



STRATFORD
DISTRICT COUNCIL

**Road Network
Procurement Strategy**

CORPORATE OWNERSHIP AND INTERNAL/EXTERNAL ENDORSEMENT

The Project Manager for this Procurement Plan is:		
Date	Name	Designation
1 Sept 2009	Barry Jagersma	Roading Asset Manager

Procurement Plan: Prepared / Reviewed / Updated by:		
Date	Name	Designation
1 Sept 2009	Barry Jagersma	Roading Asset Manager
1 Sept 2009	Gordon Campbell	Asset Data Coordinator
1 Sept 2009	John Jones	Operations Manager
1 Sept 2009	Michael Freeman	Chief Executive

Council Consideration/Adoption:		
Date	Meeting	Recommendation
25 th May 2010	Policy and Services Committee	Council received and noted the information

NZTA Endorsement:		
Date	Name	Designation
June 2010	Jenny Chetwynd	Regional Director Central

28 JUN 2010

23 June 2010

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Dear Barry

Endorsement of Stratford District Council's Procurement Strategy for NLTP Funded Activities

I am pleased to inform you that the Group Manager, Regional Partnerships and Programmes, Dave Brash, has endorsed the Stratford District Council Procurement Strategy,

When the Strategy is reviewed in future, we recommend that Council include details of the experience of the Procurement and Roading Asset teams. Also that more in depth analysis of the supplier market and the potential for collaboration is carried out.

Overall, the document is appropriate to the scale and complexity of Council's roading programme.

Council is to be congratulated for being one of the earlier Approved Organisations to achieve endorsement of its Procurement Strategy.

Yours sincerely



Jenny Chetwynd
Regional Director Central

File Ref

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1. EXECUTIVE SUMMARY

1.1 Summary statements of key issues and opportunities to obtain value for money.

The balance between effective competition and efficiency of procurement processes is essential to achieving value for money over the long term. This strategy provides for a delivery model and procurement procedures that ensure competition is maintained without creating costly inefficiencies.

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

The NZTA requires local authorities to separate their technical services and asset management functions. Many authorities choose to achieve this separation by employing consultants, while some have semi-autonomous in-house business units. The Stratford District Council made the decision some years ago to provide its technical services via an in-house business unit.

The Business Unit provides technical advice, design, data collection and other consultancy functions as required. It is responsible for ensuring that the Roading Contract works and other programmed works are carried out as efficiently and economically as possible.

The Unit is separately funded and operated to achieve the required separation, but the staff members are Council employees.

For the procurement of physical works SDC intends using a traditional (3+1+1) maintenance contract involving Pavement Repairs, Vegetation Control, Drainage Work, Customer Service Requests, Emergency Works, Pre-reseal repairs, Re-seals and Pavement rehabilitation.

SDC intend using the Price Quality Method (PQM) for major supplier selection, and Direct Appointment or Lowest Price Conforming for other minor contracts. This method is designed for the evaluation of tenders when the quality of the supplier is important. SDC prefer the PQM because it is simple and transparent.

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

1.2 Recommendations

It is recommended that the NZTA:

- endorses Stratford District Council’s Road Network Procurement Strategy
- approves the use of in-house professional services

2. POLICY CONTEXT OF STRATFORD DISTRICT COUNCIL

2.1 Strategic objectives and outcomes.

The Roding activity encompasses the management, maintenance and provision of rural and urban roads, footpaths, kerb and channel, street lighting and associated infrastructure for the District excluding State Highway 43 (SH 43) and State Highway 3 (SH 3).

The Roding network managed by the Stratford District Council totals 596.9km (as at 30 June 2008), made up of 556.1km of rural roads and 40.8km of urban streets. State Highways 3 and 43 are maintained by the New Zealand Transport Agency (NZTA). In addition there are over 700km of unformed legal road and a number of bridges 'beyond the maintenance peg' that are not maintained by Council.

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

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

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

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

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

2.2 Objectives and outcomes for the procurement strategy.

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

The Roothing activity goal is:

To ensure the sustainable provision and adequate management of a roading infrastructure that meets the needs of current and future communities.

The principal objectives are:

- (a) To plan for, and forecast, the investment for the future maintenance and provision of the Roothing infrastructure in perpetuity, and to anticipate growth and demand trends that may affect this level of investment.
- (b) To ensure that all roads, bridges, street lighting, footpaths and traffic services meet adequate safety and service standards.
- (c) To monitor and assess the performance and compliance of the various Roothing components.
- (d) To maintain an adequate management system for all matters relating to the Roothing infrastructure; and
- (e) To provide for informed community consultation.

2.3 The NZTA's procurement requirements and what they mean for Stratford District Council:

2.3.1 Value for Money

For the purposes of this Strategy the definition provided by the Office of the Auditor General "best possible outcome for the total cost of ownership" has been adopted.

2.3.2 Competitive and Efficient Markets

The balance between effective competition and efficiency of procurement processes is essential to achieving value for money over the long term. This strategy provides for a delivery model and procurement procedures that ensures competition is maintained without creating costly inefficiencies.

2.3.3 Fair Competition among Suppliers

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

2.4 Other relevant factors

2.4.1 Consultancy

The NZTA requires local authorities to separate their technical services and asset management functions. Many authorities choose to achieve this separation by employing consultants, while some have semi-autonomous in-house business units. The Stratford District Council made the decision some years ago to provide its technical services via an in-house business unit.

Date	Organisation	Action
Aug 1994.	Stratford District Council	Entered into an agreement with its in-house Engineering Business Unit to provide Professional Services.
Jan 1996	Transfund New Zealand	Issued a Review & Audit Division Memorandum No 96/1: Interim provisions allowing professional services business units to operate until 30th June 1998
Jun 1996	Transfund New Zealand	Carried out a Procedural Audit and endorsed Stratford District Council's use of 'In-house Professional Services'.
Oct 1996	Stratford District Council	Policy & Services Committee, endorsed the use of 'In-house Professional Services'.
Nov 1996	Transfund New Zealand	Issued Review and Audit Division memorandum No 96/03: Provision of In-house Professional Services. This document required SDC to complete an audit test in order to retain in-house professional services.
Jun 1997	Stratford District Council	Policy & Services Committee, reviewed audit test and endorsed the continued use of 'In-house Professional Services'.
Feb 2001	Transfund New Zealand	Carried out a Procedural Audit and endorsed Stratford District Council's use of 'In-house Professional Services'.

The Business Unit provides technical advice, design, data collection and other consultancy functions as required. It is responsible for ensuring that the Roding Contract works and other programmed works are carried out as efficiently and economically as possible.

The Unit is separately funded and operated to achieve the required separation, but the staff members are Council employees.

This option was chosen because it offered the following advantages:

- Long standing knowledge and expertise is retained in-house. Because the staff members are Council employees, professional intelligence issues do not arise and the full knowledge of the business unit is available to the Council at all times at no additional cost. This is a particularly important consideration in Stratford, where the manager of the business unit has been with the Council for many years.
- Overheads can be spread over an additional Council department. Overheads would be reduced without the business unit, but probably not in direct proportion, which means that overhead charges would be higher across other departments.
- There are opportunities for business unit staff members to be utilised from time to time by other Council departments. This is an important consideration in a small local authority with limited staff numbers and budgets.

2.4.2 Network Management

The level of service i.e. ride comfort, safety, general appearance etc of the Rooding network is dependent upon how well the asset is maintained. Regular inspections are undertaken to make sure the asset is maintained in accordance with the Rooding Contract documents.

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

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

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

The physical works carried out on the District roads are undertaken by private contractors. Most of the work, including all routine maintenance and most renewals and planned work such as reseals and unsealed roads metal replacement, is carried out by one contractor under the Rooding Facilities Management Contract. Emergency works, such as clearing slips and snow clearing is generally included in this contract as ‘Ready Response’.

The contractors utilise sub-contractors for some activities, eg. road marking. Street light maintenance is handled under a separate contract. SDC intend using the Price Quality Method (PQM) for major supplier selection, and Direct Appointment or Lowest Price Conforming for other minor contracts..

All contracts are let under the Procurement Manual stipulated by the Transport Agency, and in accordance with Council’s Procurement Policy.

3. PROCUREMENT PROGRAMME

The Stratford District Council (the Council) will invite, in October 2010, suitably qualified Contractors to tender for a service delivery contract for the continued operation and maintenance of the Council’s rooding facilities.

The Contract will be a Facilities Management Contract requiring the Contractor to provide not only physical works but also a degree of professional services for significant aspects of the work. The Contractor will be expected to develop, execute and monitor maintenance strategies which will ensure the proper and long term performance of Council’s rooding asset.

This will be a three year service delivery contract with two rights of renewal of one year each for the continued operation and maintenance of the Stratford District Council’s rooding facilities.

The contractor will be required, unless specified otherwise, to provide a complete maintenance service for all elements included in the Contract. This will include:

- (a) The identification of maintenance needs within the defined work categories contained in the specifications.
- (b) Undertaking all necessary inspections, reporting and programming of work required.
- (c) Providing all labour, plant and materials to effect prompt and efficient maintenance of the District’s assets included in the Contract.

- (d) Executing the works to specification requirements in a safe efficient and timely manner while minimising any inconvenience to the public.
- (e) Responding promptly to emergencies and minimising as far as possible any resultant damage.

4. PROCUREMENT ENVIRONMENT

4.1 Analysis of supplier market

Contract Area	Approved Organisation	Expected Completion Date	Contractor
Patea/Waverley	South Taranaki	30/6/2011	Fulton Hogan
Egmont & Central	South Taranaki	30/9/2011	Fulton Hogan
New Plymouth Rural	New Plymouth	31/10/2011	Fulton Hogan
New Plymouth Urban	New Plymouth	30/6/2012	Fulton Hogan
Stratford Urban & Rural	Stratford	30/6/2011	Fulton Hogan

All the above are traditional maintenance contracts (3+1+1) involving Pavement Repairs, Vegetation Control, Drainage Work, Customer Service Requests, Emergency Works and any small projects that may come about from the Local Authorities.

The South Taranaki and New Plymouth (Urban) maintenance contracts include pre-reseal repairs.

New Plymouth Rural contract excludes pre-reseal repairs and re-seals. This component is let as a separate package of work.

Stratford District Council is the only contract that includes re-seals and pavement rehabilitation.

Fulton Hogan also have an Open Space Management (OSM) contract with South Taranaki District Council, which involves the maintenance of Parks, Cemeteries, Gardens and Local Berms the expected completion date is 30/6/2012.

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

The other major maintenance contracts are

Contract Area	Approved Organisation	Expected Completion Date	Contractor
West Wanganui State H'ways	NZTA	30/6/2013	Downer EDI Works
Open Space Management	Stratford	30/6/2014	Downer EDI Works
Stratford Water Services	Stratford	30/6/2014	Downer EDI Works
New Plymouth Water Services	New Plymouth	28/2/2012	City Care
South Taranaki Water Services	South Taranaki	30/6/2012	City Care

4.1.1 Regional Contractors capable of performing SDC's Maintenance Contracts

- City Care

- Downer EDI Works
- Fulton Hogan
- Inframax Construction Ltd
- Ireland Roading and Construction Ltd
- Taranaki Civil Construction Ltd

4.2 Analysis of the Stratford District Council current procurement expenditure and profile

	<u>2009/10</u>	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>
	<u>Forecast</u>	<u>Projection</u>					
	\$	\$	\$	\$	\$	\$	\$
<u>LOCAL ROADS (Urban + Rural + 1/2 Boundary)</u>							
OPERATIONAL COSTS							
Sealed Pavement Maintenance	236027	249008	262703	277152	292395	308477	325443
Unsealed Pavement Maintenance	187367	197672	208544	220014	232115	244881	258350
Routine Drainage Maintenance	270362	285232	300920	317470	334931	353352	372787
Structures Maintenance	163939	172956	182468	192504	203092	214262	226046
Environmental Maintenance	151251	159569	168346	177605	187373	197678	208551
Traffic Services Maintenance	254403	267494	282493	297114	312549	328950	346227
Level Crossing Warning Devices	10246	10810	11404	12031	12693	13391	14128
Emergency Reinstatement	138155	145754	153770	162227	171150	180563	190494
Network and Asset Management	308927	318000	327304	355403	366319	377666	389451
Minor Improvements	323235	341013	359769	379556	400431	422455	445690
TOTAL OPERATIONAL - LOCAL ROADS	2043910	2147507	2257721	2391076	2513048	2641677	2777167
<u>LOCAL ROADS RENEWAL</u>							
Unsealed Road Metalling	496308	522753	550632	579643	610516	643060	677367
Sealed Road Resurfacing	969339	1021437	1076372	1133756	1194675	1258907	1326634
Drainage Renewals	132673	139706	147119	154815	163017	171662	180774
Pavement Rehabilitation	584165	615556	648656	683229	719933	758634	799440
Structure Components Replacement	97971	103076	108455	113998	119932	126185	132773
Traffic Services Renewals	78504	82710	87146	91772	96688	101871	107335
Associated Improvements	96913	102077	107520	113185	119214	125568	132267
Preventative Maintenance							
Bridge Renewals							
TOTAL RENEWAL - LOCAL ROADS	2455873	2587315	2725899	2870399	3023976	3185888	3356590
<u>LOCAL ROADS CAPITAL</u>							
Bridge Replacement						394088	
TOTAL CAPITAL - LOCAL ROADS						394088	

4.3 Analysis of the impact of the procurement programmes of other approved organisations and other entities.

Stratford District Council intend advertising its Roding Network Maintenance Contract late October, early November 2010. The tenders will close mid December 2010 and the contract will be awarded in January 2011 with a commencement date of 1st July 2011.

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

Contract Area	Approved Organisation	Expected Commencement Date
Patea/Waverley	South Taranaki	1/7/2011
Egmont & Central	South Taranaki	1/10/2011
New Plymouth Rural	New Plymouth	1/11/2011

5. APPROACH TO DELIVERING THE WORK PROGRAMME

5.1 Specific strategic objectives.

The Roding activity encompasses the management, maintenance and provision of rural and urban roads, footpaths, kerb and channel, street lighting and associated infrastructure for the District excluding State Highway 43 (SH 43) and State Highway 3 (SH 3).

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

Council is a 'Road Controlling Authority' and is legally responsible for the control of its roading network. Section 317 of the Local Government Act 1974 states that all district roads shall be under the control of the relevant council.

The Roding activity goal is:

“To ensure the sustainable provision and adequate management of a roading infrastructure that meets the needs of current and future communities”

The principal objectives are:

- (a) To plan for, and forecast, the investment for the future maintenance and provision of the Roding infrastructure in perpetuity, and to anticipate growth and demand trends that may affect this level of investment.
- (b) To ensure that all roads, bridges, street lighting, footpath and traffic services meet adequate safety and service standards.
- (c) To monitor and assess the performance and compliance of the various Roding components.
- (d) To maintain an adequate management system for all matters relating to the Roding infrastructure; and
- (e) To provide for informed community consultation.

The Regional Outcomes to which the Roothing activity primarily contributes are:

- i) **Connected Taranaki** - A region that delivers accessible and integrated infrastructure, transport and communication systems, which meet the needs of residents and visitors.
- ii) **Sustainable Taranaki** - A region that appreciates its natural environment and its physical and human resources in planning, delivery and protection.
- iii) **Vibrant Taranaki** - A region that provides high quality and diverse cultural and recreational experiences, and encourages independence and creativity.

The Roothing activity contributes to the District’s social and economic well-being, and supports the following desired Community Outcomes from the Stratford District Council’s LTCCP:

- Affordable high quality core services and facilities.
- Sustainable development.
- A built environment that is attractive, safe and healthy.

5.2 The procurement approach.

5.2.1 Nature of Activities

Activity	Average Cost per Annum 2011/12-16/17 \$000	Complexity	Risk	Potential Suppliers
OPERATIONS				
Sealed Pavement Maintenance	301	Low	Low	See 4.1.1
Unsealed Pavement Maintenance	233	Low	Low	See 4.1.1
Routine Drainage Maintenance	337	Low	Low	See 4.1.1
Structures Maintenance	204	Low	Low	See 4.1.1
Environmental Maintenance	242	Low	Low	See 4.1.1
Traffic Services Maintenance	321	Low	Low	See 4.1.1
Level Crossing Warning Devices	13	Low	Low	See 4.1.1
Emergency Reinstatement	172	Low	Low	See 4.1.1
Network and Asset Mngt	373	Low	Low	See 4.1.1
Minor Improvements	413	Low	Low	See 4.1.1
SUB-TOTAL	2,609			

Activity	Average Cost per Annum 2011/12-16/17 \$000	Complexity	Risk	Potential Suppliers
RENEWALS				
Unsealed Road Metalling	612	Low	Low	See 4.1.1
Sealed Road Resurfacing	1,252	Medium	Medium	See 4.1.1
Drainage Renewals	163	Low	Low	See 4.1.1
Pavement Rehabilitation	722	Medium	Medium	See 4.1.1
Structure Components Replacement	120	Low	Low	See 4.1.1
Traffic Services Renewals	97	Low	Low	See 4.1.1
Associated Improvements	120	Low	Low	See 4.1.1
SUB-TOTAL	3,086			
TOTAL	5,695			

5.2.2 Key attributes and value for money strategy

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

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

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

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

5.2.3 Proposed delivery model(s) and supplier selection method(s)

SDC intend using the Price Quality Method (PQM) for supplier selection. This method is designed for the evaluation of tenders when the quality of the supplier is important. SDC prefer the PQM because it is simple and transparent.

5.2.4 Impact of the preferred approach on value for money, fair competition, and competitive and efficient markets

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

5.2.5 Risk identification and management

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

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

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

5.2.6 Approach to contract management.

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

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

- service delivery management
- relationship management
- contract administration

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

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

5.3 Analysis of whether advanced components, customised procurement procedures or variations to procurement rules are required and why.

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

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

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

‘Advanced’ delivery models generally apply to more complex procurement activities and require a higher level of procurement capability and experience to ensure their success. SDC have therefore decided to retain with a tried and tested procurement procedures, i.e. the Price Quality Method (PQM) for supplier selection.

SDC’s decisions and choices are consistent with its strategy, the relevant procurement procedure and rules, therefore no further approval from the NZTA should be required.

6. IMPLEMENTATION

6.2 Capability and capacity

6.1.1 The current and desired state, including current structure, roles and responsibilities within the wider organisational structure

The Roding assets will be managed in a sustainable way, delivered by a ten year programme to meet future demand and to preserve the long term service potential of the assets.

The Council will monitor its targets for Roding, and review its service through surveys and feedback, and plan for continuous improvement.

Comprehensive reviews of the Asset Management Plan (AMP) and the Road Maintenance Procurement Strategy will coincide with the preparation of subsequent LTCCPs. Any changes resulting from increased knowledge of the assets, including their operating and financial performance, will also be expressed through the Annual Plan and LTCCP process.

6.1.2 Identification of any capability or capacity gaps

The AMP contains an improvement plan which:

- Identifies and develops asset management planning processes and implementation

- Identifies and prioritises ways to cost-effectively improve the quality of the AMP
- Identifies indicative time scales, priorities and human and financial resources required to achieve asset management planning objectives

Council has also developed a programme for improving the AMP over time. The general approach to AMP improvement and monitoring is discussed in the 'Risk Management Processes and Procedures' manual. A detailed three-year improvement plan, including the assignment of responsibilities, can be found in SDC's AMP, Appendix 6 – Improvement Plan.

6.1.3 Plan to fill the gaps.

To determine the current level of asset management in the roading activity, a gap analysis assessment has been performed. The asset management business practices have been assessed relative to 'best practice' using the rating schedule detailed in the 'Risk Management Processes and Procedures Manual'.

During the next three years SDC will:

- Finalise the inputting of urban drainage data into RAMM and the AIM management systems.
- Review current risk assessments.
- Develop a formal community consultation strategy for roading issues.
- Consider the effects of climate change, develop a system for monitoring its effects and identify ways of mitigating the District's greenhouse gas emissions.

6.2 Internal procurement processes.

Council is required to follow the New Zealand Transport Agency's Procurement Manual when it engages a roading contractor, as detailed in the NZTA's Procurement Manual.

In addition, Council has its own procurement policy, which is to be followed when goods or services are being purchased. The policy can be found in the SDC Policy Manual.

6.3 Performance measurement and monitoring

6.3.1 NZTA KPIs

As per "Extract from 2006/07 Land Transport Programme Guidelines: Part 2 - Maintenance - Attachment One: Land Transport NZ's Maintenance Guidelines for Local Roads."

Retrieved from: <http://www.landtransport.govt.nz/funding/nltp/docs/maintenance-guidelines-local-roads.pdf> - September 2009.

6.3.2 SDC KPIs

a) Quantity

The affordable and effective provision of a roading network.

Performance Measures	Target				
	Base 2007/08	2009/10	2010/11	2011/12	2012-19
Progressive renewal and development of land transport network to meet current and projected motor vehicle, pedestrian and cycle needs	360.1km sealed roads 236.8km unsealed roads 152 bridges 65.9km footpaths 789 street lights 77km kerb & channel 2695 signs 2950 culverts 3 tunnels	Sealed road increases, and unsealed decreases, by 5km Footpath increases by 220m Kerb & channel increases by 500m	Sealed road increases, and unsealed decreases, by 5km Footpath increases by 220m Kerb & channel increases by 500m	Sealed road increases, and unsealed decreases, by 5km Footpath increases by 220m Kerb & channel increases by 500m	Relevant roads upgraded to meet standards required for forestry traffic Footpath increases by 220m per year Kerb & channel increases by 500m per year
	Completed: 153,500m ² reseals – 30km 10,250m ³ metal applied to unsealed roads 3km pavement rehabilitation 260km water tabling	Annual average: 150,000m ² reseals 9,000m ³ metal applied to unsealed roads 5km pavement rehabilitation 290km water tabling	Annual average: 150,000m ² reseals 9,000m ³ metal applied to unsealed roads 5km pavement rehabilitation 290km water tabling	Annual average: 150,000m ² reseals 9,000m ³ metal applied to unsealed roads 5km pavement rehabilitation 290km water tabling	Annual average: 150,000m ² reseals 9,000m ³ metal applied to unsealed roads 5km pavement rehabilitation 290km water tabling
Actual renewal expenditure versus annual provision for depreciation	Depreciation of \$1.8677m did not match capital expenditure of \$2.4802m	Renewal expenditure matches depreciation over time	Renewal expenditure matches depreciation over time	Renewal expenditure matches depreciation over time	Renewal expenditure matches depreciation over time

b) Quality

Road users experience a smooth and comfortable ride on a well-maintained and managed asset.

Performance Measures	Target				
	Base 2007/08	2009/10	2010/11	2011/12	2012-19
NAASRA roughness measurement as measured by independent consultant every two years (see section 1.4 above)	Average urban road roughness was 116.6 with 24.2% over 150	Average urban road roughness does not exceed NAASRA 120 with no more than 5% over 150	Average urban road roughness does not exceed NAASRA 120 with no more than 5% over 150	Average urban road roughness does not exceed NAASRA 120 with no more than 5% over 150	Average urban road roughness does not exceed NAASRA 120 with no more than 5% over 150
	Average rural sealed road roughness was 96.7 with 8.9% over 150	Average rural sealed road roughness does not exceed NAASRA 110 with no more than 5% over 130	Average rural sealed road roughness does not exceed NAASRA 110 with no more than 5% over 130	Average rural sealed road roughness does not exceed NAASRA 110 with no more than 5% over 130	Average rural sealed road roughness does not exceed NAASRA 110 with no more than 5% over 130
Standard of maintenance	Regular roading inspections completed, monitoring template not yet developed	Contractor performance monitoring - 'pass' rate not less than 90%	'Pass' rate not less than 90%	'Pass' rate not less than 90%	'Pass' rate not less than 90%

c) Accessibility

The needs of physically disabled and visually impaired are taken into account through regular meetings with spokespersons.

Performance Measures	Target				
	Base 2007/08	2009/10	2010/11	2011/12	2012-19
Suitability of land transport system for use by physically disabled and visually impaired	Met with mobility scooter users, amended footpath programme accordingly	All accessibility requests investigated and appropriate action taken within budget constraints	All accessibility requests investigated and appropriate action taken within budget constraints	All accessibility requests investigated and appropriate action taken within budget constraints	All accessibility requests investigated and appropriate action taken within budget constraints

d) Safety

A safe roading network.

Performance Measures	Target				
	Base 2007/08	2009/10	2010/11	2011/12	2012-19
Number of fatal and injury crashes	12 crashes	Less than 29 per year	Less than 29 per year	Less than 29 per year	Less than 29 per year
Number of fatal and injury crashes by accident cause	Average of 8.6 crashes per 2 years for the years 2003-2007	Less than the average for the previous three years for each category	Less than the average for the previous three years for each category	Less than the average for the previous three years for each category	Less than the average for the previous three years for each category
Number of accident contributing offences (including speed, drugs, alcohol, no seat belts)	Average of 4.7 offences per 2 years for the years 2003-2007	Less than the average for the previous three years for each category	Less than the average for the previous three years for each category	Less than the average for the previous three years for each category	Less than the average for the previous three years for each category
Council has up to date: Road Safety Strategy, Road Safety Action Plan, Road Safety Management Systems Policy	RSAP actions are ongoing	Documents up to date	Documents up to date	Documents up to date	Documents up to date
Proposed actions listed in Road Safety Action Plan completed	Listed actions were completed	Listed actions completed	Listed actions completed	Listed actions completed	Listed actions completed

e) Sustainability

Council's management of the network will protect the natural environment and ensure that all potential negative effects are identified and properly managed.

Performance Measures	Target				
	Base 2007/08	2009/10	2010/11	2011/12	2012-19
Consents obtained and compliance with conditions	No consents required	Consent obtained and conditions complied with throughout the year	Consent obtained and conditions complied with throughout the year	Consent obtained and conditions complied with throughout the year	Consent obtained and conditions complied with throughout the year

f) Customer Satisfaction

- i) Requests for service and complaints will be handled promptly and properly.
- ii) General public and road users satisfied with overall level of service.

Target

Performance Measures	Base 2007/08	2009/10	2010/11	2011/12	2012-19
Number of requests for service & complaints	Number of requests for service was not recorded, no written complaints received	Not more than previous year's complaints and requests, by number and type	Not more than previous year's complaints and requests, by number and type	Not more than previous year's complaints and requests, by number and type	Not more than previous year's complaints and requests, by number and type
Results of user or 'customer satisfaction' surveys (if surveyed)	The Roding activity scored 6.91 out of 10 in customer satisfaction survey	An increasing satisfaction trend	An increasing satisfaction trend	An increasing satisfaction trend	An increasing satisfaction trend

g) Costs and Funding

- i) The service will be provided at a cost that is publicly consulted on annually via the LTCCP or Annual Plan.
- ii) This activity is partly funded by financial assistance from the New Zealand Transport Agency.
- iii) Actual renewal expenditure is to be approximately the same as the annual provision for depreciation, over time, to ensure that the long term integrity of the assets is maintained.

Target

Performance Measures	Base 2007/08	2009/10	2010/11	2011/12	2012-19
Cost of service	The service was provided within budget	Service provided within budget	Service provided within budget	Service provided within budget	Service provided within budget
Receipt of financial assistance for the year from NZTA and other sources	All financial assistance was applied for	All entitled funding received	All entitled funding received	All entitled funding received	All entitled funding received

h) Emergency Roding Works

The draft LTCCP contained a budget of \$244,000 expenditure for 'ready response' emergency works resulting from weather damage. This budget line was established four years ago at a level of \$180,000, to enable repairs to be carried out.

In addition to this budget the contingency reserve has now built up again to \$500,000 from its low level of \$200,000 as a result of previously having no budget item for damage.

The table below shows the costs of emergency work that was required from 1998/99 to 2008/09. This expenditure is totally dependent upon weather conditions, which is outside of Council's control. The ratio between the Council portion and financial assistance received changes according to the amount of damage. Amounts are in \$000s.

Year	2004/05	2005/06	2006/07	2007/08	2008/09	Average
Total	238.0	194.5	130.0	73.3	330.0	177.4
SDC	111.9	93.3	63.7	35.9	151.8	66.7
NZTA	126.2	101.1	66.3	37.4	178.2	110.7
Assist %	53.0	52.0	51.0	51.0	54.0	62.4

6.4 Communication plan

Stakeholder	Issues related to this stakeholder	Communications Objectives	Activities	When	Who is Responsible
External: NZTA	SDC Planning and Funding Team required to meet reporting requirements as outlined by NZTA	To ensure NZTA are advised of SDC response as indicated in reporting requirements	Monthly and Annual report by to NZTA outlining key programme objectives, implementations and outcomes	Monthly Annually	SDC Rooding Asset Manager
External: Contractors	Tenders Contracts Administration	Programming Advertising Contract deliverables Levels of Service Financial Management	Attendance at Forums, Workshops, Seminars, Trade Fairs Invitations to tender Monthly Meetings	Meetings as per Terms of Reference for group. At planning phase of programme establishment. As and when indicated	SDC Rooding Asset Manager Engineering Business Unit
Internal: SDC & Executive Leadership Team, Planning and Funding Team	Council and Senior management endorsement of the LTCCP programme	To acquire Senior Management endorsement of the Rooding Programme within the wider context of the LTCCP	Development of Asset Management Plans Develop sustainable Rooding Programme	LTCCP every 3 years AMPs reviewed Annually Annual Plans Contracts every 5 years	CEO Operations manager SDC Rooding Asset Manager Engineering Business Unit

6.5 Implementation plan.

SDC has an Implementation Plan that outlines what the Operations Department will be delivering and when. It sets the framework for dealing with the “on time, on budget and to expectations” objective.

The Implementation Plan determines and defines the major phases of work that will be undertaken to achieve the desired objectives and the associated deliverables. It documents a logical sequence of events over time to progress the roading programme from concept to delivery. It also includes the work breakdown structure that details the related activities and tasks, responsibilities and timeline.

The Implementation Plan provides the following information:

- Project Phases
- Deliverables associated with each phase
- Major Activities for each deliverable
- Key milestones
- Who is responsible for delivery of each major activity, and
- Any dependencies.