



INFRASTRUCTURE GROUP

**TRANSPORT PROCUREMENT
STRATEGY**

(Financial Assisted Land Transport Activities)

2022-2025

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1. EXECUTIVE SUMMARY

1.1. Summary

This Procurement Strategy documents Invercargill City Council's (Council) approach to procurement of activities funded through the National Land Transport Programme (NLTP).

Council has adopted a new Procurement Policy but it is noted that this Transport Activity Procurement Strategy represents a detailed focus on the activities, the expected costs and suppliers in the transport market. The Council Policy is more about the procurement process and is seen to be supportive of this strategy.

This document sets out the strategic approach to procurement over the next three years, the context within which Council purchases goods and services, and details the programme to be purchased and the methods that will be used to do this.

The Procurement Strategy aims to achieve desired outcomes of quality at the lowest overall whole of life cost and to sustain a pool of suppliers in the region of varying sizes and capabilities to meet the needs of the Council. It is recognized that Broader Outcomes (social) procurement will have stronger impacts on decisions as this becomes embedded into procurement decisions to achieve value for the community. Invercargill City Council is in the early stages of adopting Broader Outcomes and will implement a response to the Governments expectations over the period of this strategy with a focus on high-spend designated contract areas in the first instance.

This strategy is a continuation of earlier strategies which have served both Council, Waka Kotahi New Zealand Transport Agency (Waka Kotahi) and the community well in the past.

The Principals of this Procurement Strategy are:

1. To attain value for money, to plan and manage for great results,
2. To encourage competitive and efficient markets,
3. To enable fair competition and to be fair to all suppliers and get the best results for everyone,
4. To play by the rules and operate an efficient procurement process.

Maintenance contracts have been reviewed and grouped to provide a good balance between price and quality, and use either Prequalification, Price/Quality supplier or shared risk (alliance) selection methods as and when appropriate.

The methods used to procure capital projects will differ depending on the size of the project, and often will be typically Price/ Quality driven.

Social Procurement (or Broader Outcomes) will be better understood and start to be embedded into contracts. Reporting and monitoring of progress will be developed during this strategy.

Council has restructured its internal delivery but will still utilise in-house professional services to deliver some of its services to achieve best value for money. Additional professional services are also required and will be procured following the guidelines of the Waka Kotahi Procurement Manual.

Full details of the planned procurement programme can be found in Section 5.

This strategy includes the procurement of Passenger Transport Services as Council is delegated to deliver these services on behalf of Environment Southland.

1.2. Ownership and Responsibility

The Owner of this Strategy is the Group Manager Infrastructure.

Responsibility for implementation and future reviews lies with the Manager – Strategic Asset Planning

1.3. Recommendations

It is recommended that:

Council

- Council adopts the Invercargill City Council Transport Activities Procurement Strategy
- Council notes that it will develop understanding of and start to embed , report and monitor community expectations for Broader Outcomes into procurement within this strategy.

Waka Kotahi:

- Endorses the Invercargill City Council Transport Procurement Strategy 2022-25
- Approves the continued use of an approval under s.26 of the LTMA allowing Invercargill City Council to use in-house professional services.
- Approves the continued use of a variation to Procurement manual, section 10.24 *Contract term of public transport units* allowing Invercargill City Council to extend the term of its contract for bus public transport services, on the same terms and conditions, by two years to terminate on 30 June 2024.
- Approves a variation to Procurement manual, section 10.21 *Maximum term of a term service contract for infrastructure or planning and advice* allowing Invercargill City Council to use a maximum contract term of seven years (5+1+1 years) for the current sealed road corridor maintenance term service contract.
- Approves a variation to Procurement manual, section 10.5 *Procurement procedure advanced components* allowing Invercargill City Council to use a price quality supplier selection method for infrastructure and a shared risk delivery model for the new sealed road corridor maintenance term service contract.
- Approves a variation to Procurement manual, section 10.21 *Maximum term of a term service contract for infrastructure or planning and advice* allowing Invercargill City Council to use a maximum contract term of seven years (5+1+1 years) for the new sealed road corridor maintenance term service contract.

2. POLICY CONTEXT FOR INVERCARGILL CITY COUNCIL

2.1. Context for this Strategy

Transport activities undertaken by the Council include maintenance and capital renewal expenditure on road pavements, surfacing, drainage features, structures, footpaths and cycleways, passenger transport services, total mobility, road safety education, street lighting, traffic counting, asset management advice, managing asset data and traffic modelling.

The Invercargill roading network consists of 295km of urban sealed roads, 302km of rural roads with about 123km of the rural road being unsealed roads. Council provides and manages 55 bridges, 500km of footpaths (including off road cycle lanes) along with over 7000 streetlights, six off street carparks and 740 metered parking spaces within the CBD of the City.

The assets have a replacement value (2022) of about \$689 million, and a current depreciated value of \$279 million. The assessed annual depreciation (or consumption of the assets) is \$12.2 million.

The Council is required to have a Procurement Strategy for activities funded through the National Land Transport Programme which has been approved by the NZ Transport Agency, in order to meet the requirements of Section 25 of the Land Transport Management Act 2003.

Planned expenditure on subsidised Transport Activity is in the order of \$17M per annum.

Detailed breakdown can be found in the Roding Activity Management Plan. Where Council undertakes works for which it claims a subsidy from Waka Kotahi it is required to procure those services in alignment with this strategy.

There is no statutory provision requiring the Council to undertake any works in relation to roads within its district, however the following legislation is relevant:

- Section 316 LGA 1974 provides that the property in all roads vests in fee simple in the Council. (State Highways excepted)
- Section 317 LGA 1974 provides that all roads within the district are under the control of the Council. (State Highways excepted)
- Section 319 LGA 1974 provides the powers for the Council to carry out works on roads, or create new roads etc.

2.2. Strategic Objectives and Outcomes

The strategic context within which this procurement strategy sits includes Council's Community Outcomes together with the Otago Southland Regional Land Transport Plan.

Council has identified a series of community outcomes and key priorities that support and direct the work of Council.

- To provide a safe road environment.
- To provide an efficient, effective, reliable and resilient integrated road network.
- To be able to demonstrate that services that are delivered are value for money.
- To provide access for the pedestrians and cyclists (vulnerable users) in the community.

- To demonstrate that the assets are managed in a fiscally prudent manner for current and future generations.
- Full compliance with all statutes and regulations relating to territorial local government.

Additionally objectives set within the Otago Southland Regional Land Transport Plan are:
The opportunity to:

- take a South-Island wide approach to transport planning
- advocate for better mode integration and mode shift
- support tourism and the regional dispersal of tourism benefits
- encourage the creation of a network of cycle rides and cycling facilities throughout and between the regions.

To achieve these objectives, the following problems and opportunities will be addressed under the Plan:

- Improved performance and capability of the transport network, and network resilience
- Regional economic development, productivity and connectivity
- Increased customer voice on connectivity, accessibility and modality shifts
- Greater value for money.

Broader Outcomes

In October 2018, the Government recognised that it can better use its buying power to deliver improved social, economic, environmental and cultural outcomes (broader outcomes) for the benefit of all Aotearoa New Zealand. This meant leveraging a public sector agency’s procurement function to incorporate broader outcomes to deliver long-term public value. This requirement has been captured in the Ministry of Business, Innovation and Employment (MBIE) Government procurement rules.

Waka Kotahi through this government policy looks to encourage broader outcomes through procurement.

It involves four target outcome areas that drive our strategic actions and establishes clear expectations for Waka Kotahi commercial activities, being:

- Environment & sustainability
- Māori business & tangata whenua
- Economic & employment
- Community & culture



As the broader outcomes programmes evolves, a more mature costing model to help support effective funding decision will be developed. Key to understanding this will be effective implementation, monitoring and reporting.

This strategy is the interface between the government policy and Council. It is not that the Broader Outcome approach is a requirement for Waka Kotahi but a recommendation for all AOs.

Well managed procurement of transport related works and services will contribute to Council's community outcomes, key transport objectives and broader outcomes. Council will focus on our high spend designated contracts (maintenance, sealing and passenger transport) in the first instance with priority focus on:

1. **Lifting Health and Safety and employment standards** – For designated contracts (i.e. Maintenance, Sealing and PT) make sure primary suppliers meet their health and safety obligations, and comply with employment standards. This would have particular focus on low-paid and vulnerable workers.
2. **Increasing the size and skills of the construction sector** – Partnering with suppliers and others to improve construction sector skills and training over the long-term, with a focus on upskilling youth in the Transport industry
3. **Transitioning to a net zero emissions economy** – using year one of contracts to understand the carbon baseline and measuring that we reducing target for emissions or waste annually.
4. **Increasing access for New Zealand business** – identify opportunities for New Zealand suppliers, including Māori, Pasifika, ICT and regional suppliers.

Council's Transport Procurement Strategy (for all Waka Kotahi subsidised work) will assist in achieving best value for money procurement. Quality procurement will assist with a healthy environment through ensuring sustainability is considered along with high standards of environmental protection when undertaking physical works.

A safe and accessible community will be assisted by procurement that ensures safe working sites and infrastructure, and a strong economy will be assisted by a considered approach to scheduling tenders and encouraging a competitive and sustainable supplier market.

This Procurement Strategy will also assist Invercargill City Council to work co-operatively and to co-ordinate procurement programmes with adjoining Council's and obtain best value for money.

Social Procurement Factors which may be considered in assessing value for money include "The Four Local Government Wellbeing's - Social, Economic, Environmental and Cultural" and in summary includes:

| | |
|--------------------------------------|--|
| • contribution to council priorities | • social and sustainability objectives |
| • quality and fitness for purpose | • financial and operational soundness |
| • efficiency and effectiveness | • risk and opportunity |
| • whole of life costs | • service, support and warranty |

(Source ICC Procurement Strategy)

The achievement of value needs to be considered within the context of creating 'community value' which may mean total cost will increase when sustainability and social issues are part of the evaluation process.

This will enable the wider community to provide community facilities and infrastructure.

Council will need to be working with providers to build sector skills and resources and also identifying innovative work methods or materials where improvements can be made.

The initial areas where such outcomes will be developed will include:

- Establishing a carbon baseline for the term maintenance contract
- Lifting Health and Safety through reporting of kpis in contracts
- Implementing sustainability / waste minimisation measures such as material re-use targets for the road maintenance contract and evaluating proposals in the tender evaluation
- Employment initiatives such as youth employment and training and development and evaluating proposals in the tender evaluation

Proposed monitoring of these outcomes is included in section 6.4.

2.3. Objectives for the Procurement Strategy

The objectives of this Procurement Strategy are:

1. To encourage competitive and efficient markets
2. To encourage fair competition
3. To attain value for money
4. To operate an efficient procurement process
5. Where appropriate and aligned consider climate adaption and sustainability
6. Develop understanding, agree and embed community expectations for Broader Outcomes and social procurement into procurement and report on progress.

These objectives and outcomes will contribute to Council achieving the wider community outcomes, priorities and economic targets.

2.4. Government Procurement Rules

The NZ Government Procurement Rules are the Government's standards of good practice for government procurement. The Rules focus mainly on the process of sourcing and are a flexible framework designed to help agencies make balanced procurement decisions. As a public sector agency, local councils are encouraged to follow the Rules to achieve Public Value.

The procurement charter includes direction on:

'To seek opportunities to include New Zealand businesses, undertake initiatives to contribute to a low emissions economy and promote greater environmental responsibility, look for new and innovative solutions, engage with businesses with good employment practices, promote inclusive economic development within New Zealand, manage risk appropriately and encourage collaboration for collective impact.'

The procurement principles and policy within this document look to align (where appropriate and required) with the Government Procurement Rules and notes the public value concept aspect that needs to be considered for all procurement. ICC has not formally adopted the Public Value concept but recognises and is working to ensure that the community receives value is all purchases.

The regulatory environment outlined above places requirements on us as a Council and impacts how we run our Organisation. It allows us to identify if we are merely complying, or if we are exceeding these requirements. We want to use our procurement approach to exceed these requirements and help us to really deliver on our community outcomes.

The Waka Kotahi Procurement manual Section 10.6A Supplier Selection Process Requirements sets out the mandatory requirements for Council to comply with. These are covered by a number of rules from published by MBIE. Council must openly advertise

on the GETS website, must allow sufficient time for supplier responses. Manage the supplier responses in the prescribed format and report on engagement. As noted above these are included and described in section 10.6A.

2.5. Alignment with Waka Kotahi Procurement Requirements

Waka Kotahi Procurement Manual

As an approved organisation, Waka Kotahi pay funds from the National Land Transport Fund (NLTF) to Council for activities approved for funding in the National Land Transport Programme (NLTP). To maintain its status as an approved organisation, Council must meet requirements under s20 of the Land Transport Management Act 2003. The relationship between Waka Kotahi and Council is further explained under Section 2.5 – Legislative and Regulatory Framework.

In addition to Council's objectives, this procurement strategy is required to achieve the procurement outcomes required by Waka Kotahi, as documented in the Waka Kotahi Procurement Manual Amendment 6.

By meeting the requirements of Waka Kotahi Procurement Manual, Council will also meet the applicable requirements of the Government Procurement Rules.

Competitive and efficient markets

In order to achieve value for money the procurement process must allow for effective competition between suppliers.

This strategy provides for a range of delivery models and procurement procedures that will help to maintain competitive and efficient markets.

Fair competition among suppliers

Ensuring fair competition amongst suppliers will give confidence to the market that all suppliers have a chance of obtaining work. Procurement shall match the scale and type of service being sought and a balance achieved where the rules are not onerous or restrictive.

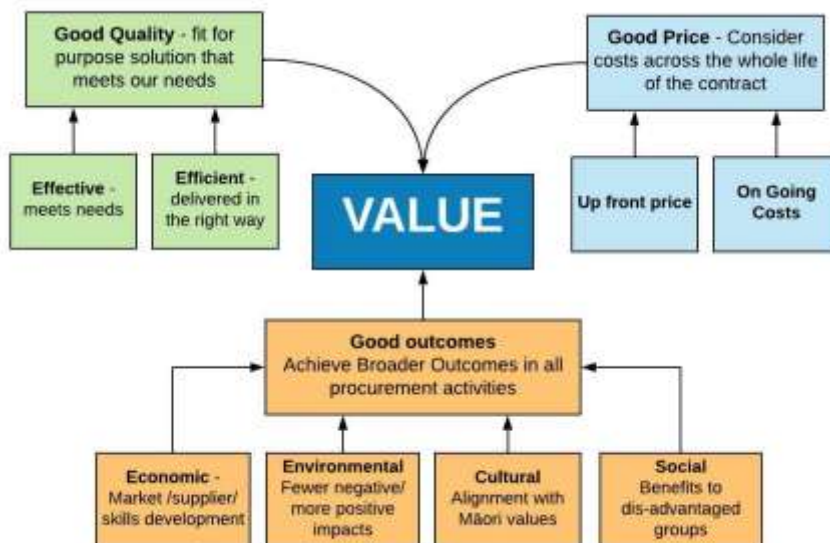
Value for money

Invercargill City Council in their updated Council Procurement Policy (effective from 1 February 2022) stated that procurement outcomes that deliver the best value in the expenditure of public money ensures the optimal use of Council resources. The policy framework promotes procurement practices that will result in best value for money outcomes.

A key principle of value for money is that 'lowest price' does not always represent the best outcome when evaluating alternative offers. When selecting a supplier, achieving value for money involves determining the extent to which the proposed solutions will deliver the optimum combination of whole-of-like cost and quality (non-cost factors)

Value includes considerations that are not solely focused on price, for instance what benefit the procurement could bring to the local community or environment.

Selecting the most appropriate procurement process that is proportionate to the value, risk and complexity of the procurement will help achieve value. Good procurement is about being risk aware, not risk averse.



Efficient Process

The procurement strategy shows a shift to procurement that takes place within the strategic context of the Council as a whole. Early notice of upcoming tenders is made available to Contractors.

Internal procedures are used to implement the strategy and operate an efficient procurement function ensuring the right procurement procedure and associated tools are used.

2.6. Health and Safety

Council recognises its obligations under the Health and Safety at Work Act (HSWA) 2015 and as such requires all of its suppliers to take practical steps to ensure safe work practices are employed. Council requires all of its suppliers to comply with these requirements also recognising that in a contracting chain there are shared responsibilities under HSWA to consult, cooperate and coordinate activities with supplier and contractors.

Ways we can achieve that includes:

- Pre-qualification using SiteWise
- Mandatory Pass / Fail for Health & Safety in each RFP
- Considering safety pre-design audits
- Managing safety through contract KPI's and audits

ICC procurement's approach to H&S is developed in alignment with the ICC H&S policies. This enables ICC to prioritise good health and safety practices as a strategic objective in all of its procurements.

It is a requirement of Council that contractors undertaking physical work be SiteWise pre-qualified. This system grades a contractor's health and safety capability and publishes that grade in a database that can be viewed by Council. This allows for better contractor selection and an easier tendering process for everyone involved.

2.7. Te Ringa Maimoa – Smart Buyer Assessment

Invercargill City Council undertook a Smart Buyer Assessment through Meyer Cruden and Chris Olsen Consulting. This was both a self-assessment and the contractor assessment.

Averaging the scores gave a 54.5 which describes ICC as exactly on the threshold between:-

- Our organisation currently has limited capability to maximise the creation of value through procurement

AND

- Our organisation has embraced the principles of being a smart buyer but can still create further improved value for our communities

This is in the mid-range for being a Smart Buyer. The capability of Council has been improving over previous self-assessments, meaning that ICC's capability has improved over recent years.

2.8. Local Government Act s17A

Council has undertaken s17A review for the roading element of the procurement and have used this review to support the future decisions required for the new maintenance contract.

A review is planned in the immediate future for Passenger Transport in consultation with Environment Southland who are legislatively required to deliver the service but have delegated that to Council. This review will again be used to support any direction with new contracts.

3. PROCUREMENT PROGRAMME

3.1. Planned Procurement Programme

Current Environment

Maintenance, Operations and Renewals

General Maintenance is the most significant component of Council's procurement of subsidised transport services. The contracts contain a mixture of Waka Kotahi subsidised and un-subsidised works.

Invercargill City's network is very compact and there is currently one main road maintenance contract in place which utilises smaller specialist subcontractors for activities such as vegetation maintenance.

Council has had separate contracts for the sealed, unsealed and unsealed maintenance work.

These contracts are shown in Table 1:

Table 1 – Current Subsidised Programme

| No | Name | Contractor | Commenced | Expiry (base) | Annual value | Term |
|-----------|---------------------------|--------------------------|------------------|----------------------|---------------------|-------------|
| 753/979 | Sealed Road corridor | Fulton Hogan | 1 July 2016 | 30 June 2023 | \$5.0M | 5+1+1 |
| 812 | Unsealed maintenance | SouthRoads | 1 August 2019 | 30 June 22 | \$0.3M | 3+1+1 |
| 944 | Sealing of roads | Downer | 1 July 2017 | 30 June 23 | \$2.4M | 2+1 |
| 723 | Streetlights | NES | 1 August 2014 | 30 June 22 | \$0.2M | 3+1+1 |
| | Renewals | When programmed annually | | | | |
| 849 | Traffic Signals | Command and Control | 4 June 2019 | 30 June 2024 | \$0.2M | 3+1+1 |
| | Safety Improvements | When programmed | | | | |
| 655 | Public Transport Services | Go Bus | 1 December 2012 | 30 June 2024 | \$1.2M | 4.7+5 |
| | Total Mobility Services | Various | | Ongoing | \$0.6 | |
| | Road Safety promotion | Shared Service via SDC | | Ongoing | \$0.7M | |

Maintenance

Contract 979 has been extended and now utilises a Shared Risk delivery model. It currently also delivers both the unsealed and streetlight maintenance within that contract (to 30 June 2023).

Pavement renewal and rehab contracts are currently let annually, and are offered on a project by project basis. Some projects also include other infrastructural works (e.g. water or drainage piping) as part of a combined package.

Drainage and footpath renewals are completed within the current Sealed Road Corridor Maintenance Contract.

Low Cost Low Risk Works

These low cost safety improvements are now being aligned to Road to Zero programmes. The style and scale of work determine the functional approval which delivers the best outcome.

Improvement Projects

Council has had a limited number of Improvement Projects and these have been tendered on an individual basis.

Professional Services

Council has had an in-house consulting team, Engineering Services Group (ESG) which provided engineering advice for maintenance contracts as the role of the Contract Engineer and Engineers Rep, direct liaison with the contractor in the delivery of Contracts. They coordinate works and programmes reporting to the Asset Team for approvals.

Council restructured in January 2022 and established infrastructure Operations and Asset Planning teams. Management of the maintenance contracts now aligns with the operations Team. Council's technical ability to continue to deliver the full professional services roles has decreased with both this change and key staff departure.

Council also is party to a shared service with Southland and Gore District Councils to deliver the road safety promotion activity through Road Safety Southland. This agreement covers Road Safety, Cycling and Active Transport Coordination and Community Engagement on Safety. The resources for programme delivery is shared through contracted agreement via Southland District Council and Invercargill City. The current expenditure is \$0.7M

Public Transport

Public Transport administration is delegated by Transfer to Council by Environment Southland.

Council has one unit in operation and this contract is for nine years seven months concluding in 2022. This has been extended to June 2024 with approval of Waka Kotahi. This is a net contract and currently awarded to Go Bus Transport. The contract has let before PTOM was a requirement but has most of the requirements within PTOM.

Total Mobility

Council manages the Total Mobility responsibility for Southland under delegation from Environment Southland. The total mobility scheme is a door to door passenger service for the mobility impaired. It is co-invested by the Waka Kotahi. The scheme operates using the Ridewise software for trip management. Invercargill operates contracts with all Assessment Agencies and all Transport Operators providing Total Mobility Services.

Future Planned Procurement

The table below (Table 2) summarises the programme over the next three years.

Table 2 - Subsidised Procurement Programme over next three years

| Contract | Likely Start Date | Waka Kotahi Work Categories | Term | Delivery Model | Supplier Selection |
|-----------------------------|--------------------------|---|-------------|------------------------|-------------------------------|
| Road Maintenance | July 2023 | Maintenance and Operations of Roads: <ul style="list-style-type: none"> Sealed pavement maintenance (111) Unsealed pavement maintenance (112) Routine drainage maintenance (113) Structures maintenance (114) Environmental road maintenance (121) Traffic services maintenance (122) Footpath Maintenance and Renewal (125) Cycleway maintenance (124) Passenger transport facilities maintenance and operations (514) Public transport infrastructure | 5+1+1 | shared risk (alliance) | Price Quality |
| Resurfacing | 2024 | Renewal of Roads: <ul style="list-style-type: none"> Sealed road resurfacing (212) | 2+1 | Staged | Lowest Price or Price Quality |
| Rehabilitation | Annually | Renewal of Roads: <ul style="list-style-type: none"> Sealed road pavement | 1 | Staged | Lowest Price or Price Quality |
| Traffic Signals Maintenance | 849 – current to 2024 | <ul style="list-style-type: none"> Operational traffic management (123) Traffic Service Renewals (222) (part) | 3+1+1 | Staged | Lowest Price or Price Quality |
| Bridge/ retaining walls | Annually | <ul style="list-style-type: none"> Structures component replacements (215) | 1 | Staged | Lowest Price or Price Quality |
| Public Transport | July 2024 | <ul style="list-style-type: none"> Bus services (511) | 9 | Partnering | Price Quality |
| Total Mobility | | <ul style="list-style-type: none"> Total Mobility operations (517) Wheelchair hoists (519) Total Mobility flat rate payments (504) | | | |
| Low Cost / Low Risk Works | Annually | <ul style="list-style-type: none"> Minor improvements (341) | 1 | Staged | Lowest Price or Price Quality |
| Capital Works | Annually | <ul style="list-style-type: none"> Walking Facilities (451) Cycling Facilities (452) Resilience Improvements (357) Road Improvements (324) | 1 | Staged | Lowest Price or Price Quality |

| Contract | Likely Start Date | Waka Kotahi Work Categories | Term | Delivery Model | Supplier Selection |
|--|--------------------------|---|-------------|-----------------------|---|
| Professional Services Components – In-house (Operations and Asset Planning) | Annually | Capital <ul style="list-style-type: none"> • Network and asset management (151) • Total Mobility administration (524) • Bus and ferry concession fares (513) | 1 | Staged | Direct Appoint or Lowest price or Price Quality |
| Professional Services contract Components - external | 2023 | <ul style="list-style-type: none"> • Low Cost / Low Risk Works (341) • Sealed road pavement rehabilitation (214) • Sealed road resurfacing | 3+1+1 | Staged | Direct Appoint or Lowest price or Price Quality |

3.2. Identification of Pending High-Risk or Unusual Procurement Activities.

Council has not identified any specific projects which are considered to be high risk procurement or unusual procurement within the transport procurement environment. Some of the future City Streets works have higher delivery risks but these are not usual but more of the local market forces.

4. PROCUREMENT ENVIRONMENT

4.1. Analysis of Supplier Market

Physical Works Contractors – Background and Overview

Council wishes to maintain the capability and capacity of the local supplier market by maintaining appropriate relationships with current suppliers as well as ensuring that the environment is suitable for new suppliers to enter.

Where a strong local market exists, this will assist in ensuring interest in Council projects and contractors who are willing to bid competitively for Council projects from minor through to significant in nature.

Consideration of the supplier market is required for stakeholder communication.

Council has historically received a sufficient number of competing tenders for most styles of contracts as is demonstrated in Table 3:

Table 3 – Numbers of Competing Tenders

| <i>Type of Contract</i> | <i>Number of Tenderers</i> | <i>Year Last Tendered</i> |
|--|----------------------------|---------------------------|
| Bridge Construction – Significant | 3 | 2007 |
| Passenger Transport | 2 | 2012 |
| Road Maintenance | 2 | 2016 |
| Road Markings – included in road maintenance contract | | 2016 |
| Signage - included in road maintenance contract | | 2016 |
| Vegetation Control – included in road maintenance contract | | 2016 |
| Unsealed Road Maintenance | 2 | 2017 |
| Network Rating Contracts | 2 | 2018 |
| Road Surfacing | 2 | 2019 |
| Traffic Signals | 3 | 2019 |
| Street Lighting Improvements | 1 | 2019 |
| Street Lighting Maintenance | 2 | 2019 |
| Road Rehabilitation – Construction (typical) | 3 to 5 (size dependent) | 2020 |
| Principal Bridge Inspections | 2 | 2020 |
| Road Surfacing | 2 | 2021 |

Council has been receiving two to three competitive bids in most open tenders and this is typical for most infrastructure contracts.

In more specialised tenders such as traffic signals and street lighting the market size for Invercargill and Southland is much more limited and only one or two tenders are being received. Often when out of Invercargill tenders are received they include high premiums for establishment.

ICC has now adopted LED technology lights which require less unplanned attendance. Consequently it is considered appropriate for this to become incorporated into the routine works rather than a standalone contract. Traffic Signals continue to be a specialised approach.

Waka Kotahi is starting their second round of Network Outcomes Contract (NOC) and this has the potential to further influence the future direction of the market, both contractors and consultants and will often depend the level of engagement and market consideration which is given.

Southland District Council has procured their maintenance services through alliance based contract models. Council has been operating a shared risk (alliance) approach and has been growing in understanding and confidence in the benefits and issues with this approach.

Recently Invercargill City have let the City Streets redevelopment work as a Shared Risk (Alliance) contract following an Early Contractor Involvement process. These learnings have been of assistance both from an engineering and political viewpoint in establishing future directions.

Gore District has recently been working through procuring services for their physical works and have used a reasonably traditional model for their works and separately engaged a wide range of contracting skills without the process of bundling services as they see this as their best delivery model for their district including the resources council has.

There is significant pressure on available budget, tight employment markets. The contracting market in Southland is now more familiar with the shared risk (alliance) contracts and have indicated to our Procurement Consultants that this is their preferred contracting type. A number in the local market have indicated that they would not bid if it was not this style of model.

There is also a period of considerable change in the 3 Waters programmers and delivery mechanisms. This has and will have impacts on the supplier market most likely after 2026 when the current National Transition Unit (NTU) has indicated when contracts should be up for renewal. More recent contracts with the post Covid funding packages have been via a panel and the degree of success factors is varied. This increase in work is having an impact on staff resources for other work.

Available Suppliers for Roothing Works

Southland continues to have contractor bases operating from Invercargill and these contractors mostly participate in roading and other infrastructure projects. They are:

- Central Western Roothing
- Downer NZ
- Fulton Hogan
- Jim Bates Contracting
- SouthRoads
- Supreme Earthworks
- Wilson and Keen Ltd

These contractors have historically secured a range of the road maintenance contracts offered by Councils throughout Southland including Southland District, Gore District, and State Highways for Waka Kotahi and Invercargill City areas.

Council has also seen other contractors (including smaller companies) from adjacent areas becoming more interested in works based in and around Invercargill. Included in Appendix A is a list of contractors who are seen as interested stakeholders.

The above companies have demonstrated that they have the knowledge and resources, together with the use of specialist sub-contractors, to physically undertake the work Council will be offering.

Impacts

The trend towards longer term relationship roading contracts (as a whole of market) may impact on competition and not encourage new companies to enter and potentially lead to the demise of competition.

Benefits from Southland contractors having regional offices are becoming less important as the size of other contracts increase and these contracts require forming of more sizable groups of staff and equipment.

Council continues to be content with the market opportunity and has seen satisfactory competition.

The maintenance approach using an advance approach (a relationship model) to procure transport services is seen as a strong approach to meeting the objectives of this and the wider strategies. It has been noted nationally through Te Ringa Maimoa that a Smart Buyer approach is the better approach to delivery.

Council experience with its transition contract has shown strong relationships formed and the delivery approach improved whilst still seeing sound value for money.

Lowest Price or Price Quality methodology would still be utilised for shorter duration and low risk traditional style work to reduce compliance costs without reducing quality or performance aspects. The structuring of the contracts have reduced the number of contracts that are offered.

There are a number of maintenance contracts (6) in Southland and any decision of Invercargill City Council will not be likely to influence the local or south Island market.

It has been shown historically that with the larger maintenance contracts, the national firms have been willing to re-establish their presence if their company resource profile has diminished over the previous contract term.

Resurfacing

The dominant surfacing contractors with facilities in the Invercargill area are:

- Fulton Hogan (Chip Sealing and Asphaltting)
- Downer NZ (Chip Sealing and Asphaltting)
- SouthRoads (Asphaltting)

The local market has two asphalt plants (Downer NZ and Fulton Hogan) supplying the Invercargill market. Emulsion production and storage occurs at the Downer NZ site in Bluff together with Fulton Hogan transporting product from their plants near Dunedin.

Council's larger sealing and asphaltting contracts have normally receive two competitive tenders.

Council sees procuring resurfacing under a lowest cost or price quality supplier selection method as appropriate.

This is a low risk approach given they are established companies having a reasonably robust track record of delivery. The added value proposition is how they can lever multiple contracts they openly win and consolidate their overheads to deliver the required outcomes.

Council continues to have awareness of contractors may wish to consider the southland market and this is more about the wider southland opportunities than just Invercargill.

Council sees the proposed structure of the size and mix of contracts is well received by the industry and continues to receive competitive bids.

The evaluation methodology is also seen as being appropriate and acceptable.

Other Work Groupings

The areas where Council has seen less competition continues to be in the specialist maintenance areas such as traffic signals and street lighting. These areas are relatively low investment levels of expenditure. Streetlight maintenance is being procured through the maintenance contract.

There is only a limited opportunity for the contractors to develop a broader client base and is seen as the reasoning for contractors not to develop these specialised skills.

It is seen this does not put the network at high levels of risk nor is the market uncompetitive, as during the tendering period tenderers are unaware of the number of bids likely.

Council is content to continue to procure roading services under either a lowest cost or price quality supplier selection method for shorter duration and low risk traditional style work.

The local construction environment has good quality materials readily available together with proven reliable contractors making either of these models an acceptable risk for this style of work. The ongoing performance of the contractors and products will determine if this historical trend continues.

Council's primary requirement is to provide the best services it can for its road users and ratepayers and believes the current mix of contracts and size delivers best value for money.

Professional Services Providers

Council has as noted changed its direction for roading professional services via in-house staff.

The planned delivery of maintenance through a shared risk (alliance) model will require council to be able to provide and contribute both administrative and technical skills to future contracts. These services are via work category 151 and are predominately maintenance based activities other than drainage and footpath renewals (which are a deliverable under the maintenance approach).

The professional services delivery will be focuses on renewals, resurfacing, bridges, overweight and asset condition deliverables.

Council will continue to use a mix of internal and external to deliver asset planning activities.

Staff turnover in teams is increasing as more private sector influence occurs.

Invercargill has limited regionally located providers. WSP is the largest provider with local presence. Bonisch are the only other local consultant but have typically been involved only in project based work. This is a regional weakness but increased technology options assist with most of this area but cannot substitute on ground activities when required other than by travel. This is a consideration which will develop as more focus occurs on climate related activity.

The availability of specialists (e.g. bridging or geotechnical etc.) is not seen as the issue but more of their location and these continue to be delivered either locally or from easily accessible offices in Dunedin or Christchurch.

Council has a wider relationship with many of the providers based in Queenstown, Dunedin and Christchurch (GHD, Aurecon, CPG, and BECA etc.) who Council has historically worked successfully with.

Where opportunities at a project level arise, Council's in-house resources will consider collaboration with other approved organisations to achieve best value for money.

Public Transport Operators

Currently Invercargill has only one operator running a contracted scheduled passenger services (BusSmart) in the Southland region.

Go Bus hold this contract with Council. The Invercargill services include city and school runs. Go Bus acquired McDermott Coachlines on 30 July 2021 and they were the only other large operator in Southland with a fleet of 81 buses and 76 staff.

It may be challenging to encourage a new entrant to join the market in Southland using the procurement framework. The largest providers in NZ are now owned by international shareholders with Ritchies recently also sold from NZ ownership.

Changes in the delivery model to on demand approach will also impact on the supplier markets both in PT and Total Mobility where increases in subsidized on demands services occur. This could impact local small passenger operators.

Total Mobility operators enter into individual (Waka Kotahi developed) contracts with Council. The biggest supplier is Blue Star and there is a strong supplier market for total mobility.

Supplier Relationships

The relationship between Invercargill City Council and suppliers has been very good. It has based on mutual respect. The market in Invercargill is relatively small, competitive but direct contact and strong relationships at all levels is supported due to the business compactness.

Council staff also meet with the local branch of Civil Contractors NZ, Road Transport Association and individual contractors and consultants.

Tender debriefs with both successful and unsuccessful tenderers are available.

4.2. Analysis of Councils Current Procurement Spend and Profile

Table 2 below sets out Maintenance/Renewal and Capital Works and Minor Improvements contracts awarded since 2018.

Table 4 - Recently Awarded Contracts

| Contract No | No of bids | Price | Successful tenderer | Year Awarded |
|-----------------------------------|-------------------|--------------|----------------------------------|---------------------|
| 818 Urban Pavement Rehabilitation | 3 | \$1.1M | Fulton Hogan | 2018/2019 |
| 829 Road Resurfacing | 2 | \$1.4M | Fulton Hogan | 2018/2019 |
| 840 Streetlight LED upgrade | 1 | \$0.4M | Network Electrical Servicing Ltd | 2018/2019 |
| 849 Traffic Signal Maintenance | 3 | \$0.3M | Command and Control | 2018/2019 |
| 851 Professional Services | 1 | \$0.7M | ICC ESG | 2018/2019 |
| 821 Ingill Bluff Cycleway | 4 | \$0.8M | SouthRoads | 2019/2020 |

| Contract No | No of bids | Price | Successful tenderer | Year Awarded |
|------------------------------------|-------------------|--------------|----------------------------|---------------------|
| 905 Tweed Street Rehabilitation | 4 | \$1.2M | SouthRoads | 2020/2021 |
| 944 Resurfacing | 2 | \$4.8M | Downer | 2020/2022 |
| C1164 Principal Bridge Inspections | 2 | \$ 0.03 | DCL Consulting | 2021/2022 |

With low numbers of tenderers in some categories the following evaluation is skewed by lack of data but there has been no significant change in the number of tenders over time.

Table 5 - Average Number of Tenders by Contract Size

| Year | Contract Size | | | |
|-------------------------|----------------------|-------------------------|-------------------------|-------------------|
| | <\$0.2M | \$0.2M to \$0.5M | \$0.5M to \$1.0M | >\$1.0M |
| 2018/2019 | No tenders | 2 | 1 | 2.5 |
| 2019/2020 | No tenders | No tenders | 4 | No tenders |
| 2020/2021 | 2 | 2 | No tenders | 4 |
| 2021/22(to date) | 2 | No tenders | No tenders | No tender |

4.3. Analysis of the Impact of the Procurement Programmes of Other Approved Organisations and Other Entities

The Southland District, Gore District Councils along with Waka Kotahi have an impact on Invercargill City Council markets.

Private subdivision and commercial developments can also have impact on the availability of contractors and consultants to service Council and the wider engineering needs.

Downers NZ successfully won and are delivering the Invercargill CBD upgrade and bring resource from outside the region to deliver the project. Commercial building activity in the CBD has peaked and is completing some of the projects including the Languard's Hotel and Invercargill Central Ltd and HWR Towers. Future projects which could influence the markets are the Museum development, city streets Stage 2, Distinction Hotels and Dunedin Hospital. These could add additional strain on available resources.

The availability of work other projects, than that offered by Invercargill City Council has contributed to a relatively stable but stretched pool of contractors and consultants in the region.

The Ministry of Education and the Tiwai Point Aluminum Smelter workers bus are the only other organisations tendering for passenger transport services in the region.

This work together supports operators in the region (including the current operators of the BusSmart contracted bus services) however the future of the Ministry's involvement in bus services could change with time.

Go Bus having acquired the only other major player in the provision of bus services leaves a sole supplier situation in Invercargill at present.

The routine Waka Kotahi, Southland and Gore District procurement programmes are considered to make no significant change to Invercargill City Council's position but who holds some of those contracts can influence the competitiveness of tenders.

5. APPROACH TO DELIVERING THE WORK PROGRAMME

5.1 Strategic Objectives

Council wishes to obtain products and services in an open, fair and transparent manner.

The Objectives are:

- Council must be sure it is receiving “Best Value for Money”.
- Council will package the delivery of the roading programmes in a manner that a suitable and sustainable environment occurs, and contracts bids are competitive, effective, responsive, sustainable (where appropriate) and efficient
- Council will procure services considering cost, quality, risk, sustainability (where appropriate) and may consider the broader outcomes approach (again where appropriate).
- Council will meet legislative requirements using models approved for staged delivery.
- Professional services will be undertaken utilising in house skills wherever appropriate.
- Council will work with and develop relationships such that they are consistent and fair where suppliers wish to engage with Council to provide their services or goods.
- Council will procure services to maintain markets so services it requires are readily available, both now and in the future, and are provided at a sustainable and fair value.
- Council will endeavor to ensure providers are willingly engaged in a competitive process and work to establishing adequately available resources.
- Processes will follow systems which are easy to document, robust and able to be reviewed whilst not placing unfair or excessive demands on suppliers.

5.2. The Procurement Approach

Physical Works

Maintenance and Renewals

As noted in section 4.1, the maintenance contracts are at the end of their contract periods.

Council plans to advertise the new contract as a shared risk (alliance) contract with cost reimbursement, lump sum and measured items.

Council sees this approach as being consistent with the market and Waka Kotahi models and aligning to contractor feedback. It is consistent with the approach being trialed.

Unsealed road maintenance and Street lighting will be included in the next maintenance contract due to the scale of the work and the cost of administration.

Traffic Signal maintenance will remain stand-alone at present although there is an option to include under the maintenance contract as a nominated sub-contractor.

Resurfacing will be retendered for the 2023/24 season as 2+1 contract however this work may be considered to be novated into the maintenance contract dependent on the contractor and the success of the contract model in delivering the objectives and outcomes.

Council is satisfied that with appropriate requirements for maintain a healthy sub-contracting market are in place and the market will continue to be sustainable and appropriate without loss of capacity and service. The use of key subcontractors is anticipated to be at least 18 to 20% of the maintenance value. The use of in business divisions would not typically be seen as subcontractors unless that element of the work is open contest and competitively bid.

Renewal and Improvement Works (including LCLR)

Councils forward work programme is managed through the Long Term Plan and Annual Plan processes.

Minor Works and LCLR works and renewal projects will be either tendered as stand-alone projects or procured through the maintenance contract when the scope of works fits the maintenance contract schedule.

The delivery model chosen for the works projects is the staged delivery model because there is no continuity between projects and a separate contract for each is appropriate.

Delivery

For all works Council has adopted the following approach with regard to small contracts (Table 6).

Table 6- Supplier Selection Methods for Contracts

| <i>Threshold</i> | <i>Type of contest</i> | <i>Supplier selection method</i> |
|--------------------------------------|--------------------------------------|--|
| 0 to \$50,000 | Direct appointment | Negotiated , Lowest Price |
| Minor – \$50,000 to \$100,000 | Closed contest or direct appointment | Negotiated , Lowest Price or Price Quality (if appropriate) |
| Routine 100,000 to \$200,000 | Closed contest | Lowest Price or Price Quality |
| Major Over \$200,000* | Open contest | Lowest Price or Price Quality |
| Term Contracts - Roading | Open Contest (Shared Risk) | Quality Based or Price Quality |
| Term Contracts – Passenger Transport | Open Contest (Partnering) | Price Quality |
| PT Trial Services | Closed (Staged) | Price Quality |

For price quality methods the range of weightings (price/quality) is planned to be used:
 Physical works and Professional Services 20/80 to 80/20

For Shared Risk Models – the range of attribute weightings can be up to 0/100, namely the initial selection on attribute with price (based on margin or a specified schedule) being negotiated.

Delegations

Delegations shall be as set out in the Invercargill City Council Delegations register as is approved by Council.

Professional Services

Council employs a number of staff to provide in-house professional services and contracts for additional services as necessary. Services includes Asset Management, Operations, Maintenance and Renewals.

Any additional standalone professional services where required for projects with a professional services estimate greater than \$100,000 in any one year will use the staged delivery model and follow the guidelines set out in the Waka Kotahi Procurement Manual.

Council is satisfied that it has a sound balance to the delivery of service.

Passenger Transport

Future passenger services contracts will be follow Section 8 of the Waka Kotahi Procurement Manual and will be a partnering delivery model.

The supplier selection method will be a price quality approach with contracts prepared specifically to align with passenger transport procurement needs (e.g. Section 8.6).

The following table sets out the planned procurement programme for the next three years to the end of 2022.

Table 7 - Approach to Procurement Programme

| Contract | Complexity | Risk | Value (per year) | Duration | Start | Delivery Model | Supplier Selection Method |
|-------------------------------------|-------------------|-------------|-------------------------|-----------------|--------------|------------------------|---|
| Sealed Road Maintenance | Low | Low | \$5M | 5 +1+1 years | July 2023 | Shared risk (Alliance) | Quality based or Price Quality |
| Unsealed Road Maintenance | | | | | | | Combined with Sealed Road |
| Streetlight Maintenance | | | | | | | Combined with Sealed Road |
| Traffic Signals | Low | Low | \$0.2M | 3+1+1 years | July 2024 | Staged | Lowest price or Price Quality |
| Low Cost / Low Risk Projects | Low | Low | \$0.6M to \$1.2M | Annual | | Staged | Lowest price or Price Quality |
| Bridge/ retaining walls | High | Medium | Varies | Annual | | Staged | Lowest Price or Price Quality |
| Public Transport | Medium | Medium | \$1.2M | 9 | July 2024 | Partnering | Price Quality |
| Total Mobility (multiple providers) | Low | Low | \$0.3M | 3 | | Staged | Direct appointment (many small contracts) |

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

Council has considered the historical use of procurement options and strategically agreed to and has implemented a trial of the advance risk sharing model. The previous models had worked reasonably well but had not developed further in the changing market.

Many contracts across NZ have taken the opportunity to develop strong working relationships with contractors and use a shared risk (alliance) focused model. These contracts are about establishing a focused team who will work together and deliver outcomes along with strong and appropriate governance to ensure the objectives are delivered.

In Southland, SDC delivers their maintenance successfully via these models.

Options and Analysis

Roading

The sealed surfaces contract which will also coordinate the unsealed and streetlight (due to their size) and is Councils most significant contract.

Council considered that two directions existed, scheduled measure and value (using a PQM) or a Shared Risk (alliance) model.

The approach from the current contracts last year's activities has strengthened the understanding of what is needed and how the relationship and risk need to be managed.

The current team has demonstrated that working actively, sharing knowledge can support better outcomes including value where the risk is better discussed and allocated. As people change and Council could have less engineering knowledge so the shift can occur where this knowledge is part of the working solution.

The use of an advanced process is seen to be important to meeting the objectives of this strategy to procure the future road maintenance contract and meet the Council's needs. The industry is support of this delivery model.

Passenger Transport

PT contracts are seen to support a scheduled public transport service. There is seen to be value where the purchaser and suppliers collaborate closely. This style of contract has scope for risks to be shared and incentives for both parties to encourage innovation.

The PT model should place opportunity for additional reward for high service delivery and meet the current requirements for Bus standards as required.

The use of a partnering model is seen to be important to meeting the objectives of this strategy to procure the future passenger transport contracts and meet the Council's needs. The partnering model is as set out in section 8 of the procurement manual.

6. IMPLEMENTATION

6.1. Capability and Capacity

Invercargill City Council employs experienced engineering staff in the asset management, and contract management and supervision fields. Where required outside expertise is sought and external consultants will be engaged.

It is believed the capacity and capability within the Council is sufficient to manage the procurement programme outlined in this strategy.

6.2. Internal Procurement Processes

Council's now has a corporate procurement team to support procurement processes and ensure efficiency, transparency and accountability.

Tender documents are clearly written and easy to understand and Council's quality processes outlines the contract documentation required for various contracts and ensures standardized Request for Proposal, tender and contract documentation. Wherever possible standard processes are utilised.

The tender evaluation process makes use of a robust evaluation system with summary reporting that ensures fairness and transparency in the decision making process.

Accountability is assisted through contractors' performance being taken into account in future tender evaluations.

Council uses a suite of standard engagement, consultancy, service, supply and works contracts (both MBIE and terrace Publications as appropriate).

These are used by many councils around New Zealand so retain a compatible format for joint projects. Council uses NZS: 3910:2013 for Capital Works and or NZS: 3917:2013 for term maintenance contracts.

6.3. Waka Kotahi Approved Assessors

Waka Kotahi approved assessors are required for contracts over \$200k as required by clause 10.19 of the Waka Kotahi Procurement Policy.

Council does not have in house capability at present but uses a range of approved evaluators as needed. These are from both consultants and others.

6.4. Performance Measurement and Monitoring

The following indicators will measure performance against the objectives of this Strategy (Table 8).

Table 8 - Monitoring

| <i>Objective</i> | | <i>Indicator</i> |
|------------------|---|--|
| Value for money | Time - estimated duration of key contracts versus actual duration of contracts | Percentage of contracts longer than estimated duration |

| Objective | | Indicator |
|-------------------------------------|---|---|
| | Cost - estimated cost of key contracts versus actual cost of contracts | Percentage of contracts higher than estimated cost |
| | Quality - Council's satisfaction with performance of contract, contractor performance, and quality of interactions | Average rating over all contracts |
| | Customer Satisfaction - number of service requests/ complaints, compared annually | Number of service requests and number of complaints, relating to contracts. |
| Competitive and efficient markets | Number of bids received | Average number of bids received for all tenders |
| | Whether alternative bids were permitted / received / accepted | The percentage of contracts where alternative bids were permitted / received / accepted |
| Fair competition | Number of open/closed contests and direct appointments | The percentage of open contests, closed contests, and direct appointments. |
| Carbon Baseline | Establishing and reporting the carbon baseline for the road maintenance contract | Reported 6 monthly to the Contract Governance Board |
| Sustainability / Waste Minimisation | Considered as part of the tender evaluation and incorporated as contract key result area | Reported 6 monthly to the Contract Governance Board |
| Health and Safety | Report and monitor on key performance and safety issues | Reported 6 monthly to the Contract Governance Board |
| Employment | Considered as part of the tender evaluation and incorporated as contract key result area | Reported 6 monthly to the Contract Governance Board |

Invercargill City Council will collect and provide the data required by the Waka Kotahi (See Appendix B Waka Kotahi Data Collection Checklist).

This checklist will be discussed with stakeholders and the data from completed checklists entered into a master spreadsheet at the end of the contract to enable analysis.

It is noted that data for the first item under 1.2 will not be collected (Cost of the procurement function as a percentage of organisational running costs).

Invercargill's procurement programme is small and no one person spends more than 50% of their time on procurement activities for transport, and we do not typically contract out the procurement process for Waka Kotahi funded activities. Therefore we consider the staff time required to monitor procurement costs when compared to the scale of procurement activities is not warranted.

6.5. Communication Plan

Council intends to work closely with local suppliers and will allow for market briefings for public tenders. Council uses GETS to advertise all its transport tenders as required in Rule 10.6 of the Waka Kotahi Procurement Manual.

This Procurement Strategy will be considered for approval by the GM Infrastructure Services and consultation will occur with relevant internal departments prior to approval.

Following endorsement from Waka Kotahi and feedback from Stakeholders, this policy will be presented to Council for adoption. The strategy will be published on the Invercargill City Council website once adopted to allow for transparency to all suppliers.

6.6. Implementation Plan

The Strategy will be managed by the Asset Manager - Transport.

Tender evaluation recommendations are presented to the Asset Manager - Transport who with the Manager Strategic Asset Planning will seek Council approval as set out in Councils Delegation register (via the Group Manager, ELT or Council) .

The following action plan (Table 9) will be implemented to ensure the benefits of this Strategy are realised.

Table 9 - Action Plan

| <i>Action</i> | <i>Date</i> | <i>Responsibility</i> |
|---|---|--------------------------------|
| Ensure Procurement team and Infrastructure Operations are fully briefed and aligned to delivery of Strategy | January 2023 | Strategic Asset Planning team |
| Project Briefs to be updated to include requirement to record details to meet monitoring and reporting requirements | Before next round of briefs are issued in Feb 2023 | All Project Managers |
| Contracts to be tendered according to approved Strategy and methodology | Ongoing | All Project Managers |
| Data to be recorded for each contract with Waka Kotahi financial assistance- | As project progresses and finalised upon completion | All Project Managers |
| Monitoring data to be analysed | Annually | Infrastructure Operations Team |
| Monitoring data to be submitted to Waka Kotahi | Annually | Strategic Asset Planning team |
| Review of the Strategy (may also trigger changes in the interim depending on urgency) | 3 yearly or earlier if necessary | Strategic Asset Planning team |

6.7. Corporate Ownership and Internal Endorsement

This Procurement Strategy when adopted by Council will be the responsibility of the Strategic Asset Planning team for implementation.

APPENDIX A – TRANSPORT STAKEHOLDERS

| COMPANY | AREA OF OPERATIONS |
|-------------------------------------|---|
| Fulton Hogan Ltd | Roading, Road Marking, Signage, Surfacing |
| Downer | Roading, Road Marking, Signage, Surfacing |
| SouthRoads | Roading, Signage, Surfacing |
| Jim Bates Contractor | Roading, Surfacing |
| Central Western Roding | Roading |
| Wilson and Keen Ltd | Roading |
| Supreme Excavations | Roading |
| Southland Farm Services | Roading |
| Network Electrical Servicing | Street Lighting |
| Power Services | Street Lighting |
| McDonough Contracting | Signage |
| Command and Control | Traffic Signals |
| Allen Anderson | Vegetation Control |
| iMow – Invercargill Mowing Services | Vegetation Control |
| Southland District Council | Authorised Organisation |
| Environment Southland | Authorised Organisation |
| Gore District Council | Authorised Organisation |
| Waka Kotahi | Authorised Organisation |
| Stantec | Professional Services Consultant |
| WSP | Professional Services Consultant |
| Bonisch Consultants | Professional Services Consultant |
| Automobile Association | Industry Sector |
| Road Transport Association | Industry Sector |
| Go Bus | Passenger Transport |
| Blue Star Taxis Invercargill | Passenger Transport – Total Mobility |
| Cabi Invercargill | Passenger Transport – Total Mobility |
| Driving Miss Daisy | Passenger Transport – Total Mobility |
| Ezicab | Passenger Transport – Total Mobility |
| Freedom Driving Invercargill | Passenger Transport – Total Mobility |
| Golden Ride | Passenger Transport – Total Mobility |
| Invercargill Taxis | Passenger Transport – Total Mobility |
| MTTaxi (Gore) | Passenger Transport – Total Mobility |

APPENDIX B – WAKA KOTAHI DATA COLLECTION CHECKLIST

(See Appendix E Waka Kotahi Procurement Manual)

To be completed annually for all contracts with Waka Kotahi subsidy.

| <i>Topic</i> | <i>Information</i> | <i>Checklist</i> |
|---|---|------------------|
| 1. Aggregate contract information | | |
| 1.1 Total number and value of contracts awarded: | Total number of all NLTP contracts awarded (all contracts, not just those above \$50,000) | |
| | Total value of contracts awarded | |
| | Total number of contracts awarded by direct appointment | |
| | Total value of contracts let by direct appointment | |
| | Total number of contracts awarded by closed contest | |
| | Total value of contracts let by closed contest. | |
| 1.2 Cost of procurement: | Total cost of all contracts awarded. | |
| 2. Individual contract information - for contracts let for \$50,000. or more (excluding GST) | | |
| 2.1 General detail: | Project/activity name | |
| | Contract number/name supplier | |
| | Term (for term service contracts) | |
| | NLTP activity class | |
| | NLTP work category. | |
| 2.2 Procurement procedure detail: | Procurement procedure used | |
| | Delivery model used | |
| | Supplier selection method used | |
| | Contract type. | |
| 2.3 Open/fair competition and innovation: | Number of bids received | |
| | Were alternative bids permitted, received or accepted | |
| | Reason for accepting or rejecting an alternative bid. | |

| <i>Topic</i> | <i>Information</i> | <i>Checklist</i> |
|--|---|------------------|
| 3. Assessing value for money spent in the procurement process | | |
| 3.1 Time (includes forecasts in the RFP, the contract, at start of work and actual): | Estimated contract duration (when contract was let) | |
| | Date of contract award | |
| | Date work(s) commence | |
| | Date of completion | |
| | Actual contract duration | |

| | | |
|---|--|--|
| | Variation and reason for variation (where applicable). | |
| 3.2 Cost (planned and actual): | Firm estimate of cost (prior to issue of RFP) | |
| | Contract (when contract was let) | |
| | Out-turn final | |
| | Variation and reason for variation (where applicable). | |
| 3.3 Quality (scale of 1 - 5: 1 = dissatisfied 5 = very satisfied): | Approved Organisation satisfaction with output | |
| | Contractor performance | |
| | Quality of interactions. | |

APPENDIX C – FEEDBACK ON CONSULTATION ABOUT STRATEGY

APPENDIX D – RESOLUTION OF ADOPTION FROM INVERCARGILL CITY COUNCIL



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28 February 2023

Russell Pearson
Manager – Strategic Asset Planning
Invercargill City Council
Private Bag 90104
Invercargill 9810

Dear Russell,

Transport Activity Procurement Strategy Endorsement

Thank you for your request seeking endorsement from the Waka Kotahi NZ Transport Agency for the Transport Procurement Strategy dated 12 December 2022.

I am pleased to confirm that Waka Kotahi has reviewed the Transport Procurement Strategy dated December 2022. This document forms Invercargill City Council's Procurement Strategy, the requirements of which are outlined in the Waka Kotahi Procurement Manual.

We are satisfied that it meets the requirements of the Waka Kotahi Procurement Manual and formally endorse the Procurement Strategy effective 26 February 2023.

We would like to draw your attention to the following matters. Waka Kotahi:

1. approves a variation to the rules in the Procurement manual, section 10.21 *Maximum term of a term service contract for infrastructure or planning and advice* to allow Invercargill City Council to use a maximum contract term of seven years (5+1+1 years) for the current road network maintenance term service contract.
2. approves a variation to the rules in the Procurement manual, section 10.21 *Maximum term of a term service contract for infrastructure or planning and advice* to allow Invercargill City Council to use a maximum contract term of seven years (5+1+1 years) for the new road network maintenance term service contract.
3. approves a variation to the rules in the Procurement manual, section 10.5 *Procurement procedure advanced components* to allow Invercargill City Council to use the shared risk delivery model and a quality based supplier selection method for the new road network maintenance term service contract.
4. approves the continued use of in-house professional services by Invercargill City Council, in accordance with s26 of the Land Transport Management Act.
5. approves the continued use of a variation to the rules in the Procurement manual, section 10.21 *Maximum term of a term service contract for infrastructure or planning and advice* to allow Invercargill City Council to extend the term of its contract for public transport bus services, on the same term and conditions, by two years to terminate on 30 June 2024.

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

1. that Invercargill City Council note that prior written approval is required from Waka Kotahi to vary the Rules outlined in the Procurement Manual, including the use of term service contracts for a term greater than five years, including any initial terms plus any optional term extensions.
2. that Invercargill City Council incorporate provisions into the tender documentation for the new road network maintenance term service contract to ensure meaningful work is allocated to subcontractors. Waka Kotahi encourage Invercargill City Council to require subcontracted works at approximately 25%. Meaningful work should also provide subcontractors with the opportunity to uplift capability in key areas such as health and safety and the management of quality assurance requirements that present ongoing barriers to entry and participation for subcontractors.

The Waka Kotahi Procurement Manual requires approved organisations to review their Procurement Strategy at a minimum once every three years and ensure that they always remain fit for purpose. The Procurement Strategy's endorsement will expire on the 26 February 2026, and you are encouraged to seek endorsement of a new or revised Procurement Strategy in advance of this date.

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

Yours sincerely



Shane Avers
Acting Senior Manager Procurement

TRANSPORT PROCUREMENT STRATEGY FOR NATIONAL LAND TRANSPORT ACTIVITIES

To: → Infrastructure Committee

Meeting Date: → Tuesday 4 April 2023

From: → Russell Pearson, Manager Strategic Asset Planning

Approved: → Erin Moogan - Group Manager - Infrastructure Services

Approved Date: → Thursday 30 March 2023

Open Agenda: → Yes

Public Excluded Agenda: → No

Purpose and Summary

The purpose of this report is to seek adoption of the procurement strategy for works which are undertaken within the Waka Kotahi National Land Transport programme.

Recommendations

That the Infrastructure Committee:

1. → Receive the report "Transport Procurement Strategy for National Land Transport Activities".

Recommend to Council

2. → To adopt the Invercargill City Council Transport Procurement Strategy (Financial Assisted Land Transport Activities) 2022-2025.