



# Transport Procurement Strategy

## Part A - Infrastructure

**For activities funded through the National Land Transport Programme**

Effective: 19 February 2022

Review Date: by 18 Feb 2025

Contact: Business Unit Manager - Transport and Solid Waste

# Executive summary

## **Increasing investment in transport activities**

Council will spend approximately \$19M - \$27M per year on transport activities (capital/ renewals and maintenance) for the next three years, with 51% (being the current FAR rate) of this spend coming from the National Land Transport Fund (NLTF). This Transport Procurement Strategy (Strategy) has been developed to ensure Council delivers the desired outcomes with the funding and it is a requirement of Waka Kotahi.

This Strategy is an important part of the framework to secure more transport investment in future. The transport programme is forecast to grow over the next 10 years.

## **Council's Procurement Policy and Waka Kotahi Guidelines**

This Strategy is influenced by the Council's Procurement Policy, but strictly follows the Waka Kotahi Procurement Guidelines and limits.

## **Feedback on the Transport Procurement Strategy**

All relevant Council departments and stakeholder representatives were consulted prior to the approval of this Strategy by the Group Manager Infrastructure.

### **Key Issues:**

Key issues identified by this strategy include:

- a large demand for a small local supplier resource and competitive attractiveness of private works for this resource.
- several cyclic contracts are due for renewal in the 2021-24 period
- potential impacts from the 3 waters reform and other government initiatives

### **Key opportunities:**

Key opportunities identified by this strategy include:

- Improvement of service delivery through procurement by improving the planning and management lifecycles

# Recommendations

That Waka Kotahi endorses:

- Nelson City Council's Transport Procurement Strategy, effective from 19 February 2022, to be reviewed in 3 years' time, in respect to the subsidised Transport Activity 2021-24; and
- the continued use of in-house professional services in accordance with section 26 of the Land Transport Management Act 2003, with much of the scale and scope of services to be provided remaining like that presently provided

That Nelson City Council's Group Manager Infrastructure

- adopts the Nelson City Council's Transport Procurement Strategy, effective from 19 February 2022.

Responsibility for implementation and future reviews of this Strategy lies with the Manager – Transport and Solid Waste.

This Strategy is approved by the Group Manager Infrastructure.

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Alec Louverdis

Group Manager Infrastructure

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Date

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# 1. INTRODUCTION

The Nelson City Council (NCC) Transport Procurement Strategy (Strategy) is in two parts; Part A Infrastructure and Part B Public Transport Services to reflect the very different streams and markets.

Public transport has a combined procurement process with Tasman District Council (TDC).

This Strategy (Part A) outlines how Council will make efficient and effective use of National Land Transport funding for infrastructure related works. It indicates the scope and scale of upcoming projects and programmes to foster open competitive and effective markets.

Annual expenditure on transport activities funded through the National Land Transport Fund (NLTF) is between \$19 to \$27 million in 2021–24 (the NLTF share is \$7M to \$11M) Expenditure includes physical works, external consultants, staff time, contractors and service providers to deliver the programme and maintain levels of service for customers.

In the next 10 year period, the programme is forecast to grow up to \$32 million per year (with a \$14 million NLTF share) and work in the next three years is critical to set up the framework and develop the forward work programme/pipeline for this investment.

The distribution of the transport activity expenditure is shown in Figure 1 below.

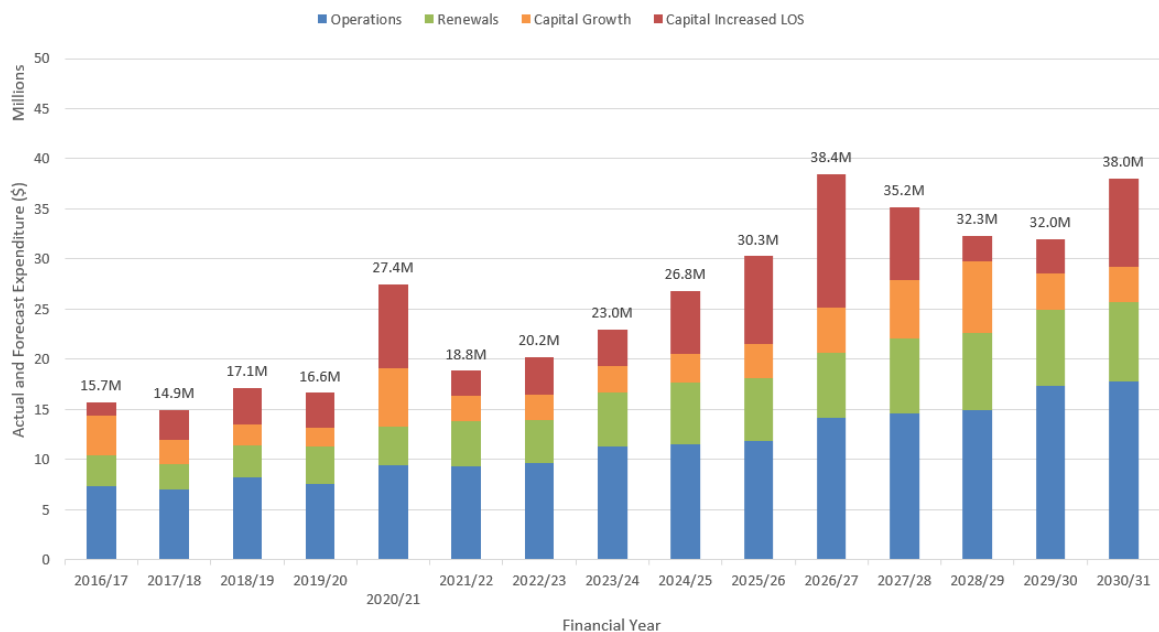


Figure 1 – Overview of 2021–2031 Forecast Expenditure

The majority of Council’s programme relates to continuous programmes (operation, maintenance, and renewals) followed by local road improvements, and improvements to walking and cycling infrastructure in the Low-Cost Low Risk (LCLR) funding category (projects <\$2M). Larger projects (>\$2M) are planned beyond year 3 as detailed in the approved Nelson Future Access Study (NFAS) business case.

The strategy has been developed in line with guidance from:

- the Ministry of Business, Innovation and Employment (MBIE) Government Procurement Rules (4th edition)
- the NZ Transport Agency Procurement Manual for activities funded through the National Land Transport Fund (5th revision)
- the Nelson City Council Procurement Policy, 2021.

It also reflects:

- procurement practice
- the Government Policy Statement on land transport 2021 (GPS 2021)
- the capacity and capability of the private sector to supply services
- changes in legislation
- procurement advice from the Road Efficiency Group (REG).

## 2. POLICY CONTEXT

### 2.1 Transport activities

As a unitary authority Nelson City Council (Council) is responsible for the delivery of a range of co-funded activities to achieve a safe, cost-effective, and efficient transport network, including:

- data collection, performance management and assessment
- sealed and unsealed roads
- footpaths, walkways, cycleways, and shared paths
- kerb & channel, and culvert, pavement, and stormwater drainage
- bridges and culverts
- retaining walls, including coastal rock protection
- road markings and signage
- traffic signals
- handrails, guardrails, sight rails and miscellaneous street furniture
- street lighting
- street and sump cleaning
- litter collection, including removal of abandoned vehicles and graffiti
- roadside vegetation management
- bus shelters, including cleaning
- road safety programmes
- traffic, walking, and cycle counting programmes
- temporary, trial and operational 'innovative streets' traffic management solutions
- emergency management and response.

Other activities include:

- network user (travel demand management) information programmes
- traffic modelling
- strategic planning, and bylaw and policy management
- coordinating other activities within the road corridor
- drainage, walking and cycle facility maintenance, renewal and vegetation control on state highways as required by the NCC/Waka Kotahi Boundary Agreement
- road safety promotion in conjunction with TDC, Marlborough District Council (MDC) and Waka Kotahi
- implementation of Road Controlling Authority responsibilities under the Land Transport Management Act 2003 (including preparation of a regional land transport plan every six years and adoption of a regional public transport plan).

Public Transport and Total Mobility procurement is covered separately in the Transport Procurement Strategy Part B Public Transport.

In addition to the activities listed above (which are subsidised by Waka Kotahi) we are responsible for delivering unsubsidised activities that include the city's road corridor, City Centre redevelopment, street trees, street gardens, some stormwater drainage and retaining walls and some streetlights .

## Interaction with other documentation

The Waka Kotahi and Council planning and funding frameworks are both reflected in this Procurement Strategy, as illustrated in Figure 2 below.

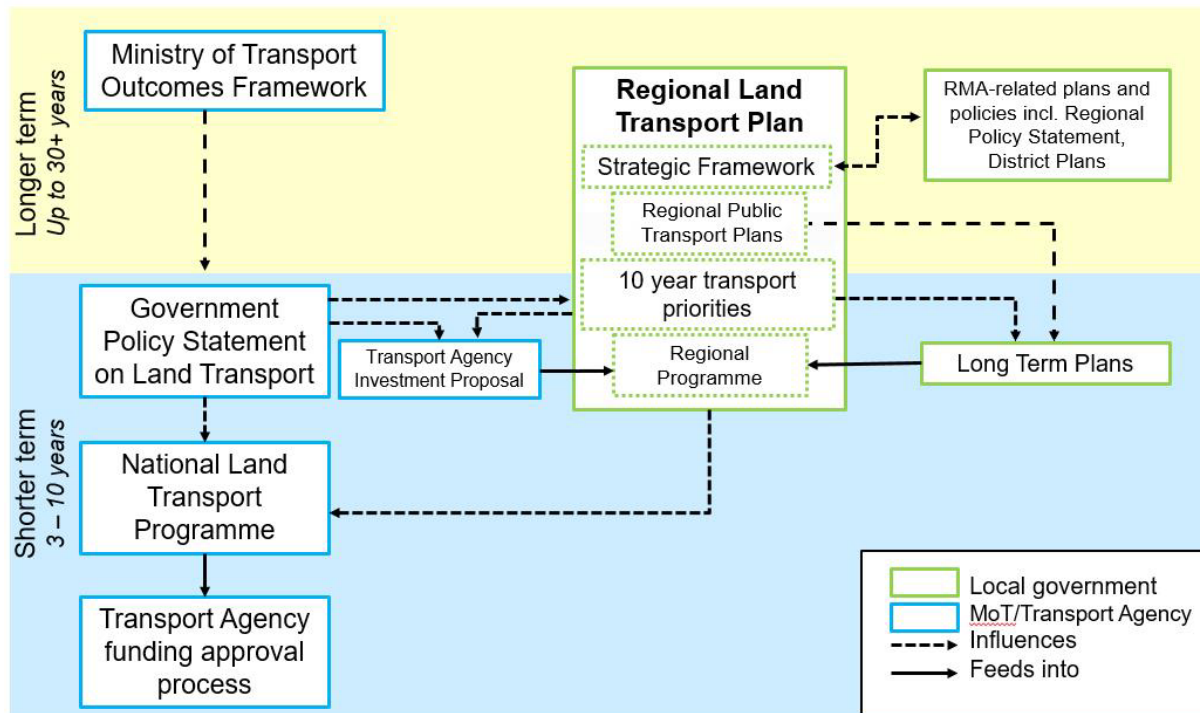


Figure 2 – Interaction between planning and funding frameworks

## 2.2 Waka Kotahi procurement objectives

- Plan and manage for great results, including setting up a robust forward works plan that stakeholders can access to understand procurement efficiencies and demands.
- Provide staff with direction to make good procurement decisions.
- Streamline delivery of procurement opportunities to the market and ensure fair and equitable opportunities for all suppliers and contractors.
- Achieve **value for money** by providing a well maintained, safe and efficient transport network at lowest whole of life cost.
- Have **competitive and efficient markets**.
- Ensure that our procurement processes foster and maintain a competitive local supply environment.
- Have **fair competition among suppliers**.
- Be fair to all suppliers.
- Get the right supplier.
- Get the best deal for everyone.
- Foster good health and safety practices.
- Play by the rules.



## 2.3 Council's Transport Procurement Strategy outcomes

- Foster good asset management and planning practices for efficient delivery of transport outcomes and levels of services.
- To enable in-house professional services to deliver programmes through effective asset, project, contract and financial management.
- To provide staff with direction on making good procurement decisions.
- To support effective and efficient procedures for the procurement and management of physical works, professional services, planning and advice.
- To provide a well maintained and efficient transport network at lowest whole of life cost.
- To demonstrate that the procurement approach meets the requirements of the Land Transport Management Act 2003.
- To ensure that our procurement processes are aligned with the requirements as a Person Conducting a Business or Undertaking (PCBU) under the Health and Safety at Work Act 2015.
- To ensure procurement processes foster and maintain a competitive supply environment.

This strategy is also aligned with Council's community outcomes related to protection of the natural environment, cost-effective infrastructure, and the fostering of partnerships.



## 2.4 Council's Procurement Policy

- Ensure Council gets the best public value and benefit over the lifetime of the goods and services.
- Make sure everyone involved in purchasing and contracting acts responsibly, lawfully, and with integrity.
- Ensure procurement decisions seek broader outcomes aligned with Council's responsibility to promote the social, economic, environmental, and cultural wellbeing of our communities, in the present and for the future, as specified in the Local Government Act 2002.
- Ensure purchasing decisions are guided by the underlying principle of minimising greenhouse gas emissions, to comply with emissions reduction targets prescribed by Council, or in the absence of a Council target, as prescribed by the Climate Change Response Act 2002.
- Get the right suppliers who can deliver what we need, at a fair price and on time.
- Create competition and encourage capable suppliers to work with Council.
- Make it easy for all suppliers to do business with Council.
- Ensure relevant stakeholders are appropriately involved in procurement and contract management outcomes.
- Make sure the procurement effort is in proportion to the size, complexity, and risks associated with the goods and services.

## 2.5 Council's Delegations Policy

This policy defines the framework under which Council officers must operate to ensure that appropriate approvals are obtained before proceeding with any procurement or contract.

## 2.6 Fair Competition

Council's Business Improvement team oversees procurement activities to ensure a fair and consistent processes are being followed. This includes using standardised documentation, auditing, and use of GETS for open tenders.

Council weights attribute scoring to favour suppliers with offices in the Nelson/Tasman region if appropriate for the project. This assumes skills and resources have been identified as available in the local market. Encouraging permanent establishment in Nelson and the wider region (Tasman) supports and builds the local marketplace adding to and strengthening the local economy. This does not however preclude external suppliers and procurement through GETS invites that and promotes, where necessary, wider competition.

## 2.7 Health and Safety/Wellbeing

Health and Safety are considered in every step of procurement. This includes:

- Living wages, for Contractors and suppliers, including subcontractors and temporary personnel. This is included in tender evaluation processes.
- Suitable lead and construction periods to minimise time pressures.
- Early Contractor engagement to ensure buildable solutions, and less stress.
- Appropriate risk apportionment, communication, and management of risks.
- Right sized teams.
- Good communication throughout the supply chain. This ranges from correct materials selection, delivery and storage, traffic control, public interfaces and learning and improvement opportunities.

- Safety audits throughout the procurement process, ranging from Road Safety Audits to ensure safe design outcomes, Safety in Design audits where ongoing maintenance factors influence decision making, compliance with Code of Practice for Temporary Traffic Management and safe worksite observations.
- Skills training and supervision.
- Contract exit evaluations to consider performance and learning opportunities for Council and Suppliers.

## 2.8 Sustainability

Sustainability is a key community outcome. Sustainability practices are assessed through tender evaluations and exit evaluations. Evaluations are used to inform future procurement activities. Questions include:

- Organisational commitment towards greenhouse gas reduction
- Plans and processes towards reduction in environmental pollution
- Plans and processes towards reduction in waste, and developing reuse opportunities

## 2.9 Intervention hierarchy

Council uses the intervention hierarchy (shown in Figure 3 below ) to guide it's physical works improvement programme. This enables Council to integrate environmental outcomes, climate change, the changing transport scene and value for money into the procurement Strategy.

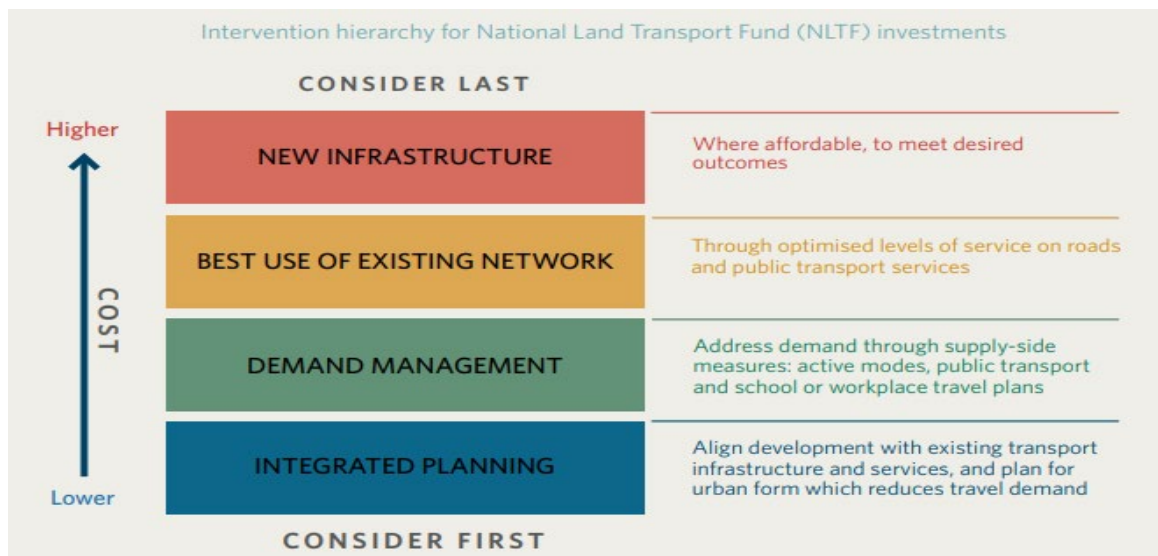


Figure 3 – Intervention Hierarchy for National Land Transport Fund (NLTF) Investments

This hierarchy also guides the strategic direction of the Transport Activity Management Plan 2021 (AMP). The first three years of the AMP focuses on a planning framework and forward works plan so that procurement in future years can be efficient and successful for all stakeholders. The benefit of prioritising strategic planning is shown in Figure 4 below and supports the Government Procurement Rules by using the planning and management, not just the tendering process, to deliver good procurement outcomes.

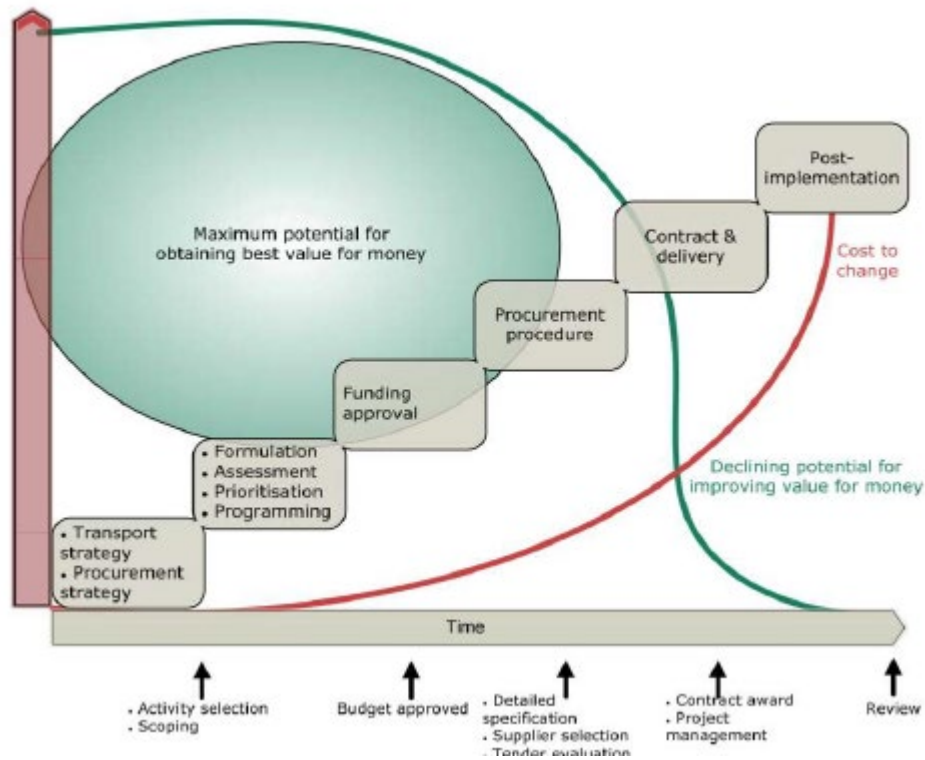


Figure 4 – Maximum Potential for Obtaining Best Value for Money

## 2.10 Forward works programme

Developing and maintaining a robust forward works programme (FWP) will deliver the strategic approach outlined in the TAMP 2021. The FWP will be in its infancy in 2021/22 but should be well developed by 2024/25 for ongoing management.

A robust FWP can also be used to understand and manage effects of any speeding up or slowing down of the FWP to address market forces, including funding constraints, and increased or decreased private investment programmes.

### 3. THE PROCUREMENT ENVIRONMENT – DEMAND and SUPPLY

#### 3.1 Demand

Nelson and Richmond are a single urban growth area, and this combined growth (particularly in Richmond) continues to affect Nelson’s transport network by generating increasing demand for transport activities. Waka Kotahi in conjunction with the NCC, has developed the NFAS in response to this traffic growth. The overall NFAS detailed business case has been approved by the Waka Kotahi Board in December 2021, but specific projects still require approval by the Board and will then added to the local procurement programme.

Other issues which affect transport procurement include:

- evolving technology
- increasing demand for active transport options
- urban amenity factors
- the need for climate change mitigation and adaptation
- the need to reduce carbon emissions, energy use and waste production
- Increased requirements under COPTTM & the Health and Safety at Work Act 2015.

#### Council’s current transport expenditure

Council’s current expenditure profile is shown in Figure 5 below. The maintenance, operation and renewal budgets were increased in the 2018–21 period to address the renewals backlogs identified in the 2018 TAMP.

A large programme of planned minor works for 2018–21 was delayed, resulting in a large delivery programme in 2021/22. It was valuable to be able to inject a large workload into the contracting market during the COVID-19 response period.

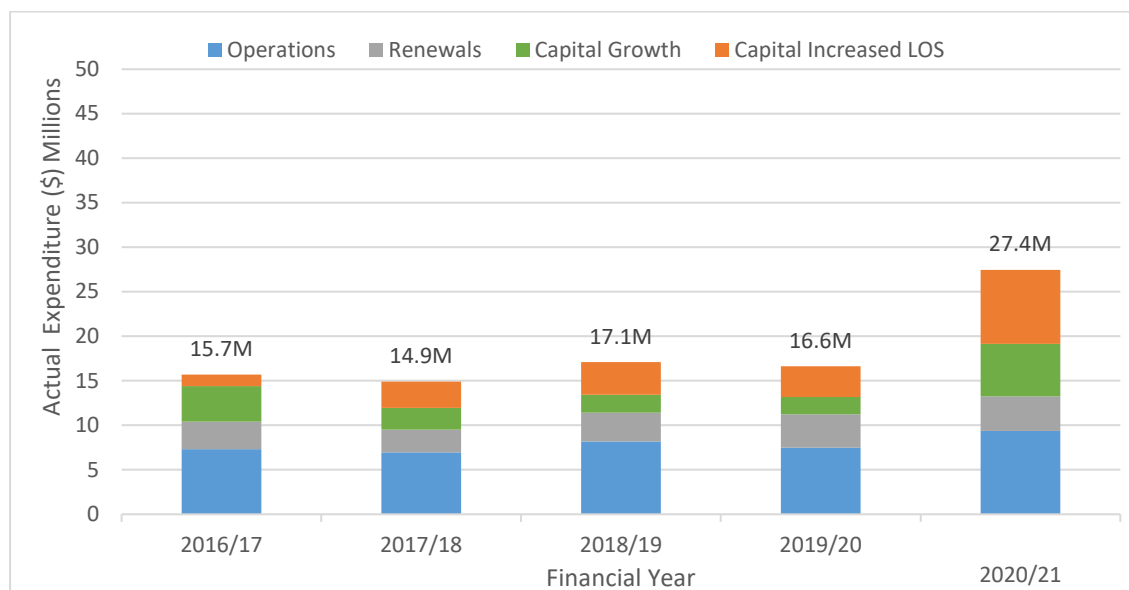


Figure 5 – Historical Transport Spend Profile (includes subsidised and unsubsidised work)

## Council’s future infrastructure programme

NCC’s complete infrastructure programme is projected to grow during the next 10 year period, as shown in Figure 6 below. A significant portion of this is due to increased transport spending, although large sewer, stormwater and water utility renewal programmes are also planned within the roading corridor. The Council’s own procurement demands will affect the ability of contractors to resource all works. For this reason, the utilities programme is being loaded into the forward works programme for transport, so that programmes can be coordinated to give the best community, contracting, and value for money outcomes.

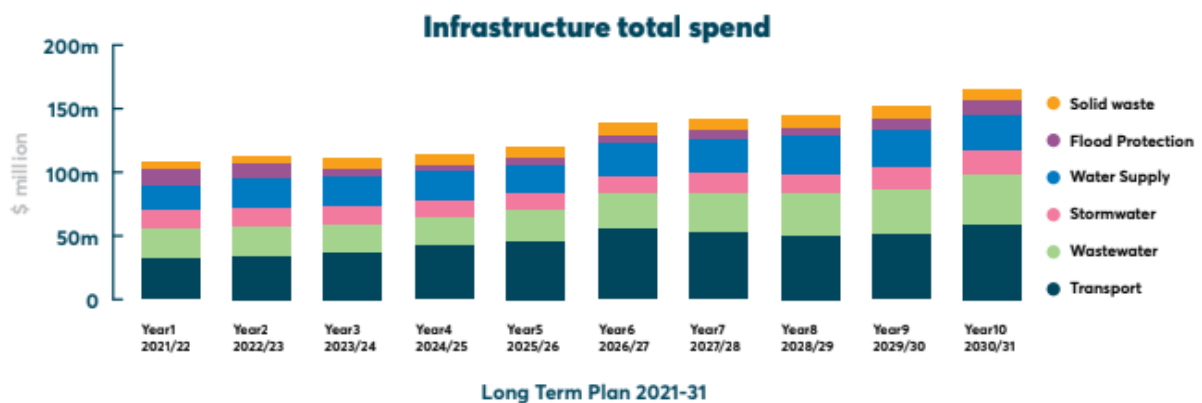


Figure 6 – Nelson City Council Infrastructure Expenditure Profile 2021–2031

## Tasman District Council programme

Tasman District Council (TDC) is experiencing high residential growth which is expected to result in a large transport programme in the next 10 years. Ongoing coordination with TDC is required to ensure best value for money from an informed and even delivery of procurement opportunities. TDC’s transport and overall infrastructure expenditure is shown in Figures 7 and 8 below.

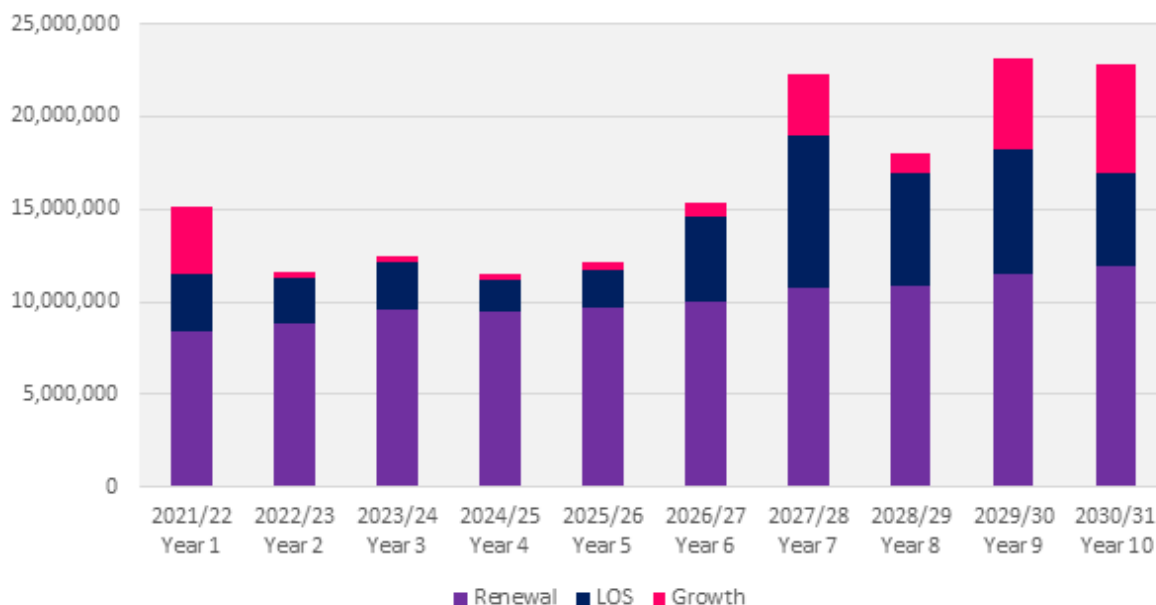


Figure 7 – Tasman District Council Transport Expenditure Projections 2021–2031

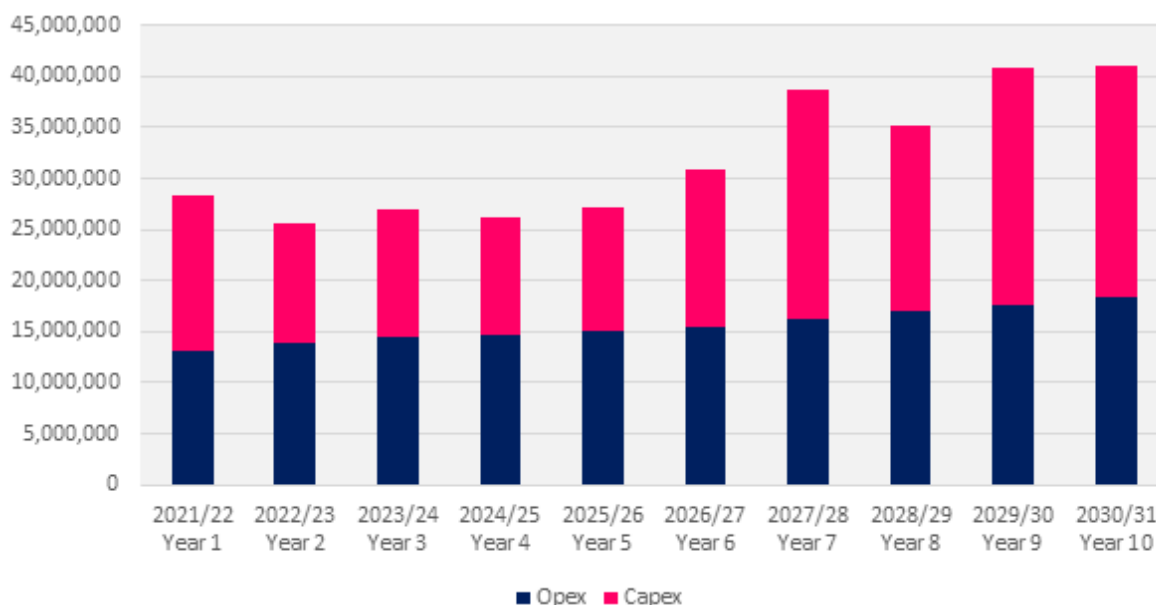


Figure 8 – TDC Infrastructure Expenditure Profile 2021–2031

### Waka Kotahi programme

Waka Kotahi has approved the overall NFAS Business Case in partnership with NCC. The Business Case recommendations include a state highway improvement programme. This activity will increase demands for suppliers and contractors in the region.

A budget of \$30M over the 2021–31 period has been included in the Long Term Plan and Regional Land Transport Plan for local road improvements. The scope of the state

highway and local road programmes, within and beyond the next 10 year period, will be reflected in the 2024 Strategy.

### Port, Airport and Hospital programmes

The Nelson Airport rebuild and car park development was completed in 2019/20. Port redevelopment is ongoing, but is not expected to affect the transport procurement market. The programme has not yet been released for the hospital redevelopment so is not expected to affect the 2021–24 period. However, it is likely that it will affect local supplier resources in the next 3–10 years.

### Private development

As shown in Figure 9 below, the Nelson–Tasman building market is expected to remain strong until 2022, after which forecasting confidence become less reliable. This graph excludes private civil construction projects because the data is not available. It is expected that the private sector, especially the civil construction (which affects the regions procurement) to remain strong beyond 2022 because of the known greenfield subdivision developments in progress. Building sector markets could affect pricing and delivery of a central city bus interchange. All markets could also be affected by government housing acceleration funding (under a contestable process run by Kainga Ora in 2021), which could help progress infrastructure and transport upgrades, but redirect resources away from the NLTF programme.

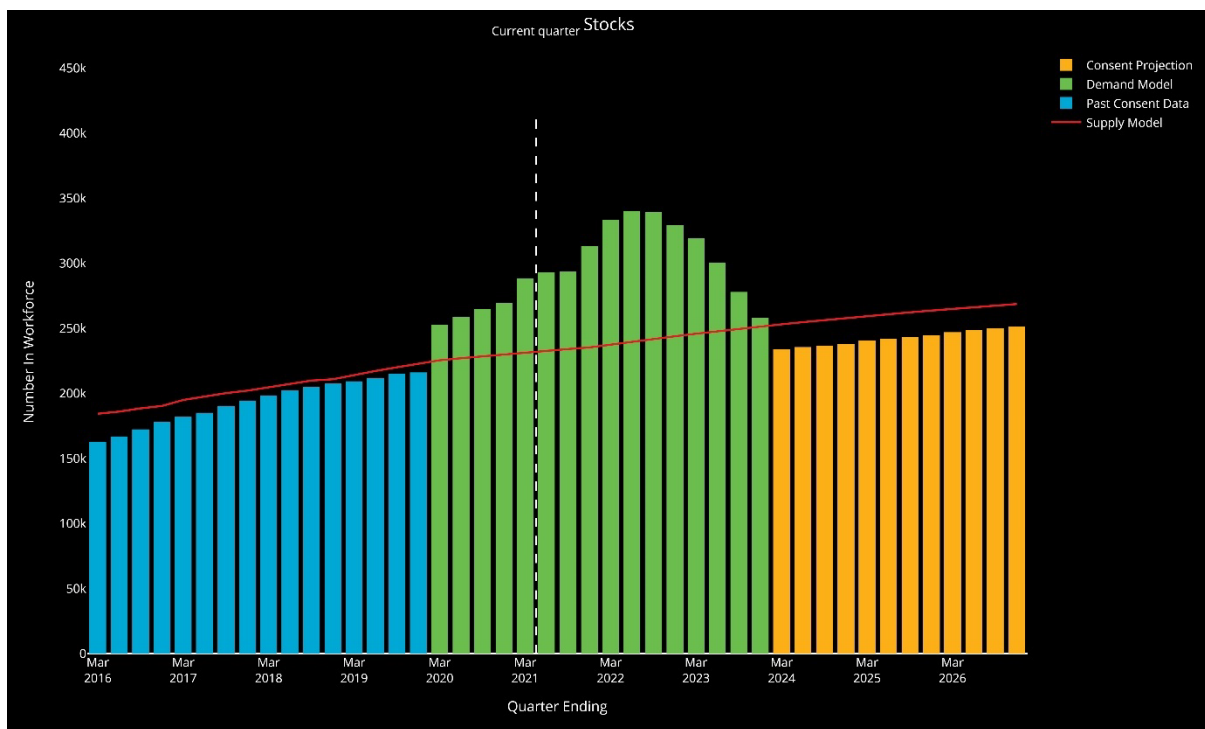


Figure 9 – Building Industry Labour Forces (source WIP)

Infill developments are typically smaller civil infrastructure commitments so don't affect Council's procurement processes. However, Council's commitments to improved urban amenity could lead to greater collaboration, and procurement opportunities, in future.

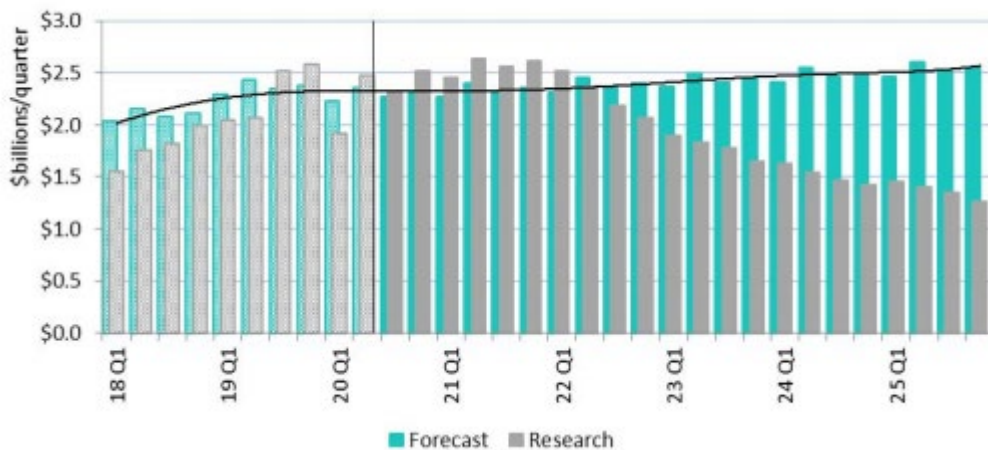


## 3.2 Supply

### The national market

National construction of infrastructure is expected to steadily increase year on year throughout the forecast period until 2025, as shown in Figure 10 below. This affects Council procurement because of the need to use national contractors for road maintenance, supplies, professional services, and planning and advice.

The Nelson packages of work will need to be well planned for efficient and effective delivery to attract resources, contractors, labour force and suppliers to complete in the current environment.



Forecast refers to forecast data from BRANZ Research refers to construction project intentions data provided from Pacificon. Actuals are the actual values or activity from official statistics.

Figure 10 – National Infrastructure Activity (Source: MBIE National Construction Pipeline 2020)

Figure 11 below shows that on a national basis, local government intends to increase infrastructure spending in 2021, and that this will taper off by 2025. Private spending could decline at an even greater rate. These trends could benefit the Nelson programme beyond 2025 due to improved availability of skilled personnel.

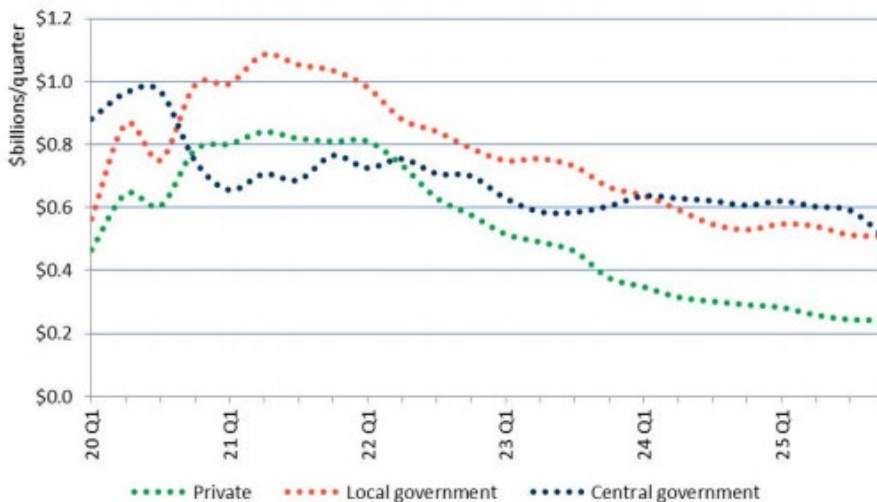


Figure 11 – Infrastructure Project Intentions by Project Initiator and Start Date (Source: MBIE National Construction Pipeline 2020)

## Regional markets

Construction activity is likely to increase in Auckland and Waikato, and to decrease in Wellington and Christchurch, as shown in Figure 12.

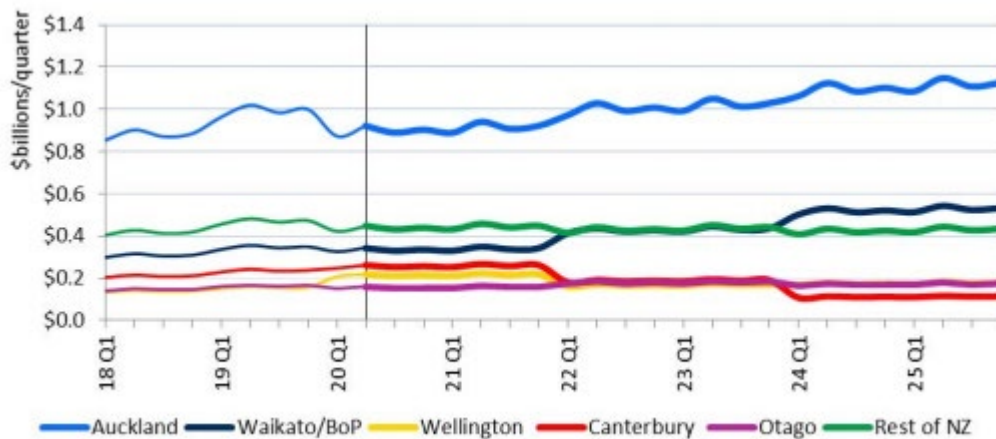


Figure 12 – Value of Infrastructure Activity by Region (Source: MBIE National Construction Pipeline 2020)

Changes in construction activity in Auckland, Waikato and Wellington are unlikely to affect the Nelson market, due to the geographic separation and scale of the markets. However, supply issues with imported materials (such as traffic signal components, streetlights, cables, and stormwater pipes) already affect the local market, and frequently require long lead in times.

Nelson is already experiencing an increase in subcontractors relocating to Nelson from Christchurch to seek new work opportunities, and this trend is expected to continue if the Canterbury market continues to reduce. This will help Nelson's construction market in areas where Nelson currently has labour shortages.

## The local market

The local contracting market has a limited supply of skilled labour, which can affect transport contracts. Since 2018 there has been a low level of interest in physical works tenders and low competition between suppliers in the Nelson market, as the private market has been more attractive. This issue was addressed in 2020 by pre-qualification of contractors as part of the COVID-19 response. The pre-qualification system was supported by the Nelson-Marlborough branch of Civil Contractors NZ as it reduces tendering costs and commitment, and increases early contractor involvement in good, constructable and innovative solutions.

## 3 Waters Reform

Changes to the way sewer, water and stormwater are to be managed could affect planning and delivery of transport services. However, the extent of the changes and impact are not yet certain. These could affect flood protection, secondary flow path management, gravel clearance from rivers and streams, sump to stormwater system management, forward works planning co-ordination and the management of the stock effluent facilities

### 3.3 About the Suppliers

Nelson has sufficient rock and quarry supplies to meet current demand. Cement for concrete has been in low supply since COVID. Quantities available have been reduced by approximately 50%, and reduced supply is likely to continue. The future effect of carbon reduction plans on these industries has not yet been taken into account.

Manufactured materials are subject to national supply and demand forces, which can result in long delays in delivery times that need to be factored in to procurement planning.

Council have already been advised of price increases for streetlight poles and lanterns. The budgets are fixed for 2021–24 so price increases during this time will result in reduced programme delivery.

#### Supplier relationships

The Nelson/Tasman region has a small civil construction resource pool, and Council staff have a good understanding of the track records and competencies of all the local contractors and consultants. Pre-engagement with contractors will be required during the review of the road maintenance contract to ensure effective delivery and best value for money for both the community and contracting parties.

Council has an excellent relationship with the Nelson-Marlborough branch of Civil Contractors NZ. Council has developed strong relationships through early engagement with contractors related to physical works designs by holding pre-tendering meetings and will continue with this approach. Council is also making a step change in data improvement and forward works programming in the next three years, with the aim of a more informed programme. This is expected to enhance the relationship between supplier contractors and the road maintenance contractor.

Council's Procurement Policy includes a preferences for use of local suppliers where Council's need for skills, experience, and availability can be met. However, Council needs to secure external expertise from use out of town suppliers for the likes of :

- for planning and advice services in order to access specialist input. That's because transport is a nationally consistent asset/activity where the local demand is too small to support such specialists.
- major contractors bring in resources as required for large pavement and surfacing works.
- supply of materials, especially electrical
- tendered construction works, especially large scale and/or specialised methodologies; either as the main contractor or subcontracting to local suppliers

Council and the local community also benefit from the skills and experience these specialists have gained from working for other cities.

Council uses its Council Controlled Organisation (CCO) for utility and green space infrastructure works. This CCO has substantial contracts for delivery of utilities and parks activities, which are linked to the subsidised transport activity stock effluent facility operation, and occasionally elsewhere (typically drainage and structure maintenance, gravel clearing, operation and renewal). The ongoing nature of this relationship is uncertain with the 3 waters reform.

## 4. DELIVERY MODELS

### 4.1 Delivery Model Options

The delivery models proposed in the 2021-24 period are:

**Staged** – Project staging may include separate investigation, design and construction, and maintenance works, and the stages may overlap for accelerated delivery. A high level of Council involvement is maintained throughout the stages.

**Design & build** – A design & build delivery model uses a single supplier to complete all detailed design and construction. This usually involves a lump sum price arrangement, and more risk is accepted by the supplier (but not necessarily). This option has been used for the resale programme and (more recently) for new footbridges.

**Supplier panel** – The Supplier panel model uses a two-stage process of appointing suppliers to the panel, and then allocating work to panel members. Tasks may be allocated to a preferred panel member by direct appointment or through a competitive process involving two or more panel members. This model enables Council as the purchaser to appoint a range of suppliers who, as a panel, offer the best combination of skills and experience required to deliver the outputs. This does not imply an exclusive arrangement between the purchaser and the panel. In some cases, the purchaser may engage suppliers who are not panel members to deliver similar outputs.

**Other Models** – any alternative delivery models require prior written approval from Councils Senior leadership Team and Waka Kotahi Procurement specialists.

### 4.2 Nelson's Delivery Models

Nelson has traditionally used staged and the design & build delivery models. Tasman District Council also uses pre-qualification for construction works, so this model is familiar to the local contracting industry, and will be considered for Nelson for the future.

The Professional Services Panel will be discontinued in favour of direct appointment for staged works less than \$100k, and competitive tendering larger projects.

Design & build models are included in maintenance contracts for discipline-specific maintenance, renewal, and improvement solutions, and occasionally for specific minor project works. The success of recent footbridge projects using the design & build model means this approach will continue to be considered for suitable projects. This offers an opportunity for smaller, local consulting engineers and surveyors to gain work.

Figure 13 below which shows where stakeholders' services intersect with Council's procurement activities. The gaps indicate where there may be opportunities for smaller contractors, consultants and surveyors to participate in Council's procurement programme:

- Better use of the \$100,000 for direct appointment threshold
- Better use of the \$200,000, closed tender appointment threshold.

Planning and reporting on the maintenance contract are undertaken in RAMM, which makes this a good platform for the forward works programme (FWP). Council is investigating the use of automated dispatches to improve procurement efficiencies.

High degree of change in the community High risk Specialisation Multiple asset types and/or services affected									Staged
Low degree of change in the community Low risk Low complexity Few asset types and/or services involved									Design and Build/Staged
Renewal like for like Routine operations									Design and Build
Routine Maintenance									
	Maintenance Contractors	In House Design	Physical Works Contractors	Suppliers	Specialist Advise	Minor Professional Services	Professional Services		

Typical involvement
  Possible opportunity

Figure 13 – Procurement Stakeholders

## 5. THE PROCUREMENT PROGRAMME

Cyclic Contracts										
	Procurement Procedure	Type	Existing Contract start date	Existing Contract Duration	Planned Tender Release Date	New Contract Start Date	Duration	Supplier Selection Method	Likely Contract Format Anticipated Value	Details
Electrical Maintenance	Infrastructure	Staged/ Design and Build	July 2016	3+1+1+1	March 2022	Sept 2022	5 years	Request for Proposal via GETS Price Quality Attributes	NZS3917:2013 800,000/year	Contract includes streetlights, electronic signs and traffic signals maintenance and renewals, and minor improvement works. There has historically been one tenderer for this contract. There is increasing potential for innovation through smart technology, LED and solar. Section 17a review, and market survey have been carried out and recommend keeping this contract, with ongoing Council staff supervision and governance TDC and Waka Kotahi have interests in this contract.
Electrical maintenance	Infrastructure	Staged	N/A	N/A	N/A	1 July 2022	3months	Direct appointment	Services agreement, <\$100,000	Direct appointment of safety and operational callouts between electrical maintenance contracts
Road Maintenance and Surfacing	Infrastructure	Staged/ Design and Build	1 July 2019	3+1+1	Mar-22	Sept 22	4y10m+2y+1y	ROI then Tender via GETS Price Quality Attributes	NZS3917:2013 \$3,000,000 year	Includes maintenance of pavement, drainage, footpath, cycleway bus shelters, emergency works, . Includes resurfacing renewals and pre-seal repairs. May include improvement works when these specifically fit the scope of the maintenance or resurfacing programme. A ROI has been advertised to determine market interest and availability for this contract. Section 17a review, has been carried out and recommends splitting this contract (removing line marking, street sweeping and footpath and drainage renewals) with ongoing Council staff supervision and governance.

Road maintenance	Infrastructure	Staged	N/A	N/A	N/A	1 July 2022	2 months	Direct appointment	Services contract or NOC	Safety and urgent service request responses only to cover the gap between maintenance contracts
Line marking	Infrastructure	Staged	N/A	N/A	Apr -22	Oct 22	3 +1+ 1	Request for Tender via GETS Price Quality Attributes	NZS3917:2013 \$220,000 year	Maintenance and renewal of road and carpark line marking. Includes new markings as required. This is being separated from the Road Maintenance contract.
Street sweeping	Infrastructure	Staged	N/A	N/A	Apr-22	Sept 22	2 + 2	Request for Tender via GETS Price Quality Attributes	NZS3917:2013 \$500,000 year	Street sweeping, and sump cleaning of local roads and the state highway in the urban area. Includes footpath and seat cleaning in the city centre. This is being separated from the Road Maintenance contract.
Footpath, Drainage and Minor Works	Infrastructure	Staged	N/A	N/A	May-22	Oct 22	2 + 3	Request for Tender via GETS Price Quality Attributes	NZS3910 Est \$1,500,000 year	Footpath and drainage renewals and similar minor works projects. This is being separated from the Road Maintenance contract.
Aniseed Valley Road	Infrastructure	Staged	N/A	N/A	N/A	1 July 2022	annually	Direct Appointment	NZS3917:2013 <\$100,000 year	Direct appointment to the TDC Road Maintenance contractor is proposed because this 4.5km section of unsealed rural road is separated from the Nelson network by 17km of TDC roads
Structure Maintenance	Infrastructure	Staged	N/A	N/A	May 22	Oct 22	1 year	Direct Appoint	NZS 3910 <\$100,000/year	Direct appointment of structure maintenance and renewal sites up to \$100,000/year. Work includes minor structure specific repairs. Tendering of further contracts is being reviewed.

Laser beam testing	Infrastructure	Staged/ Design and Build	N/A	N/A	N/A	N/A	Annual	Direct appointment	Services Contract \$15,000 initial purchase Est \$5,000/year thereafter	Direct appointment to materials testing laboratory.
Professional services panel	Infrastructure/ Planning and Advice	Staged	Sept 2018	3+1+1+1+ 1+1	-	-	-	-	-	This professional services panel will be discontinued.
Professional Services	Infrastructure/ Planning and Advice	Staged	N/A	N/A	N/A	As required	As required	Direct appointment	Services contract/s <\$100,000 per project	Consulting advice/designs will be directly appointed to appropriate consultants as required, when the quantum of the contract will not exceed \$100k
Road and footpath rating surveys	Planning and Advice	Staged	N/A	N/A	N/A	N/A	1year	Direct appointment	Services Contract \$70,000/year	Direct appointment is preferred. Extended contract is not preferred while Waka Kotahi is investigating future national options for rating data capture.
Road condition assessments	Planning and Advice	Staged	Apr 2021	2years	N/A	N/A	2023- 24	Direct Appointment	Services Contract \$50,000	Limited survey, including Scrim via Waka Kotahi contractor
					N/A	N/A	2022-23	Direct Appointment	Services Contract \$70,000/year	One tender was received for the pavement condition surveys. There is provision in the contract for pavements advice. Extended contract is not preferred while Waka Kotahi is investigating future national options for rating data capture.



Travel demand management and Road Safety Promotion	Planning and Advice	Staged	varies	varies	N/A	July 2021	1 years	Direct appointment	Services Contract \$100,000	Delivery of cycle skills training as well as schools and workplace travel planning and similar TDM initiatives. Joint initiatives with TDC.
Travel demand management and Road safety Promotion	Planning and Advice	Staged	July 2021	1 Year	Feb 2022	July 2022	1+1 years	Request for Proposal via GETS Price Quality Attributes	Services Contract \$130,000/year	Delivery of cycle skills training as well as schools and workplace travel planning and similar TDM initiatives. Joint initiatives with TDC.
Travel Demand Management and Road safety promotion	Planning and Advice	Staged	varies	varies	varies	varies	1-3 years	Direct Appointment	Services Contracts Less than \$100,000 per contract	Small contracts with specialist markets
Stock effluent facility and occasional other work	Infrastructure	Staged/ Design and Build			Jan 2023 (TBC)	July 2023 (TBC)	3+1+1	N/A	NZS3917:2013 \$37,000/year	Currently undertaken through the Council's utilities maintenance contract. New separate contract may be required to separate this work from the effects of the 3 waters reform. Could result in a capital component to replace alarm system or services only to supply and maintain a monitoring system.
Roadside vegetation maintenance	Infrastructure	Staged/ Design and Build	2010	3+1+1	TBC	TBC	TBC	Request for Proposal via GETS Price Quality Attributes	TBC \$180,000/year	Currently an ongoing contract. This may be reviewed and released to tender in 2022/23. Section 17a review underway to determine future contract scope and timing. This contract includes roadside mowing. Street trees and gardens are maintained as unsubsidised activities through Councils Open Spaces contract.

Traffic counting	Planning and advice	Staged	Nov2018	5(+5 TBC)	Jan 23	Nov 23	5 years	Request for Proposal via GETS Price Quality Attributes	Services Contract 150,000/year	<p>Routine traffic counts, pedestrian and cycle counts and intersection turning movement counts, vehicle occupancy, parking occupancy and bespoke counts for site specific situations.</p> <p>Waka Kotahi and NCC approval required before extending existing contract beyond 5years which will determine new tender and contract dates.</p> <p>Section 17a review required prior to next tender to assess contract scope, including new technologies and redesign of programme to get best value from the counting effort.</p>
Electronic signs data collection	Infrastructure	Staged/ Design and Build	2012	ongoing	Est March 2023	Est July 2023	TBC	Request for Proposal via GETS Price Quality Attributes	Services Contract Est \$10,000/year	<p>Web service for data collection from school speed signs for Police to access, if required.</p> <p>Current provisions to remain in place until planned renewal of all school speed signs in approx. 2023/24. Requirements to be determined with the school signs renewal project to align telemetry and data infrastructure provisions.</p>

**SITE SPECIFIC CONTRACTS**

	Procurement Procedure	Type	Planned Tender Release Date	New Contract Start Date	Duration	Supplier Selection Method	Likely Contract Format	Anticipated Value	Details
Pavement rehabilitation	Infrastructure	Staged/Design and Build	est Aug-24	est Feb-25	TBC	Request for Proposal via GETS Price Quality Attributes	NZS3910	TBC	Scope to be confirmed on completion of pavement investigations.  Road pavement rehabilitation contract/s, separate from road maintenance, will allow better planning for design and build or staged delivery, as well as Utility coordination, depending on the site. This change will take effect from 2022/23.
Poleford Bridge maintenance	Infrastructure	Staged	Apr-23	Jul-23	3 months	Closed competitive RFP via GETS Price Quality Attributes	NZS3910	\$130,000	Health and safety risks associated with working above the river to undertake maintenance and structural assessment works. Maybe combined with a Structures Maintenance contract if progressed, or direct appointment of stages (professional services/construction) if proven to be below \$100k each.

Trafalgar Centre footbridge	Infrastructure	Staged	Jul-22	Oct-22	6 months	Request for Proposal via GETS Price Quality Attributes	NZS3910	535,000	Replacement of a walk and cycle bridge beams and deck. Multiple services to be accommodated in the new bridge design, elevating risk, and complexity.
Nelson Future Access Study	Infrastructure	Staged	N/A	N/A	1 year	Direct Appointment	Direct Appointment	<\$100,000	Project manager to transition Nelson Future Access Study to Council to progress.
Railway Reserve to Hospital cycle connection	Infrastructure	Staged	N/A	N/A	2 years	Closed contest via Professional Services Panel	Professional services panel contract	<\$200,000	Project scope is within the Nelson Future Access Study. Business case yet to be approved.
Railway Reserve to Hospital cycle connection	Infrastructure	Staged	Nov-22	Mar-23	1 year	Request for Proposal via GETS Price Quality Attributes	NZS 3910	Ext \$3,000,000	Project scope is within the Nelson Future Access Study. Business case, and funding yet to be approved.
Minor improvements	Infrastructure	Staged/Design and Build	Apr-22	Aug-22	2 years	Request for Proposal via GETS Price Quality Attributes	NZS3910	est \$1,000,000	Minor improvement works at various sites.
Electronic School signs	Infrastructure	Staged	N/A	July 23	TBC	Request for Proposal via GETS Price Quality Attributes	Services Contract	Est \$300,000	Replacement of existing electronic signs at school speed zones, and addition of 2 new sites. Could be tendered as a supply, install and ongoing operation and maintenance contract – yet to be confirmed.
Konini Street traffic calming	Infrastructure	Staged	N/A	N/A	4 years	Direct appointment	Services Contract	<\$100,000	Direct appointment of walking and cycling facilities design to the existing consultant (involved in the design of utilities).
Konini Street	Infrastructure	Staged	Feb-23	Jul-23	1 year	Request for Proposal via GETS Price Quality Attributes	NZS3910	Est \$350,000	The traffic calming design will be included in the comprehensive stormwater upgrade planned for Konini Street. Physical works will be

									tendered with the Utility upgrade contract.
Franklyn Street intersection improvements (design and MSQA)	Infrastructure	Staged/Design and Build	Apr -22	Jul-22	8 months	Closed contest through Professional Services Panel	Services Contract	<\$200,000	Alternatively consider design and build physical works contract for signals to maximise specialist input and accelerate delivery of a Road to Zero safety improvement.
Franklyn Street intersection improvements (construction)	Infrastructure	Staged/Design and Build	Mar-23	Jul-23	8 months	Request for Proposal via GETS Price Quality Attributes	NZS3910	\$1,000,000	Project expected to include traffic signals installation.
Washington Road walking and cycling project	Infrastructure	Staged	N/A	N/A	Est 1 years	Direct Appointment	Services Contract	\$100,000	Concept design of walking and cycling facilities between Hastings Street and Mt Vernon Place to coordinate with utilities design  Utility upgrade design completion, and upgrades to the levels of service are to be incorporated in the reinstatement plans. This may involve some manipulation of the Utility design. The existing design team will be used, in order to integrate this work. Physical works will be tendered with the Utility upgrade contract.
Washington Road walking and cycling project	Infrastructure	Staged	TBC	TBC	Est 4 years	Request for Proposal via GETS Price Quality Attributes	Services Contract	Est \$300,000	Detailed design and MSQA of the Washington Road walking and cycling project, Between Hastings Street and Gloucester Street, Business case and funding yet to be approved.

Washington Road walking and cycling project	Infrastructure	Staged	TBC	TBC	3 years	Request for Proposal via GETS Price Quality Attributes	NZS3910	\$3,000,000	Exact walking and cycling upgrade works are yet to be confirmed. Physical work will be included in the utilities upgrade contract to maximise the efficiency of reinstatement works. Business case and funding yet to be approved.
Quarantine Road footbridge – Design and Construction	Infrastructure	Staged/Design and Build	1-Nov-22	1-Feb-23	12months	Request for Proposal via GETS Price Quality Attributes	NZS3915	\$300,000	Design and Construction of new bridge. Requires coordination with Utilities to support a sewer rising main under the new bridge. Requires resource consent, by others
Toi Toi Street	Infrastructure	Staged	Nov-22	Feb-22	1 year	Request for Proposal via GETS Price Quality Attributes	NZS3910	\$900,000	Includes utility upgrades. Project to be confirmed on completion of speed reduction trail.
Railway Reserve lighting	Infrastructure	Staged	1-Sep-21	1-Nov-21	3 months	Closed or direct appointment	Services Contract	\$20,000	CPTED audit to inform the concurrent works required to ensure safety and security when lighting the Railway Reserve.
Railway Reserve lighting supply	Infrastructure	Staged/Design and Build	TBC	TBC	6 months	Request for Proposal via GETS Price Quality Attributes	Goods contract	est \$500,000 with view to further works	There is considerable interest from suppliers to supply LED solar lights. Installation by the minor works contractor. Conventional electrical lights would be supplied and installed through the electrical maintenance contract.
CBD interchange	Infrastructure	Staged	1-Jul-22	1-Feb-25	3 years	Closed contest to Professional Services Panel	Professional Services Panel contract	<\$200,000	Could be architectural interest in developing options.
CBD interchange	Infrastructure	Staged	1-Jul-24	1-Feb-25	2 years	Request for Proposal via GETS Price Quality Attributes	NZS3910/architectural	\$1,000,000	A new City Centre Bus Terminal will be a complex project (if this is approved), and ongoing building maintenance would be negotiated through Council's Property Management team.

									Architectural contract required for building works.
CBD Interchange	Infrastructure	Staged	TBC	TBC	TBC	TBC	TBC	TBC	A new bus interchange will require ongoing cleaning and servicing. Exact extent of services required will be determined during detailed design stages. Cleaning may be added to the existing infrastructure cleaning contract as a variation.
Transport modelling	Planning and Advice	Staged	TBC	TBC	TBC	TBC	TBC	TBC	Modelling requirements are yet to be determined once the data and recommendations from the Nelson Future Access Study are received.
Waimea Road bus priority lanes	Planning and Advise	Staged	Est Oct 2024	Est Feb 2025	Est 2 years	Request for Proposal via GETS Price Quality Attributes	Services Contract	TBC	Detailed business case for bus priority lanes on Waimea Road as the preferred option from the Nelson Future Access Study.

<b>Ongoing Contracts</b>									
	<b>Procurement Procedure</b>	<b>Type</b>	<b>Planned Tender Release Date</b>	<b>New Contract Start Date</b>	<b>Duration</b>	<b>Supplier Selection Method</b>	<b>Likely Contract Format</b>	<b>Anticipated Value</b>	<b>Details</b>
Traffic signals communications	Infrastructure	Staged/Design and Build	N/A	N/A	ongoing	N/A	Services Contract	\$15,000/year	Waka Kotahi traffic signals communications supplier.
Traffic signals operations support	Infrastructure	Staged/Design and Build	N/A	N/A	ongoing	N/A	Services Contract	N/A	Waka Kotahi traffic signals operations.
Power supply	Infrastructure	Staged	Aug-21	Feb-22	2–3 years	Request for Proposal via GETS Price Quality Attributes	Services Contract	\$330,000/year	Included in Council's bulk supply contract.
Automatic cycle counters	Infrastructure	Staged	N/A	1 Oct 2021	5 (+5 years)	Direct appointment	Services Contract	\$5,000/year	Direct appointment for web services associated with existing automatic cycle count stations. Extension options to be reviewed to cover life expectancy of count station hardware.
Parking Strategy	Planning and advice	Staged	N/A	N/A	1 year	N/A	Services Contract	\$100,000	Contract awarded in April 2021.
Various asset management support	Planning and advice	Staged	N/A	N/A	ongoing	Direct appointment	Services/IPENZ	\$80,000/year	Ramm and data quality support is directly appointed. Future pavement modelling is expected to be directly appointed once data quality permits.
Pavement testing	Planning and advice	Staged	N/A	N/A	ongoing	Direct Appointment	Purchase order	<\$100,000/year	Direct appointment for pavement testing laboratory services.



Public transport facilities operations	Public transport infrastructure	Staged	N/A	Jul-20	5(+5 TBC)	N/A	Services Contract	<\$100,000/year	Bus facility cleaning is included in Council's main commercial cleaning contract. Contract was tendered and awarded in 2020.
Electronic ticketing for bus services	Public transport services	Staged	N/A	N/A	N/A	N/A	TBC	TBC	Council will be part of the national electronic ticketing upgrade is being led by Waka Kotahi.
Track a bus	Public transport services	Staged	N/A	N/A	N/A	Direct appointment	Services Contract	\$24,000/year	\$2k per month for track-a-bus, and timetables and advertising, as required.
Public transport promotions	Public transport services	Staged	N/A	N/A	N/A	N/A	N/A	\$30,000/year	Public transport, infrastructure and planning promotional materials are sourced through Council's communications and marketing contracts.

<b>IN-HOUSE DELIVERY</b>		
	<b>Procurement Procedure</b>	<b>Details</b>
Regional land transport planning	In-house	Regional land transport planning is undertaken internally with specialist input from the various suppliers/contractors, as required.
Business case development	In-house	In-house delivery, with support from the professional services panel, as required.
Asset and activity management	In-house	Strategic planning, and demand forecasting based on analysis of asset and performance condition assessment and procurement data.
Operations	In-house	Contract supervision and administration, investigations, customer services and data management.
Capital projects	In-house	Infrastructure project management and minor designs.
Financial administration and support, including public transport	In-house	Financial administration and support, for Total Mobility and public transport.
Customer services	In-house	Customer services including front office support and administration of public transport.

## 6. PROGRAMME DETAILS

### 6.1 Risks to the transport programme

The Council is not planning any particularly high-risk procurement activities. Existing and potential procurement risks are tabled in section 8.4.

### 6.2 Trial works

There is an ongoing commitment to trial works related to the Hampden Street closure and the Kawai Street innovative streets project, Specific design and construction contracts will eventually be required in these areas.

Options for speed control in urban areas are being trialled in 2020-22 and are expected to inform the Speed Management Programme.

### 6.3 Other procurement activities

- Council plans to buy a Benkleman Beam laser for testing of roads. This will be procured and managed through the local pavement materials testing laboratory because the laboratory undertakes most local pavement testing, including testing on Tasman District Council roads. This is a small scale, low risk investment using a suitably qualified supplier.
- Council approved a city centre spatial plan “Te Ara ō Whakatū” in December 2021 for major upgrades to the City Centre. The outcomes of this review will affect future programmes, procurement, and budgets for works on City Centre streets.
- A Parking Strategy is currently being developed, so future procurement requirements to implement this strategy are not yet known.
- The roadside vegetation maintenance and public transport services contracts have not been tendered for 10+ years.
- Public transport will be addressed in Part B of the Procurement Strategy, which will be circulated separately to interested parties.
- Council utilised an informal Contractors panel in 2020/21 to deliver work to the community efficiently during the COVID-19 economic recovery period. While this process is not proposed for 2021-24 due to a reduced capital investment programme, it was considered successful so will be reviewed, with Waka Kotahi input for possible future reintroduction and approval.

### 6.4 Procurement of specialist skills

Council uses the following specialists.

<b>Provider</b>	<b>Tasks</b>
RAMM and Submittica	Asset and corridor access (CAR) data management.
GHD	GHD has established a data improvement programme and the intention is to keep this running for at least the next three years while we address our data quality issues.
Junoviewer	As Council's data collection and quality improves, the intention is to move to a pavement modelling provider to assist with development of the forward works programme for pavements.
Wellington Traffic Operations Centre (WTOC)	Traffic signals monitoring and advice. Intend to continue
Fusion	Traffic signals communications through the Waka Kotahi bulk procurement contract.
Civil Laboratories Limited	Pavement condition testing, beam testing and laboratory services. Intend to continue
Cawthron Institute	Specialist supplier of freshwater sampling and testing services.
WSP	OBIS bridge inventory system. Intended to continue in the short term
Writing for Councils	Professional assistance with report editing and formatting.

## 7. DELIVERY OF THE WORK PROGRAMME

### 7.1 Changes to contract provisions

**Review of process** – Council will review the cost-effectiveness of current arrangements for meeting the needs of the community with good quality infrastructure, services, and regulation in accordance with section 17a of the Local Government Act. This review is planned to be undertaken in 2021/22 with several long-term maintenance contracts due for retendering. Timing is also aimed to coordinate with the Waka Kotahi Road Efficiency Group (REG) Excellence in asset management assessments.

Contract specific procurements plans are prepared for all tendered contracts. Some contracts have provision to extend beyond 5 years. Waka Kotahi approval will be required in year 4 prior to extending these contracts. Their approval will consider value for money, competitive and effective markets, and fair competition among suppliers.

**Road and electrical maintenance contracts** – Council will tender a 5 (4year 10 month)+2+1 contract for road maintenance and resurfacing. This approach allows time to build the working relationship with the maintenance contractor and commits a time period that is required by the industry to establish and resource the maintenance and resurfacing contract. The Council will be monitoring the performance measures. Non-performance would result in early contract termination. Extension beyond year 5 will be conditional on Waka Kotahi approval in year 4 of the contract.

Electrical maintenance, line marking, street sweeping, will include similar performance measures, and termination provisions, but will be 5 years contracts. Councils improvement in condition assessments, data quality, forward planning and analysis is expected to benefit the road maintenance contracts most.

Where appropriate, City Centre redevelopment works will be incorporated into the renewal programme. For example, footpaths in the City Centre will be renewed using the new palette of materials. However, wholesale layout changes would be delivered via a capital works project.

Short term direct appointments are planned to bridge the gap between the expiring contract and new contract start date to allow time for quality tender documentation, tendering periods and contract establishment. These timeframes are all very short due to unforeseen termination periods.

### **Pavement Rehabilitation**

Historically pavement rehabilitation has been undertaken by the Road maintenance contractor. Work is underway to develop a pavement strategy and programme, coordinated with major utilities upgrades. It is likely pavement rehabilitations will be tendered separately either as a package/programme or site-specific rehabilitations, with or without minor works upgrades. Minor rehabilitations would remain with the road maintenance contract as heavy maintenance.

**Electrical maintenance contract** –The scope and extent of this contract, and market will be reviewed before next tender is released. Review will consider bundling and services provided. Low cost low risk improvement works that fit within the maintenance and renewal programme are traditionally bundled into this contract. Capital investment projects will still be tendered on the open market when associated with other project works, or there is expected to be market interest.

**Footpath Renewals, Drainage renewals, and Minor works** – Footpath and drainage renewals are being separated from the Road Maintenance contract. New paths may also be delivered through this programme, which will open the market for smaller suppliers, allow early Contractor involvement, and buildable solutions through design processes.

**Minor works** – A two year contract is proposed for low risk, low complexity improvement works. The contract will be tendered in late 2021/22 for the 2022–24 period. Tendering a minor works contract will provide fair competition, but also improve efficiency for delivery of very small improvement works. A contractor panel will be considered and consulted for the 2024-27 period, before retendering this contract.

**Council Controlled Organisations** – A 2019 Council resolution supports ongoing use of Council’s Local Authority Trading Enterprise (Nelmac) to carry out utilities work. Small road works (<\$100,000, eg gravel clearance, drainage, pavement test pits) are also occasionally completed by Nelmac under the utilities maintenance and renewal contract, as this is a complementary work programme. This arrangement will potentially change with the 3 waters reform so new road maintenance contracts will be broadened to cover potential gaps.

**Stock Effluent Facility** - Nelmac operates the stock effluent facility at Three Brothers Corner as a variation to the utilities maintenance and renewal contract, as this has complementary telemetry and disposal operations. A site-specific maintenance contract is being investigated to avoid disruption of services through the 3 waters reform.

**Roadside Vegetation Maintenance** - Nelmac currently holds the roadside vegetation contract and undertakes street tree and street garden works through the Parks Maintenance and Renewal Contract. Multiple horticultural suppliers may tender for this work in future if it is released to the market.

**Condition assessments** – Condition assessments have been under-resourced in the past four years since the local supplier retired. Some condition assessments are undertaken through the road maintenance and electrical maintenance contracts, and others are tendered where specialist qualifications and equipment are required.

**Professional services providers** – In 2018 Council tendered contract for professional services which resulted in a panel of three suppliers, all with local offices, and national/international support.

The range of services covered by the professional services panel included economic and business case assessments to Waka Kotahi guidelines, resource consent applications, road safety audits, structure inspections, design and construction supervision of structural projects, and advice on complex intersections, walking and cycling projects, and pavements.

Specialist transport studies such as the Public Transport Review and the Parking Strategy are tendered on a project-by-project basis. This enables Council to advertise for the most suitable provider. These professional services contracts are often awarded to out of town suppliers with national and international municipal experience.

Surveyors and small consulting operators have indicated they would like to participate in Council's work programme. There is an opportunity to involve them in small to medium range of project works less than \$200,000. This is being explored through use of more design and build contracts and direct appointment and closed contest procurement within the limits in 7.2 of this strategy.

The Professional Services Panel will be discontinued. The next Professional services contracts will be tailored to include projects and stages of the Nelson Future Access Study programme, and Asset Management performance and specific contracts targeting specialised skills rather than a panel.

**In-house services** – Council trialled exclusively using the professional services panel for design projects in 2018/19 and found this did not improve project delivery efficiency for small projects. A small in-house design team again manages minor works projects, including consultation, design, and project and construction management.

Council has in-house asset/activity management and operational teams, and access to Waka Kotahi specialists (through the local offices and nationally) to lead the transport planning, maintenance, and renewal programmes. These in-house services ensure Council maintains local knowledge and ownership of its assets and activities, while retaining the flexibility to request specialist input, as required.

**Unsubsidised** – Council also delivers works that are not subsidised by Waka Kotahi. These works typically follow the same processes and decision frameworks as subsidised works.

## 7.2 Unexpected works

Unexpected works may sometimes need to be commissioned. Wherever contract rates and the scope of works permit, these works are included within the existing road maintenance contract, electrical the minor works contract, and/or the professional services panel. The thresholds and procurement controls tabled below are implemented. These limits apply the professional services, advice, physical works and supply only contracts. These limits are the project (eg investigation, design and MSQA for a site) or term/stage, and works should not be broken up, then given to one supplier to avoid these rules.

<b>Total Estimated Value – all years excluding GST</b>	<b>Minimum purchase method</b>
Up to \$5,000	Direct purchase through purchase order
\$5,000 to \$100,000	Direct purchase permitted under NCC Procurement Policy clause 6.4 (Waka Kotahi direct appointment limit is \$100,000)
\$100,000 to \$200,000	Closed competitive (Waka Kotahi closed contest limit is \$200,000)
More than \$200,000	Open competitive

Contracts for co-funded works may exceed 5 years with prior written approval from Waka Kotahi but are limited to a total of 10 years for any contract.

Senior Leadership Team and Waka Kotahi Procurement written approval is required for any exceptions to this approach to procurement.

## 7.3 Contract management

Contract management is undertaken as shown in the following table.

<b>Contract type</b>	<b>Management</b>	<b>Engineer to Contract</b>
Road maintenance Electrical maintenance	In-house: Operations	In-house: Infrastructure Group Manager
Services contracts	In-house: Asset Management or Operations	N/A
Physical works	Capital Projects	In-house: Infrastructure Group Manager with a contract to use a Engineer to Contract from a local consultant if required.
Professional Services contracts	In-house: Asset Management, Operations or Capital Projects	N/A

Council has robust contract management processes and experienced staff, and good communication and relationships with contractors are a priority for us. Council has an increasing focus on collaboration, continuous improvement, and early involvement of contractors, especially for physical works.

Council is aware that it's guidance documents, such as the contract management manual, could be improved.

## 8. IMPLEMENTATION

### 8.1 Desired future state

The desired future state for procurement is a streamlined forward works programme which is aligned with utility upgrades, road renewal and improvement activities, urban planning, mode shift, climate change and improvement works to minimise disruption to the customer and achieve best value for money from the resources spent.

### 8.2 Capability and capacity

Upskilling of staff is required to support recommencement of in-house condition assessments, as well as implementation of data improvement programmes, development of the forward works programme, and planning frameworks for active travel and urban intensification. This training requires intense front-end resourcing, but this approach should deliver cost savings in the long term.

The TAMP identifies a capability gap for asset management, especially pavement management.

Qualified tender evaluators are required for all contracts with an estimated value over \$200,000 where the works will receive financial assistance from Waka Kotahi. Council has one qualified assessor actively involved in procurement activities, and two other qualified assessors who are less involved. At least one other staff member will receive assessment training to manage the increasing procurement demand going into the 2024–2031 period.

### 8.3 Internal procurement processes

Council's procedure library (in ProMapp) outlines the contract documentation required for various contracts, to ensure standardised tender and contract documentation. The tender evaluation process makes use of a robust evaluation system with summary reporting that ensures fairness and transparency in the decision-making process. Contractor performance is considered in future tender evaluations.

Council's Business Improvement team oversees procurement processes, contract establishment and tendering. This ensures a consistent approach across all departments, with approvals for procurement and awarding of contracts taking place in accordance with the Procurement Policy (see section 7.2).

The effectiveness of Council's Procurement Policy is reviewed annually by an internal procurement steering committee, and minor amendments to the Policy may be made with the approval of the Chief Executive.

Procurement Policy amendments will be reported to the Audit, Risk and Finance Subcommittee, and awards of contracts of \$2.5m or more need to be approved by a Council Committee.

### 8.4 Procurement risk identification and management

Procurement risks are managed at an organisational level, by Council's Business Improvement team. Specific projects have bespoke risk registers for the duration of the works, and residual risks are transferred to the transport register when appropriate. Key procurement risks are tabled below.



## Risks -Procurement

Refer Asset Management Plan for other risks and Risk Matrix

Identification		Analysis: Residual Risk			Response e.g. Accept, Reduce, Share	Future Controls
Event Description	Consequence	Existing Controls	Consequence	Likelihood		
Inadequate In-house management of condition assessment and analysis to ensure ownership of the data outcomes and programme.	Poor analysis, missing analysis, or action	Use consultants for specialised advise.	3	3	Medium (9)	reduce training and resourcing of in house staff to manage, receive and analyse data and advise
In-house management of condition assessment and analysis for structures to ensure ownership of the data outcomes and programme.	Poor analysis, missing analysis, or action	Use consultants for specialised advise.	4	3	High (12)	reduce Ensure all data is collected and stored in OBIS to be accessible. Training and resourcing. Monitor developments in AMDS and Ramm data platforms to transfer to Ramm in the future
Early exit of road maintenance contract	reduced LOS while replacement arrangements are arranged	Contract management	3	3	Medium (9)	accept ongoing contract management and improved FWP
Early exit of electrical maintenance contract	reduced LOS while replacement arrangements are arranged	Contract management	3	2	Medium (6)	accept ongoing contract management and relationship building
Poor forward works programme	short term planning, reactive maintenance, and renewal programme, poor value for money	Development of FWP in Ramm and data improvement programme	3	3	Medium (9)	reduce increased focus on data analysis, network planning and forward planning

Assessors that meet Waka Kotahi requirements section 10.19 of the Procurement Guidelines	Poor compliance controls	External Accredited Procurement Assessors	3	3	Medium (9)	reduce	Training more In House staff
Project poorly specified because specification information incomplete	Poor value for money, timing, and quality outcomes	Business cases for projects over \$50,000 estimated value	3	4	High (12)	reduce	increased focus on data analysis, network planning and forward planning
Contractors with required expertise/equipment/capacity not available when needed	Poor value for money, timing, and quality outcomes	Early contractor engagement	3	4	High (12)	reduce	increased focus on data analysis, network planning and forward planning to give adequate lead times
Improper selection or unjustified favoritism of certain supplier	Disputable processes, poor audit outcomes	Promapp Procurement Processes	4	3	High (12)	reduce	Increased awareness of Procurement Strategy, internal auditing and use of processes and GETS
Procurement is not undertaken equitably and in line with best practice	Disputable processes, poor audit outcomes	Promapp Procurement Processes	3	3	Medium (9)	reduce	Train more internal staff to be familiar with the Procurement Guidelines
Loss of inhouse specialist skills for storm water, electrical, alarms, flood protection, gravel management etc from 3 waters restructure	Gaps in capability and capacity for emergency management and routine management especially stock effluent facility and river, flood protection and drainage work	Use inhouse utility staff resources and contracts	3	5	High (15)	reduce	Investigate standalone contract for stock effluent facility. Investigate possible gaps in internal resourcing and review alongside 3 waters reform and implement action plan when required

Under resourcing of emergency events	Poor response times Unnecessary damage to assets and property and public safety	Use maintenance contract resources	5	3	High (15)	reduce	Including provisions for emergency works in future minor works and/or structure maintenance as well as the maintenance contracts.
Poor asset management capacity to analyse electrical conditions, risks and forward works planning	equipment failure or safety concerns	Use Electrical maintenance Contractor	4	4	High (16)	reduce	Review inhouse and external resourcing of electrical skills capability and capacity
Public consultation delays project works	Poor value for money, timing, and quality outcomes	Use business cases for projects over \$50,000	3	3	Medium (9)	reduce	increased focus on data analysis, network planning, forward planning, and consultation before committing construction budgets
Tendered works do not receive tenders, or very high tender prices	Poor value for money, timing, and quality outcomes	Early contractor engagement	3	3	Medium (9)	reduce	increased focus on data analysis, network planning, forward planning, and consultation with suppliers
Higher traffic control and health and safety compliance costs	long term contract rates do not cover cost of doing works, so contracts terminate early	Industry inflation rates apply	4	3	High (12)	reduce	Review format of schedule items and engineers estimates for long term contracts.

## 8.5 Performance measurement and monitoring

Monitoring is key to implementation, to ensure the Procurement Strategy objectives are achieved, as well as guaranteeing all improvement initiatives are developed in the right areas and align with the overall objectives of this Procurement Strategy (listed in section 2.2). The purpose of all monitoring is to assess whether best value for money is being achieved, and to continually look for further efficiency gains.

As part of our ongoing monitoring we will continually review and make changes to our strategy where appropriate. We see this as a natural process as our business continues to evolve to meet the demands of our customers and stakeholders.

### Council's data

Council has recently invested in a database system for contract management, overseen by the Business Improvement team. This will help with collection of the data required by Waka Kotahi.

Key performance indicators are integral to the monitoring of the current road maintenance contract. Similar indicators will be included in future long-term contracts.

Contractor evaluations are carried out on completion of all Physical Works contracts, and these inform the scoring of attributes proposals for future contracts. Similar scoring is not currently used across Planning and Advice contracts due to the bespoke nature of these procurement activities.

### Waka Kotahi data

We collect the mandatory performance measure data required by the Department of Internal Affairs and Waka Kotahi (as listed in Appendix E of the NZ Transport Agency's Procurement Manual). The new contracts database will improve access to data recorded.

We have processes in place to ensure that we meet the requirements of existing audits in addition to the Annual Achievement Report (AAR) on network condition.

### Auditing

Transparency and accountability checks occur through our normal business practices, which includes audits by Audit New Zealand and Waka Kotahi.

These audits review:

- financial performance
- performance in terms of the asset management plans
- compliance with the Long-Term Plan
- the technical quality of the work carried out.

## 8.6 Improvement plan

Council is committed to developing and operating in an environment where improvement planning is core business. Specific issues identified for improvement are listed below.

- Establish and manage the data collection database (Appendix E of the NZ Transport Agency Procurement Guidelines).
- Establish routine condition assessment data collection contracts and analysis processes to inform best value for money interventions to maintain agreed levels of service for customers.
- Continue to build good routines for in-house data management, analysis and forward works planning.
- Establish a 10 year forward works programme, informed by condition assessments, analysis and reviews and coordination between utilities and transport renewals and capital works programmes.
- Increase integration with Council-wide procurement documentation and include unsubsidised transport activities in the next procurement strategy to provide for a complete picture of the procurement environment.
- Seek contractor input to climate change adaptation and opportunities for greenhouse gas emission reductions.
- Set up reporting to understand the distribution of costs and the value of works in the supplier market and the procurement methods used.

## 8.7 Regional Efficiency Group (REG) Procurement Strategy Self-Assessment Result

Self-assessment of this Procurement Strategy compared to our 2019 assessment of Council’s 2018 Procurement Strategy is shown in Figure 14 below.

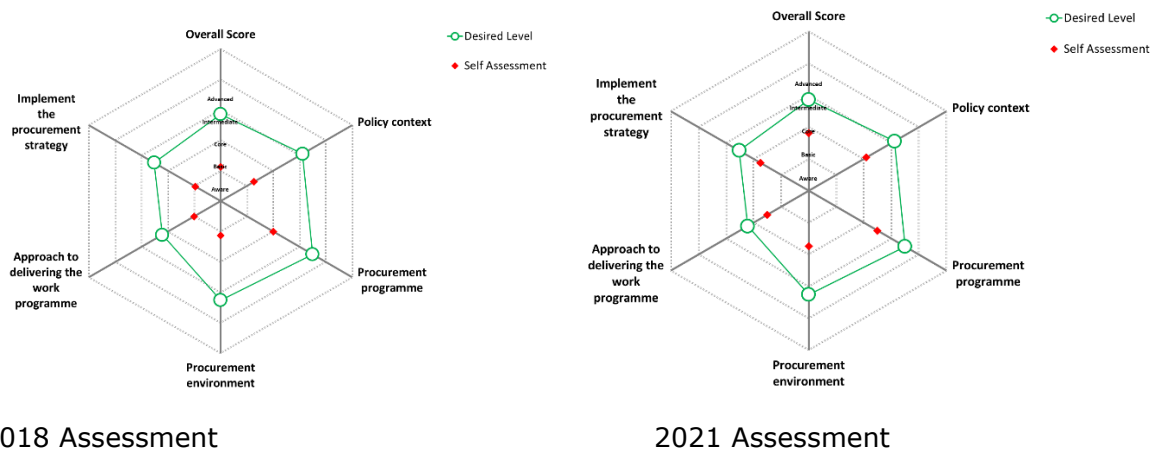


Figure 14 – REG Self-Assessment of Procurement Strategy

## 8.8 Communications

### Waka Kotahi

Council officers have discussed the procurement scene for Nelson with it's Investment Advisor and with specialist procurement teams at Waka Kotahi. The draft Strategy was also circulated for feedback.

### Internal stakeholders

While the ultimate ownership of the Strategy rests with the Manager Transport and Solid Waste, there are several other teams which are responsible for ensuring that the specific methods and improvement initiatives included within the Strategy are implemented and monitored. These teams include our transport planning, asset management, operations, and capital projects teams as well as the city development and urban intensification planning team.

This Strategy has been approved by the Group Manager Infrastructure, and all relevant departments were consulted prior to its approval.

### Suppliers

Council is committed to obtaining supplier feedback on this Procurement Strategy. Transparency in our procurement processes is essential, and officers are actively seeking opportunities for listening to our suppliers and discussing any concerns they have in relation to our supplier engagement and procurement practices. This was evident in our COVID-19 response in 2020.

### Other approved organisations and entities

Council is in regular contact with the local representatives of the Nelson-Marlborough branch of Civil Contractors NZ. Open discussion on procurement issues is encouraged. Feedback is taken seriously and reflected in this strategy and the next update in 2024.

### Iwi

Iwi are a partner for Council's business activities, including procurement, so have been consulted on this strategy. Our approach to collaboration is still developing, and more involvement is anticipated during the 2024 strategy review.

## 8.9 Next steps

<b>Stage</b>	<b>Approx. Date</b>	<b>Action</b>
Step 1 – Consultation	June 2021	The draft strategy will be circulated to Waka Kotahi for comment, and amendments made.
Step 2 – Consultation	July 2021	The draft strategy will be circulated to the Contractors Federation and consultants for feedback.
Step 3 – Finalisation	Oct 2021	Finalisation, including feedback, in consultation with Waka Kotahi.
Step 4 – Endorsement	Dec 2021	Endorsement sought and received from Waka Kotahi.
Step 5 – Adoption	Feb 2022	The final Procurement Strategy will be adopted for implementation.
Step 6 – Circulation	Feb 2022	Circulation to users for implementation. A copy will also be supplied to all engineering consultants carrying out roading procurement on Council’s behalf.
Step 7 – Commence Review	Feb 2024	Review of existing documentation and manuals, including updating of the Performance Monitoring Data Collection database.
Step 8 – New Strategy commencement date	Feb 2025	New strategy must be approved by Waka Kotahi before the expiry of the current strategy

## 9. CORPORATE OWNERSHIP AND INTERNAL ENDORSEMENT

This Procurement Strategy is owned by the Business Unit Manager Transport and Solid Waste. It has been reviewed internally and with Waka Kotahi. (Endorsements and approvals are included at the end of the Introduction.)

### 8.1 Future endorsement and revision

Endorsement of the Procurement Strategy is required at least every three years, in accordance with the NZ Transport Agency Procurement Manual Rule 10.4. A review shall commence in February 2024 prior to seeking endorsement in 2025.