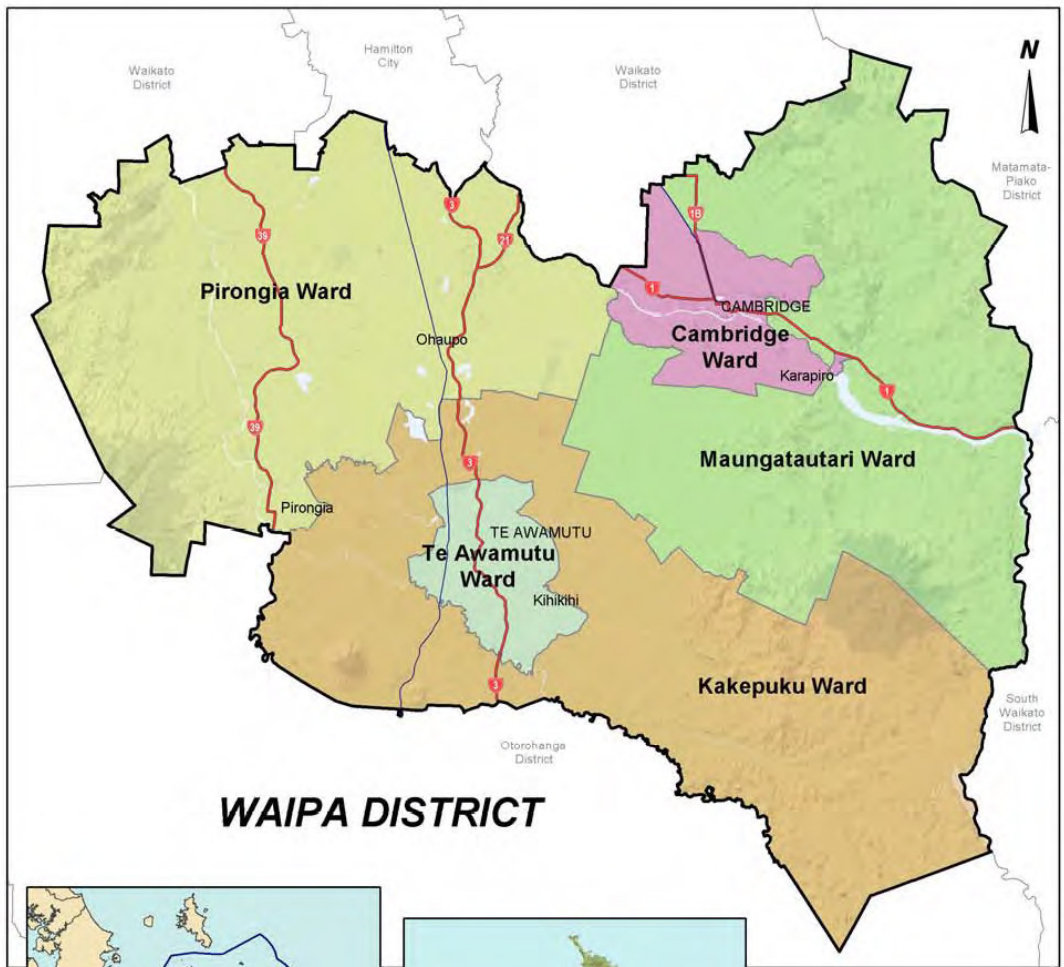
The Home of Champions.

Key Goal

Waipa District - The great place to live, work and play.

Supporting Goals

1. To recognise and foster awareness and the enhancement of the unique cultural, historic, environmental and recreational character and strengths of the District.
2. To ensure prudent stewardship of the natural and physical resources of the District.
3. To provide facilities and services to meet the expectations of residents and ratepayers.
4. To maximise the contribution of Council's assets in promoting the sustainable development of the District.
5. To form strong and productive partnerships with other authorities, community organisations and the private sector to provide the District with development opportunities.
6. To provide services and/or actively support Community Boards and community and welfare organisations in meeting the physical, recreational, employment, cultural and social needs of the residents of the District.
7. To act as an advocate to promote the social, economic, cultural and environmental wellbeing of residents of the District.
8. To encourage the active and positive involvement of residents and ratepayers in Council's decision-making processes.
9. To implement the legal obligations of a territorial authority governing Waipa District.



WAIPA DISTRICT



Waikato Region



Where we are in NZ



CADASTRAL INFORMATION DERIVED FROM LAND INFORMATION NEW ZEALAND'S DIGITAL CORE RECORD SYSTEM (CRS). CROWN COPYRIGHT RESERVED. BASE MAP BY GEOBANK NZ.

There are four overall themes that encompass our community outcomes, which were refined after community consultation in 2007:

- 1) Vibrant & Creative Waipa
- 2) Economically secure Waipa
- 3) Environmentally sustainable Waipa
- 4) Healthy and Active Waipa

Aligning with these themes our Transport Management Asset Management Plan states that the essential functioning of our communities relies on:

“A safe, reliable and efficient transport network that enables us to interact both socially and for economic purposes.”

The Transport activity particularly contributes to the Community Outcomes by being successful in the following:

- We have reliable, efficient and well planned transport infrastructure systems that provide easy access to, and through, our towns.
- Public buildings and public transport options are safe, accessible to people of all ages and abilities and signage is clear and visible.
- The ‘buy local’ philosophy is encouraged and locally sourced products and services are supported.

The future demand for roading services within Waipa will be driven by

- Waipa District Growth Strategy (Waipa 2050) – which indicates that the future population is expected to double by 2050
- Legislative change – Govt Policy Statement on Transport and NZ Transport Strategy Review
- Social Change – vehicle trends, mobility and customer expectation

2.2 Objectives and outcomes for the Procurement Policy

Waipa District Council commissioned the McHale Group to develop a Procurement Policy and Procedures Manual in 2009. The document was developed to enable Council to make procurement decisions guided by the following principles:

- Best value-for-money over whole of life (economy, efficiency and effectiveness);
- Open and effective competition (accountability and transparency);
- Full and fair opportunity for suppliers (ethics);
- Improving business capabilities, including
- e-commerce capability (industry development); and
- Encouraging sustainably produced goods or services

- whenever possible, having regard for economic, environmental, and social impacts over their life cycle.

The intention of the Procurement Policy and Procedures Manual is to implement procurement practices that:

- Achieve the best value-for-money outcome;
- Ensure maximum leverage of Council's total purchasing power through adoption of an organisation-wide perspective;
- Ensure full and fair opportunity (where appropriate) for all suppliers to obtain Council's business;
- Establish sound commercial contracts that focus on service delivery, performance management, risk mitigation, cost reduction and value-for-money outcomes; and
- Achieve agreed levels of service for our community.

The Procurement Policy and Procedures Manual was developed prior to the requirement for Approved Organisations to have a Procurement Strategy for Transport Activities and therefore this strategy document has been prepared as an appendix to the corporate document. This Procurement Strategy covers the period from 1 October 2010 to 30 September 2013, but may be reviewed prior if deemed necessary.

The overall purpose of the Procurement Policy and Procedures Manual is to state Council's procurement intentions, inform staff, consultants and contractors of the Council of the behaviour that is appropriate when conducting a procurement process and the policy parameters. The Procurement Strategy provides forward visibility of Council's roading work programme which enables consultant and contractor resources to be provided more effectively to meet the District's needs.

2.3 Value for Money

"Value for Money" according to the Waipa District Council means the best possible outcome for the total cost of ownership. It does not necessarily mean selecting the lowest price; rather, the right combination of quality, quantity and price at the right place and time. Value for Money in this context also takes into account the need to consider the whole of life cost of the asset or service being purchased.

The whole of life concept is important as it is necessary to remember that infrastructure assets have a long life expectancy and a balance must be achieved between the initial capital investment to purchase them; against the intermittent operating costs that may need to be expended on the asset over its life to ensure an appropriate level of service is maintained.

2.4 Competitive and Efficient Markets

When Waipa District Council developed the 10-Year Plan, it was in a period of significant change in the transport sector. The newly elected government signalled a change to the level of funding available for roading activities and a change in the priorities. The release of the three-year National Land Transport Programme in 2009 had a significant impact on funding available for local roads, with higher priority given to Roads of National Significance, and lesser priority to walking and cycling projects or passenger transport investment. Therefore during late 2009 a review was completed of the transport investment proposed under the 10-Year Plan, and the following level of expenditure was signalled in the 2010 Annual Plan.

Refer to additional information in Appendix 1.

Capital Investment – Level of Service Improvements

	1011 Annual Plan	11/12 Annual Plan	12/13 Annual Plan
Minor Improvements	\$1,213,800	\$939,074	\$1,082,500
Total Non Subsidised Renewals /Improvements	\$2,542,289	\$1,842,700	\$1,612,700

Capital Investment – Subsidised Renewals (Including Associated Improvements)

	1011 Annual Plan	11/12 Annual Plan	12/13 Annual Plan
Total Subsidised Renewals	7959640	7336900	9152800

Operating Investment – Maintenance and Operations

	1011 Annual Plan	11/12 Annual Plan	12/13 Annual Plan
Total Non Subsidised Maintenance	\$224,000	\$259,300	\$279,800
Total Subsidised Maintenance	\$4,559,850	\$4,647,725	\$6,718,000

Council maintains a contract register accessible from the intranet, which shows all purchases where a contract relationship has been entered into. This register has nominated department representatives that have been assigned responsibility for updating this register. It is anticipated that the register will be expanded to record the number of tenders received, the tender evaluation methodology used, the range of prices received and the estimate for comparison with tenders.

Performance measures (KPI's) are recorded by Council as detailed in the Transport Asset Management Plan and provided to the NZTA each year as part of the end-of-year achievement report.

Further Council will assess the success of this Procurement Strategy by monitoring the following:

Performance Measure	Targets 10/11	Targets 11/12
Accuracy and currency of information in contracts database	100%	100%
Tender processes resulting in legal action against the Council	Nil	Nil
Significant contract process issues identified by Audit NZ	Nil	Nil
Average number of bids received – Pavement Renewal	5	6

Currently two staff within the Road Corridor team are qualified tender evaluators (staff qualified in the National Certificate Civil Engineering-Asset Management -Competitive Pricing Procedures).

2.5 Fair competition among Suppliers

Our district is strategically positioned in the Waikato and close to main cities like Hamilton & the ports of Tauranga and Auckland and as such we enjoy competitive tendering from some of the nationally established companies along with a range of well established local contractors. This provides us with competitively priced work, an ongoing ability to select from a wide pool of talent and the ability to have the work done without undue delays. Our intention is to promote ongoing competitive and efficient markets using our procurement strategy to encourage contractors to remain in this market.

Council is a public sector entity and is obliged to promote full and effective competition in the market and provide full and fair opportunity to all suppliers. Council's procurement policy and processes reflect this. Potential suppliers:

- Will not be unreasonably denied the opportunity to bid for Councils business (Council's Procurement Policy and Procedures Manual states all works over the annual value of \$50,000 shall be publicly tendered, or exemption sought)
- Will be evaluated and selected in a fair manner

The transport and roading sector has generally followed the principles outlined in the Transfund (now NZTA) Competitive Pricing Procedures (CPP) manual. This manual was designed specifically to ensure fair competition, efficient markets and sustainable value for money over the long term. Making sure everyone is confident that they have a chance of obtaining our work, making sure there is a standard set of rules for carrying out that process and ensuring these rules are not too onerous is the aim of this strategy document.

The CPP manual was superseded by NZTA's new Procurement Manual in 2010. In future Council's Roothing programme will be procured in accordance with the approved procedures detailed in the Procurement Manual.

2.6 Organisational wide Procurement Policy

This is not an organisational wide policy and is as stated earlier is only relevant to the roading activities (including subsidised and unsubsidised works). Council may consider expanding the Procurement Strategy to cover other infrastructure and works activities in future reviews which will be conducted every three years.

2.7 Other Relevant factors

Waipa District Council is particularly concerned with ensuring that all four well beings are considered in any work that is undertaken; requiring sustainably produced goods or services whenever possible, having regard for economic, environmental, and social impacts over their life cycle.

3. 2010-2012 Procurement Programme

3.1 Maintenance & Operation of local Roads

The Transport Asset Management Plan sets out how the roading network will be operated and maintained on a day to day basis. Maintenance activities cover:

- programmed maintenance where a base level of maintenance is carried out to a predetermined schedule,
- condition maintenance, where maintenance is carried out as a result of condition or performance evaluation, and
- response evaluation, where maintenance is carried out in response to reported problems or system defects.

The current (August 2010) contract delivery methodology for roading maintenance is as follows:

Contract Description	Supplier	Contract Number	Original Total Contracted Value (\$)	Actual Value of Contract (\$)	Start Date	End Date	Revised End Date	Duration (Years)
Roading Maintenance								
Roadside Vegetation Control	Bayliss Contractors	27-08-20	\$359,224.00	\$359,224.00	Oct 2008	Jun 2010	Sept 2010	21mths
Signs & Street Furniture Mtnc	Directions Ltd	27-06-14	\$1,067,227.00	\$1,515,227.00	Dec 2007	Feb 2009	Feb 2013	14m+1+1+1
Roading Maintenance	Fulton Hogan Waikato	27-05-39	\$1,685,630.40	\$4,357,800.00	Feb 2006	Jan 2006	Sept 2010	2+1+1+1
Roading Maintenance	Fulton Hogan Waikato	27-06-24	\$3,345,200.00	\$6,121,000.00	Feb 2007	Jan 2009	Sept 2010	2+1+1+1
Kerb and Footpath Maintenance	McFall (Downer Edi Works)	27.06.15	\$1,895,218.00	\$2,104,518.00	Oct 2006	Oct 2008	Sept 2010	2+1
Roadmarking	Roadmarkers Ltd	27.05.32	\$712,264.00	\$1,800,644.61	Dec 2005	Dec 2007	Dec 2010	2+1+1+1
Street Lighting Maintenance	Waipa Networks Ltd	27.08.10	\$386,080.00	\$386,080.00	Aug 2009	Jul 2011	Jul 2011	2
Electricity Supply Contract	Contact Energy	N/A	Shared supplier relationship		July 2010	May 2013		35 mths with a further possible period of 24 months
Roading Operations								
Street Cleaning (Sweeping)	Metallic Sweeping (1998) Ltd	27.08.21	\$697,210.00	\$697,210.00	Nov 2008	Nov 2010	Nov 2010	2+1
Roadside Spraying	Power Weed Control	27.05.22	\$345,380.00	\$829,000.00	Dec 2005	Dec 2007	Dec 2010	2+1+1+1
Waste Management Operations								
Kerbside Recycling	Streetsmart	27.06.21	\$1,784,962.91	\$3,140,662.91	Aug 2007	Aug 2010	Feb 2012	3+1+1

Contract Description	Supplier	Contract Number	Original Total Contracted Value (\$)	Actual Value of Contract (\$)	Start Date	End Date	Revised End Date	Duration (Years)
TA & Kihikihi Litterbins	Metallic Sweeping (1998) Ltd	27.06.06	\$105,366.95	\$105,366.95	Jul-10	Jun-11	Jun-11	1
TA & Kihikihi Litterbins	Metallic Sweeping (1998) Ltd	27.06.05	\$108,778.93	\$108,778.93	Jul-10	Jun-11	Jun-11	1
Roading Capital - Level of Service Improvements								
Millichich Car Park Improvements	Fulton Hogan Waikato	27-10-14	\$230,000.00	\$230,000.00	May 2010	Jul 2010	Sept 10	
Limeworks Loop Rd US Smoothing	Potter Contracting Ltd	27-10-11	\$230,000.00	\$230,000.00	May 2010	Jun 2010	Sept 2010	<1
Roading Capital - Renewals								
Leamington Village & Shakespeare St Upgrade	Civil Construction Services	27-08-22	\$2,414,441.00	\$2,414,441.00	Dec 2008	Aug 2009	Apr 2010	
Ngaroto Rd Rail Bridge Replacement	Downer EDi Works Ltd	27-09-21	\$1,221,067.17	\$1,300,000.00	Feb 2010	Jun 2010	Jul 2010	4 months
Reseals	Higgins Construction	27-09-19	\$2,096,988.00	\$2,234,407.00	Dec 2009	Apr 2010	Jun 2010	
Collins Rd South Shape Correction	Strada Corporation	27.09.17	\$302,525.91	\$683,100.00	Apr 2010	May 2010	Dec 2010	<1

Currently our maintenance and operational contracts are managed through nine individual physical works contracts. Historically, this process has worked reasonably well in enabling local contractors to be competitive and participate in the local contracting market. However these relatively small contracts attract smaller contractors who may struggle with concepts such as quality assurance. There are increasing issues with higher administrative costs and also there is a possible loss of potential economies of scale.

In an attempt to address these issues, during 2009 significant consideration was given to how these contracts should be prepared for re-tendering in 2010. Consideration was given to maintaining the status quo, but it was established that moving to larger, bundled contracts would attract contractors that were able to deliver better value for money outcomes to the Waipa community and reduce the risks associated with smaller contractors undertaking complex activities on the network. It was also envisaged that rather than Council staff having to project manage the large number of contractors to achieve coordinated works (such as mowing and spraying), this project management could be undertaken by a contractor directly. This would allow staff to move to a more regulatory function than that of project management.

A tender document was developed that provided tenderers with two options, with the preferred contract arrangement being the combination that offered Council the best overall project price.

The total project price would be determined using the following table and include:

- For each package, the preferred tenderers' tendered prices
- The Council's professional service costs associated with managing the various contracts.

Item	Tender	Tendered prices	
		Full contract	Component tenders
1	Contract 27 - 10 - 08 Road Corridor Maintenance 2010 – 2013 including: <ul style="list-style-type: none"> • Pavement, drainage and local roading maintenance • Traffic services • Vegetation control • Pavement marking 	Preferred tenderer's price plus Council's costs to manage the contract.	
2	Contract 27 - 10 - 07 Pavement and Drainage 2010 – 2013		Preferred tenderer's price plus Council's costs to manage the contract.
3	Contract 27 - 10 - 06 Traffic Services and Vegetation control 2010 – 2013		Preferred tenderer's price plus Council's costs to manage the contract.
4	Contract 27 - 10 - 05 Pavement Marking 2010 – 2013		Preferred tenderer's price plus Council's costs to manage the contract.
	Total project price	Item 1	Items 2 + 3 + 4

Tenderers could tender for the entire works (package 1) and/or one or more of the individual packages; (packages 2, 3 or 4).

The tenders were evaluated using the Price Quality Method with a 70% price weighting. This method was chosen so that components of quality could be valued as it was acknowledged that these items of work are critical to the road networks efficacy and integrity in the long term.

At the time of preparing this strategy the option to award tenders for package 2, 3 and 4 is the recommended option.

At the time of preparing the tender document it was determined that it was appropriate for some contract activities to remain separately procured and these are detailed below.

3.2 Other Maintenance contracts

CBD Cleaning & Litter, CBD Planted Area and Street Light Maintenance

Waipa District Council has separate CBD Cleaning and Litter, CBD Planted Area and District Wide Street Light Maintenance contracts.

The decision was made to keep these activities separate from the bundled parcels detailed above as:

- CBD Maintenance has a very high level of service requirement and therefore it was considered that a stand alone contract would be the better delivery mechanism.
- Council has a Parks and Reserves Team who are able to undertake the CBD Planted Area maintenance as part of their wider landscape maintenance works. A service level agreement for this work is to be developed in 2010/2011.
- A local provider utilizes disabled persons to undertake this work (currently funded through a Council grant) and it is envisaged that a strategic relationship may be developed such that they are able to enter into a contract to carry out the work. The contract is yet to be developed but it is envisaged that this will have a strong social responsibility weighting in the evaluation procedure. This work is not subject to any NZTA subsidy funding.
- Streetlight maintenance is a specialized work area and as such it was considered appropriate to keep this as a separate, stand-alone contract. The street-lighting maintenance contract was last tendered in 2008 when five tenderers bid for the work. The tenders were evaluated using the Price Quality Supplier Selection Method with a price weighting of 70%.
- Electricity supply contract – the supply of electricity to Waipa DC is managed through a Local Authority Shared Service contract. The contract is currently held by Contact Energy. The contract includes an audit of the streetlight asset by Contact Energy in 2010.

3.3. Renewal Contracts

3.3.1 Reseals (Surfacing Renewals)

Current Procurement

Annual Contract – Value \$2,295,000 per annum
Price Quality Method – 70% Price weighting
No. of tenderers in 2009/10 - Six

Future Procurement

Move to three year contract
PQ Method retained for evaluation as it is a high value contract
70% price weighting to be utilized

Surfacing of the road provides traction to vehicles as well as providing a waterproof covering to the pavement. Chip seal is the most common material and makes up 93% of all surface materials due to the competitive cost, durability and ease of application. Other more expensive surfacings such as asphaltic concrete make up a further 1.2% of the total surfacing on Waipa's roading network.

Preseal repairs are generally undertaken as part of the Pavement and Drainage Maintenance Contract so that this work is completed prior to the surfacing contractor commencing resealing work.

3.4 Pavement Rehabilitations/Associated Improvements/Seal Extensions

Current Procurement

Project/Location Specific Contracts – Value \$4,702,000 per annum (Pavement Rehabilitations/Associated Improvements)

Annual Contract – Value \$250,000 per annum (Seal Extensions)

Lowest Price Conforming

No. of tenderers in 2009/10 –

Contract Number - 27-09-06 – nine tenderers – value \$580,000

Contract Number - 27-09-18 – twelve tenderers – value - \$441,000

Contract Number - 27-09-15 – nine tenderers – value - \$475,000

Contract Number - 27-09-25 – seven tenderers - value - \$260,000

Contract Number - 27-09-17 – six tenderers – value - \$305,000

Contract Number - 27-10-11 – nine tenderers – value - \$165,000

Future Procurement

Council receives high numbers of bids on its requirements and therefore it is believed that best value is being achieved using the Staged (traditional) delivery model with PQM and LPC being the main supplier selection methods utilised. Due to the ongoing value being demonstrated by this approach, no changes to the current procurement methodology are planned. However on occasion similar works may be undertaken as an addition/variation to an existing contract where this is considered the most prudent and appropriate procurement. The value of the additional work will generally be less than \$100,000.

As most of our Pavement Rehabilitation projects are of a relatively small value (i.e. around \$500,000), the Lowest Price Conforming supplier selection method is generally utilized. Consideration is given to combining some of these projects into a slightly more bundled package to gain increased economy of scale. This has proven cost effective and achieved good results. This has encouraged smaller local & specialist contractors to provide competition in the industry which is a further benefit to the community.

3.5 Minor Improvements

Current Procurement

Project/Location Specific Contracts – Value \$1,213,000 per annum
Lowest Price Conforming – or direct appointment where this is considered appropriate. Council’s policy states :

For potential contracts with a value of less than \$50,000, closed tender or quotation process is to be followed, unless an exemption from following this process has been authorised by the Group Manager Business Support AND the relevant financial delegation holder. In some cases, such as guardrail improvements or other specialist services, limited invited tenders are invited from suitably qualified contractors; but approval is sought from the Group Manager for this.

Future Procurement

No changes to the procurement methodology are planned. Although for minor works (with a value less than \$50,000), direct appointment may be considered if approved by the Group Manager.

Minor improvements are generally completed with pavement rehabilitation projects to achieve safety or other improvements with economies of scale within the project. Other improvements generally include the installation of signage or markings and as such are completed as part of the relevant maintenance contracts. If there is a significant parcel of similar improvements work developed in any year (e.g. pedestrian improvements) this work would be tendered, using the lowest price conforming evaluation methodology.

3.6 Professional Services

Waipa District Council has retained an in-house business unit to provide network management services to the Council. There is a contract in place for the business unit through to June 2010 in line with the NLTP funding. The use of the in-house professional services unit has been previously approved by NZTA.

The business unit uses outside consultants for various professional services from time to time which includes design, project management, geotechnical work, RAMM, FWD testing, traffic counts, bridge inspection and other work. All network management functions are provided by business unit staff.

Road safety education is delivered by a contractor to Council. The Contract currently is for two years, which will expire on 30 June 2012; with a scope of services based on a requirement to deliver 20 hours per week at a cost of \$40,600 per annum. The current contractor has been doing work for Council for a number of years and delivers high quality programmes. The provider is considered a valued service provider and as such no alternative supply mechanisms have been investigated. The current contractor also

delivers services to Waikato District Council and it is considered that this shared relationship provides significant benefits to both parties.

3.6 Other Capital or Improvement Projects

Improvement projects undertaken by the roading activity have included the following:

Subsidised:

Victoria Bridge Washing – due to specialist nature of work (abseiling) tenders were invited from suitably qualified and experienced contractors.

Culvert Replacement – Value of work was \$80,000. Tenders were publicly advertised and three tenders received. These were evaluated using the lowest price conforming method.

Non Subsidised:

Alexandra Street Enhancement – CBD Upgrading Works

Milicich Car Park Upgrading

Future Projects will include:

Contribution to Victoria Rd Interchange (Waikato Expressway Project)

Cambridge North Growth Area – collector road construction

Victoria Bridge painting

4. Procurement Environment – Analysis of Supplier Market

Market Environment

4.1 Physical Works Contractors

Waipa is a predominantly rural district lying in the heart of the Waikato Region. With Waikato District and Hamilton City to the north and Otorohanga and South Waikato Districts in the south, the District covers approx 147,000 ha. Whilst dairying is a major activity, other new industries are emerging such as bloodstock, horticulture and tourism.

Waipa has an international airport and two significant towns (Cambridge and Te Awamutu) within its area. As a result we are ideally placed to take advantage of a central location for provision of a range of national and locally based civil contractors capable of supplying the full range of services that we need to procure. The numbers of tenders received by Waipa District Council as noted above indicates that there is a healthy and competitive tendering market at present. Tender prices received in the last two years have been significantly lower than estimates reflecting a very tight contracting market, with contractors responding to a reduction in work available in the private land development market.

However it is expected that with an increasing amount of state highway work being brought to the market over the next two years (Waikato Expressway projects), and a possible improvement in the property development market, there will be increasing upward pressure on tender prices.

Contractors that have tendered for our recent capital works and maintenance contracts include:

DownerEDI, Fulton Hogan, Inframax, Higgins, Schicks, Potter Construction, Strada and Civil Construction.

4.2 Professional Services Providers

Waipa District Council has a pre-qualified list of three consultants, who can be directly appointed when the value of the work is less than \$50,000. The pre-qualification process was completed by the Water Services Manager in 2007. Where the work exceeds \$50,000, it is publicly tendered. Consultants currently on the professional services list include Opus International Consultants, Bloxham Burnett and Oliver, and Beca. The current arrangement expires in October 2010. At this stage the procurement method to be used to replace the current arrangement is under review. In the meantime it is anticipated that those on the current list will continue to be utilised.

In the future consideration will be given to utilising providers that have been pre-qualified for specific areas of work by the NZTA (eg specialist bridge works, or

assessment of routes for High Productivity Motor Vehicles), or be considered to provide better value for money (ie timeliness of delivery, suitability of deliverables etc); this may include shared arrangements with other local authorities.

4.3 Significance

As Waipa District Council's spend in the Waikato Region is not significant (when compared with the procurement undertaken by Hamilton City Council, Waikato District Council and the NZTA), it is considered that Waipa's impact on the regional contracting industry is not influential. Any influence would be localised.

4.4 Other Influences to our Market Procurement

With neighbouring councils such as Matamata Piako, Waikato District, Hamilton City and Otorohanga and the NZTA operating on our state-highways, all of these organisations have an influence on our procurement environment. Waipa have had regular quarterly group maintenance meetings with representatives of all the neighbouring councils for the past few years, and these have proven particularly useful for information sharing and technical discussions. Discussion on possible shared services (formal or informal) and procurement opportunities will be discussed as these are identified.

5. Approach to Delivering the Work Programme

5.1 Waipa District Council's preferred approaches to delivering the work programme are to utilise the lowest price conforming supplier selection method for work that is of an annual/routine type, but the price quality supplier selection method will be used for significant improvement works or where it is believed that such an evaluation method is required to fully assess any essential quality components. It is considered that this approach helps maintain a local contractor base whilst drawing on the expertise of the larger national firms as required.

5.2 The use of the in-house professional services unit keeps control of intellectual property and management of the roading asset in the Council's hands. The retention of corporate knowledge, and road network knowledge, provides a good balance of skills and experience within Council's road corridor management team. Systems (using the Business Excellence framework) will be developed over the next three years to ensure such knowledge is kept and recorded in an appropriate document management system.

Outsourced consultants can be drafted in to meet specific requirements for specialist expertise when this is deemed appropriate.

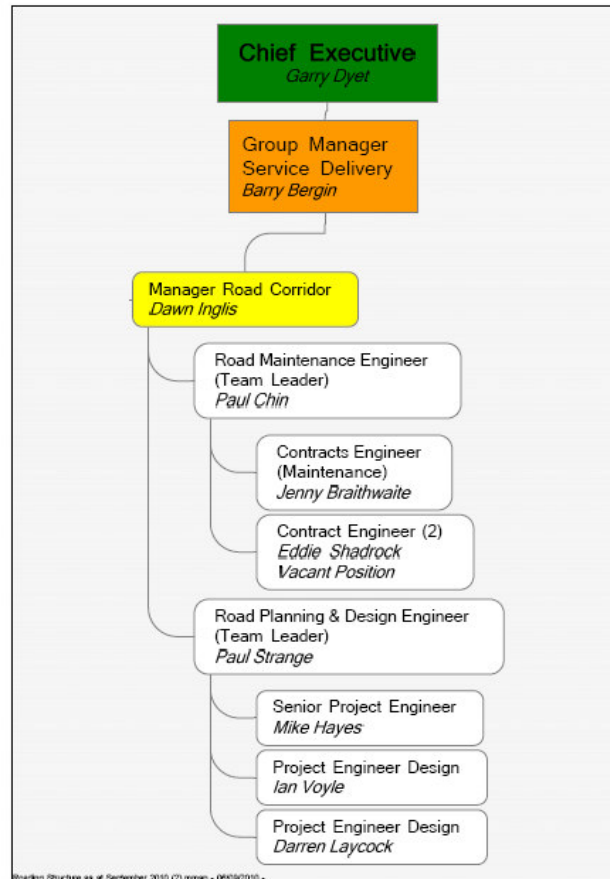
5.3 Alternative approaches to selection of suppliers will be considered in the future. However it is envisaged that in the future (ie when the existing bundled maintenance contracts awarded in late 2010 expire) a more regional approach to procurement may have evolved. Whilst the current size of the maintenance contracts is such that an appropriate scale, providing good economies of scale and value for money; there is an expectation that local government organisations will be undergoing change as a result of such amendments currently being undertaken in the Auckland Region.

Council has indicated a wish to give regard to supporting local suppliers, but have also acknowledged that this is often difficult to assess where a provider can be a significant off-shore owned company but employ a large number of local staff, but not be seen as a "local". Therefore contract are specified to ensure a local depot is staffed appropriately, and performance specifications drafted within contract documents (such as incident response times) to also mean that locals will be employed to fulfil these obligations.

6 Implementation

6.1 Capability and Capacity

Below is a structure diagram of the Road Corridor Team:



Currently there is one vacancy within the team but this is envisaged to be filled in late 2010. In recruiting for this role, it is proposed that the successful applicant will have experience and skills in road safety to be the team champion for the minor improvements programme, crash reduction studies, and safety audits.

6.2 The Procurement Strategy will be available to all staff via the intranet and it is intended that will be as part of the current procurement manual. Further, contract management procedures are under development as part of Council's business excellence improvements and these too will be available via the intranet.

6.3 Performance measurement

Performance measures (KPI's) are recorded by Council as detailed in the Transport Asset Management Plan and provided to the NZTA each year as part of the end-of-year achievement report, including the data required in Appendix K.

6.4 Communications plan

The Procurement Strategy will be owned by the Road Corridor Manager, but subject to consultation that will be undertaken with the Council Executive Team. Once approved by the Executive Team, the strategy will be supplied to the Contractor's Federation, Roothing New Zealand, and the NZTA Waikato Region's HNO team.

6.5 Implementation

Once adopted by Council's Executive team, and any feedback from the key stakeholders noted above, the Strategy will be made available via Council's internet website.

If any amendments result from this consultation, these will be forwarded to the NZTA for final approval and endorsement.

Appendix One – Planned Roading Expenditure 2010-2019 (as at August 2010)

Significant Activity	1011 Restated Budget	11/12 Annual Plan	12/13 Annual Plan	13/14 Annual Plan	14/15 Annual Plan	15/16 Annual Plan	16/17 Annual Plan	17/18 Annual Plan	18/19 Annual Plan
Non Subsidised Maintenance									
Footpath Maintenance	90,000	116,600	130,200	144,300	158,700	162,300	178,100	182,300	248,800
Amenity Lighting Maintenance	36,000	33,000	33,800	35,600	36,400	40,800	47,600	48,800	107,100
Street Furniture	23,000	29,800	30,600	31,200	31,900	32,600	33,500	34,200	35,000
Dumping and Abandon Cars	7,000	7,500	7,700	7,800	8,000	8,200	8,400	11,100	11,200
Pest/Noxious Plant Eradication	20,000	21,300	21,800	22,300	22,700	23,200	47,600	48,600	49,700
Leaf Clearance	18,000	19,100	22,900	23,400	23,900	24,400	25,100	25,600	26,200
Car Park Maintenance	30,000	32,000	32,800	33,500	34,100	34,800	53,800	54,800	56,200
Total Non Subsidised Maintenance	224000	259300	279800	298100	315700	326300	394100	405400	534200
Non Subsidised Renewals /Improvements									
Footpath Renewals	75,100	80,600	85,600	90,800	96,200	98,400	100,800	103,000	105,100
Amenity Lighting Renewals	3,000	7,400	7,700	47,700	7,900	8,100	8,300	8,500	53,100
Car Park Renewals	75,100	49,800	50,900	52,100	53,200	54,400	55,600	56,900	58,100
Seal Extensions	250,000	500,000	700,000	800,000	800,000	900,000	900,000	1,000,000	1,000,000
Minor Community Works	106,698	42,500	43,800	44,800	45,600	46,400	47,800	48,800	49,900
Car Park Improvements	159,092	0	0	0	0	0	0	0	0
Major Improvements	1,873,299	1,162,400	724,700	4,708,600	1,355,700	1,270,900	0	1,210,300	2,069,000
Total Non Subsidised Renewals /Improvements	2542289	1842700	1612700	5744000	2358600	2378200	1112500	2427500	3335200
Passenger Transport Subsidy									
Passenger Transport	115,000	0	0	0	0	0	0	0	0
Subsidised Maintenance									
Sealed Pavement Maintenance	1,595,000	1,691,000	2,752,400	2,708,400	3,893,100	4,051,400	3,742,000	4,519,300	4,914,200
Unsealed Pavement Maintenance	226,600	226,600	347,000	355,000	362,600	370,900	439,400	449,600	459,700
Routine Drainage Maintenance	521,000	521,000	569,400	582,500	612,100	626,000	724,500	765,600	783,000
Structures Maintenance	147,200	147,200	261,500	278,600	284,500	302,600	309,900	317,200	324,400
Significant Activity	1011 Restated	11/12 Annual	12/13 Annual	13/14 Annual	14/15 Annual	15/16 Annual	16/17 Annual	17/18 Annual	18/19 Annual

	Budget	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
Environmental Maintenance	810,000	851,675	1,261,200	1,290,200	1,335,100	1,365,700	1,458,100	1,504,500	1,775,300
Traffic Services Maintenance	663,300	663,300	817,800	836,700	866,100	899,900	945,400	967,600	1,152,100
Level Crossings	8,400	8,600	8,800	9,000	9,200	9,400	9,600	9,800	10,100
Network & Asset Management	588,350	538,350	699,900	715,900	765,300	713,200	801,800	784,100	839,000
Total Subsidised Maintenance	4559850	4647725	6718000	6776300	8128000	8339100	8430700	9317700	10257800
Subsidised Renewals									
Unsealed Road Metalling	206,000	106,000	121,300	124,000	126,600	129,500	132,500	135,600	138,400
Sealed Road Resurfacing	2,295,000	2,295,000	3,354,700	3,430,400	3,502,200	3,581,800	3,667,500	3,751,900	3,831,300
Drainage Renewals	211,100	217,100	222,000	227,000	271,300	277,400	284,000	290,400	296,700
Pavement Rehab	4,095,900	3,704,900	4,675,000	4,780,400	5,422,900	5,546,000	6,246,700	6,390,400	7,415,400
Structures Component Renewal	200,647	92,000	108,200	110,700	113,000	1,274,500	118,300	121,000	123,600
Traffic Services Renewals	330,800	391,900	401,100	410,300	419,100	428,700	439,200	449,400	459,300
Assoc Improvements	606,589	530,000	270,500	276,600	282,400	288,900	295,800	302,600	309,000
Bridge Renewals	13,604	0	0	0	0	0	0	0	0
Road Reconstruction	0	0	0	55,300	1,920,600	577,700	0	0	0
Total Subsidised Renewals	7959640	7336900	9152800	9414700	12058100	12104500	11184000	11184000	11441300
12573700									
Subsidised Improvements									
Minor Improvements	1,213,800	939,074	1,082,500	1,107,100	1,130,400	1,156,100	1,421,300	1,636,500	1,671,900
Subsidised Transport Planning									
Regional Transport Studies	77,147	0	54,200	0	56,700	0	59,400	0	62,200
Subsidised Road Safety Community Programme									
Community Co-ordination	114,400	0	68,400	70,000	71,500	73,100	74,900	76,700	78,300
Community Programmes	0	0	159,400	163,200	166,700	170,500	174,600	178,700	182,700
Community Advertising	0	0	17,500	17,800	18,200	18,600	19,000	19,500	20,000