

Transport Procurement Strategy

July 2023

Approved: 30 October 2023

Endorsed: 24 November 2023

This document was prepared by Palmerston North City Council, Infrastructure Division.

	Name	Signature	Date
Prepared by:	Margot Mortland		29/11/23
Reviewed by:	Paul Hollis Procurement Manager		29/11/23
Approved for Issue by:	Bryce Hosking Group Manager Transport & Development		29-11-23

Version No.	Reason for Amendment	Date
1	WORKING DRAFT	27 July 2023
2	Updated draft	13 September 2023
3	Updated draft v3	30 October 2023
4	Final endorsed by Waka Kotahi NZ Transport Agency	24 November 2023

A review of the procurement strategy will be undertaken no more than three years from the date of this document, or at such time changes may be required due to a change of policy, scope or technical content.

Contents

Executive Summary	5
Key issues and opportunities to obtain value for money	5
Recommendations	6
Endorsement	6
Policy context and objectives	7
Strategic objectives and outcomes	7
Objectives and outcomes for the procurement strategy	9
Our Strategic Procurement Principles	10
Council and Waka Kotahi's procurement requirements	11
Sourcing procedures	13
Managing sourcing and tenders (RFx)	14
Fair competition among suppliers	16
Other relevant factors	16
Health & Safety	17
Procurement programme	21
Procurement activities	21
Programme expenditure	22
Identification of any high-risk or unusual procurement activities	23
Procurement environment	27
Supplier market	27
Impact of procurement on others	28
Delivering the work programme	29
Procurement approach	30
Delivery Strategy	30
Delivery models	31
Promoting tendering process	32
Requirements for procurement advertising	33
Supplier selection methods	34
Risk identification and management	36
Approach to Project and Contract Management	36
Advanced, customised or varied procedures	36
Strategy implementation	37
Capability and capacity	37

Internal procurement processes	37
Performance measurement and monitoring.....	38
Communication plan	38
Implementation plan	39
Corporate ownership and internal endorsement.....	39

Executive Summary

This document sets out the strategic approach to transport related procurement of works and services by Palmerston North City Council (Council). It supersedes the Transport Procurement Strategy previously endorsed by Waka Kotahi NZ Transport Agency (Waka Kotahi) in June 20020.

- Council is driving improved procurement practices across the entire organisation including ensuring:
- Each procurement decision is driven by the principles of 'best value over whole of life', having due regard to propriety
- Using the Government Procurement Rules and guidance to inform and direct Council's procurement policy
- Promote open and effective competition including full and fair opportunity for all suppliers
- Promote awareness of its Sustainable Procurement Policy among staff involved in the procurement of works and services
- Establish organisational targets and measure associated progress to support continued improvement in procurement practices.

Detailed in Council's long term projections in 2019 - Palmerston North is experiencing strong economic growth and the outlook for the next fifteen years is particularly strong. A major increase in central government, local government and private sector capital investment over the next fifteen years is providing a significant boost to economic activity and population growth in the city.

Palmerston North is a growing city, and we need to plan for this growth. We need to make it easy to get around, and to make sure we cater for everyone's needs as the city expands. To enable this the plan is to provide infrastructure to enable growth and a transport system that links people and opportunities.

Key issues and opportunities to obtain value for money

Key issues:

- Increasing Growth in Council (Palmerston North)
- Specific transport initiatives (Te Ahu a Turanga: Manawatū Tararua Highway, KiwiRail Regional Freight Hub impacts)
- Prior under-investment in transport infrastructure
- Backlog of maintenance
- Asset condition deficits
- Market conditions
- Resourcing.

Opportunities to obtain value for money:

- Increased investment, from high-risk strategy to medium risk strategy for Long-Term Plan funding
- Specific projects to address the Central NZ Distribution Hub: Regional Freight Ring Road, Regional Freight Hub, Airport, North East Industrial Zone, Longburn linkages and impacts
- Continue with both bundled and unbundled contracts to get greater focus on maintenance activity but don't preclude opportunities such as collaborative processes to ensure best value for money
- Increased focus on asset management system (RAMM) data quality in new contracts
- Transport team structure that maximises capability/capacity.

Recommendations

It is recommended that Waka Kotahi:

- A. Endorses the procurement strategy.
- B. Approves the continued use of a variation to Procurement Manual, section 10.21 Maximum term of a term service contract for infrastructure or planning and advice allowing Council to use a maximum term of nine years (3+3+3 years) for the road network maintenance service contract.
- C. Approves the continued use of in-house professional services by Council, in accordance with s26 of the Land Transport Act, with much the same scope and scale as it has in the past.

Endorsement

This strategy is approved by Council's Procurement Manager and Group Manager Transport and Development and is owned by the Group Manager Transport and Development. Waka Kotahi endorsed this strategy on 24 November 2023.

Policy context and objectives

The Transport Procurement Strategy is required by Rule 10.4 of the Waka Kotahi Procurement Manual and Section 25 of the Land Transport Management Act 2003 (amended 2008) for activities funded from the National Land Transport Programme. The Transport Procurement Strategy is prepared in the context of Council's overall Procurement Policy (version: Four dated 28 Nov 2017) & Sep 2023 draft 'PNCC Governance Procurement Policy', that details what is required by the organisation when procuring products and services.

Strategic objectives and outcomes

Transport and Council's strategic direction and vision, set in the Council's Long Term Plan (2021 – 2031) is:

- **He iti rā, he iti pounamu** Small city benefits, big city ambition. Council's Transport Plan primarily contributes to the Palmerston North City Council's goal of an Innovative and growing city.
- The 10-Year Plan level of service for this plan is to provide an integrated multi-modal transport network that connects people and goods with destinations in a safe, efficient and sustainable manner and evolves to meet new transport demands with less reliance on private motor vehicles
- A copy of the **Transport Plan 2021 – 31** is available at [Transport Plan | Palmerston North City Council \(pncc.govt.nz\)](https://pncc.govt.nz/transport-plan).

Expectations for transport have changed to include greater emphasis on the movement of people and goods, rather than vehicles. This means delivering the regional freight ring road, providing for pedestrians, cyclists and those catching the bus and treating streets as public spaces that work for all users to achieve multiple outcomes.

Council has been collaborating with Waka Kotahi NZ Transport Agency, Horizons Regional Council and neighbouring local councils on the proposed regional freight ring road for more than a decade. Waka Kotahi have developed the Palmerston North Integrated Transport Initiative (PNITI) to guide investment in strategic transport in the city. PNITI is a package of interventions to support the freight and distribution potential of the region, assist in building the region's resilience and provide a safer, more effective connection between some of the region's key industrial areas whilst improving access and safety for Palmerston North residents.

The key opportunities identified in the PNITI for strategic transport investment are:

- Economic growth, development and investment
- Grow Palmerston North as a distribution and transport hub
- Reduce freight on residential and place-based streets
- Reduce the travel time between key destinations

- Improvement in levels of service at key intersections
- Reduce the number of deaths and serious injuries on the transport network
- Reduce carbon emissions from land transport

PNITI considers a programme of investment to deliver on the investment objectives. This includes delivering the regional freight ring road, a future additional Manawatū River crossing, improvements around Bunnythorpe, connections to the North East Industrial Zone, accessibility and safety improvements throughout the city. Council will be taking the lead on many of the elements of the PNITI programme with Waka Kotahi leading others.

Our initial focus is on activating the regional freight ring road. This includes improvements to key intersections and bridges that are currently inaccessible to heavy vehicles. In the medium to longterm, our focus will be on improving other parts of the regional ring road and the strategic transport network around Bunnythorpe.

Waka Kotahi is expected to take the lead on improvements on existing state highways, parts of the regional ring road and the second Manawatū River crossing. Delivering the PNITI and the provision of a further river crossing will only be viable for Council with financial assistance from Waka Kotahi.

Council's engagement with Waka Kotahi over these issues relate to advocacy in delivery of the regional freight ring road in particular timing, ownership and funding. This strategy details a default position with Council as the sole roading authority in regard to delayed timing and restricted funding.

Council will continue to advocate to Waka Kotahi on progressing the regional freight ring road as early as possible to address the transportation issues identified above. We have maintained a future proposed budget for a further river crossing at 2040-2043. The intention is that this would complete the regional ring road in association with other improvements prior to this time. There remains uncertainty around the necessary location and timing of such an additional crossing. This will be influenced by the previous investment at this point and pace of development in the city.

Council adopted an Urban Cycle Network Masterplan in 2019, to map out an investment programme for the urban cycle network and to create an environment and culture that encourages more people in Palmerston North to choose cycling more often.

The Urban Cycle Network Masterplan commits council to:

- Reduce traffic speeds around schools and shops
- Expand the network of cycle lanes, including physically separated cycleways
- Support school and workplace travel planning, education about sharing roads and paths courteously, events like street festivals, recreation tours and competitions.

The implementation of the Urban Cycle Network Masterplan requires significant investment to achieve its ambitions. New programmes are included in the Long Term Plan to deliver on the masterplan. Waka Kotahi have launched a One Network Framework (ONF) to help

provide more detail on the function of transport corridors and differentiate areas of on-street activity.

Objectives and outcomes for the procurement strategy

Council is in the process to reviewing the 'PNCC Governance Procurement Policy'. PNCC Councillors are workshopping September 2023 with sign off due October / November 2023.

This procurement policy sets out the core and strategic principles that Palmerston North City Council will apply to its procurement.

Procurement is the process that we use to acquire and manage the goods and services we require to run the organisations and deliver outcomes and services to our community. The process:

- Starts with identifying needs, and then planning the best way to meet them.
- Continues through sourcing the goods/services/ works and managing the contract.
- Ends with the end of either the contract or the asset's useful life.



In making procurement decisions, Palmerston North City Council will follow the values detailed by the Controller and Auditor-General's Procurement Guidance. This guidance covers:



Our Strategic Procurement Principles

In addition to the procurement principles mentioned above, Palmerston North City Council has its own strategic procurement principles that align with our goals, strategies and plans. Our strategic procurement principles are described here.

- Open and effective competition
- Environmental Management
- Value to ao Māori
- Fostering local business
- Social equity

Waka Kotahi – Procurement exemption

Procurements involving Waka Kotahi NZ Transport Agency funding are exempt from this policy as the agency sets out specific procurement guidelines for land transport works that it funds.

The transport procurement strategy is aligned with Council's Procurement Policy, Waka Kotahi procurement requirements and Government procurement rules (<https://www.procurement.govt.nz/>).

The principles will be achieved through the following processes:

- **Procurement planning and sourcing** – early notice of tenders, broader outcomes included in the procurement plan and evaluation criteria, supplier debriefs etc.
- **Implementation** – Innovations Register Development, setup issue tracking systems, performance and quality workshops, recruitment of staff through the Basics Civil Programme, corporate social responsibility programs
- **Measuring** – Contract plans reviewed and approved by Council, development of report and claims processes and templates as agreed and KPI process workshops. Development of contract audit tool to measure if procurement / contract delivery outcomes were achieved.
- **Monitoring and reporting** – Early assessment of renewal, contractors plan development, Waka Kotahi performance evaluation (minimum standard Z/11).

Council and Waka Kotahi's procurement requirements

Council's and Waka Kotahi procurement requirements and the measures that Council is taking to achieve these are as outlined following. Council intend to measure, monitor and report on the achievement of these outcomes per the [Procurement Policy](#).

- **Open and effective competition (value for money):**
 - What does it look like?
 - We need to engage our suppliers through robust, easy-to-understand processes
 - We want to be consistent in the way we procure our goods, services and works. We also want to help our suppliers to understand what we need and what our expectations are in all our procurement.
 - We need to plan ahead in our procurements.
 - Use the most appropriate selection and engagement processes that suit the desired procurement and its level of risk
 - We need to allow enough time to engage stakeholders to determine their needs and, where appropriate, allow the market to give their views and offer alternatives.
 - We want to be known in the market as an organisation that treats everybody fairly and selects suppliers based on the information we provide to everyone.
 - We want to develop our supplier market and let them know why they have been successful and why they have been unsuccessful.
 - How can we achieve this?
 - Communicate the same message to all suppliers
 - Be clear in our requirements, scopes and specifications.
 - Ensure the outputs we want from procurement activity are clearly stated.
 - Set out performance measurements and expectations.
 - Use standard documentation when approaching the market (RFx and Contract)

- Be accountable for results by documenting our decisions. Create open-market opportunities whenever possible and document them where we don't.
 - Debrief both unsuccessful and successful suppliers to promote continuous improvement.
 - Planning for best procurement outcomes.
 - Consult the market and current suppliers to learn the art of the possible.
 - Ensure our market documents contain information to allow suppliers to make best-value offerings.
 - Include criteria to evaluate both price and non-price factors, including quality, fit for purpose for the proposal, and relevant experience.
 - Include sustainable outcomes as outputs of the procurement activity.
 - Consider whole-of-life costs of the goods/service.
- **Environmental Management:** To seek suppliers who value and demonstrate Kaitiakitanga (guardianship) of New Zealand's natural environment and resources. Commitment will be demonstrated through the measurement and reporting of environmental outcomes, efficiency measures and supporting innovations that aim to enhance and protect the environment.
- **Value to ao Māori:** We want to support a resilient and regenerative Māori economy by supporting economic opportunities for Māori businesses and iwi organisations. We want to work with suppliers to create quality employment opportunities through our contracts for Māori. We want to engage with likeminded suppliers who consciously seek to support partnership opportunities with Māori-owned businesses.
- **Fostering local business:** We want our procurements to make a positive economic contribution to our city. But given the size and needs of Palmerston North City Council, all of our suppliers can't be locally based. For this reason, we are also encouraging suppliers who create local job opportunities or use local businesses or social enterprises in their supply chain.
- How can we achieve this? PNCC will consider including the following supplier-focussed questions with every procurement:
 - How do you consciously seek to engage subcontractors from Palmerston North as part of your proposals? Can you provide the estimated subcontractor workforce (excluding apprentices and trainees) employed in delivering this contract?
 - How do you provide employment opportunities, apprenticeships or skills development in Palmerston North? Can you provide the estimated number of apprentices or trainees directly employed in delivering this contract?
 - Will you engage suppliers based in Palmerston North to supply goods or services in relation to this contract? If yes, please list these suppliers.
 - Do you have details about the number of the proposed personnel living within Palmerston North directly linked to delivering this contract?
- **Social Equity:** We want to engage with like-minded suppliers that build resilience in their workforce. Where we can, we want our procurement to play a part in

contributing to our local communities and social wellbeing in Palmerston North. We want every supplier that provides regular and ongoing service to Council to pay at least the living wage to its staff. We support a diverse workforce and want to see that there are opportunities through apprenticeships and training in the delivery of our contracted goods, services and works.

- **Asset management planning** to identify an effective work plan and provide a whole-of-life approach to asset management
- **Successful delivery** of works and services. The right outcome at the right time in the right place at the right price (within budget)
- **Optimising asset life** while meeting appropriate service levels
- **Planning to finish early not start early.**

Sourcing procedures

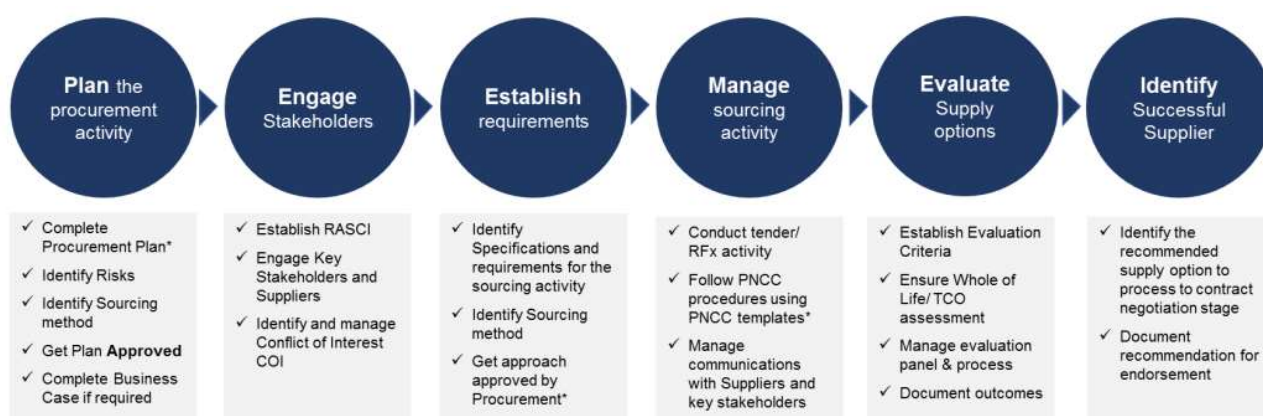
Sourcing activity at PNCC must follow:

- standard procedures and use PNCC's standardised procurement templates and forms unless authorised by the Procurement Manager or in-house Legal Counsel. These include the following Procurement Plan Templates:
 - **Procurement Plan Lite Template Between \$20,000 to \$200,000**
 - **Procurement Plan template \$200,000 and above.** This template includes the following detail requirements for sign-off:

Waka Kotahi - delete if not applicable

Will this be funded in part / full by Waka Kotahi?	[Y/N]
What is anticipated value of proposed contract including contingency?	\$
Does Waka Kotahi need to Endorse / Approve this procurement?	[Y/N]
If Yes – Who is accountable for obtaining endorsement / approval? <small>Note the approval / endorsement by Waka Kotahi to be filed within Contract File in PNCC records management system with other project specific procurement documents by the assigned Project Manager</small>	[insert: name, title]

- Follow Waka Kotahi's procurement requirements as set out in their Procurement Manual for activities funded through the National Land Transport Programme Amendment 6, April 2022.



- Sourcing methods include:
 - Competitive open tenders
 - Single or Multi-stage process
 - Competitive Closed tender
 - Direct Procurement – Sole source
 - Quotation process

➤ **Competitive and efficient markets**

- Generally, an open market process is used to ensure transparency and best value. Open market means there are no restrictions to access and all suppliers can compete to provide goods and services.
- An open competitive process is PNCC's preferred mechanism to approach the market for expenditures over \$100,000 as it promotes open and effective competition and gives all potential suppliers an opportunity to participate. Council will adopt an Open Competitive approach to the market via the Government Electronic Tender Service (GETS). Standard practice at Council will be to publish a tender opportunity on GETS with a link to PNCC's E-Procure site within Council's procurement system.
- Tender periods will be appropriate to ensure complete and comprehensive tenders are submitted
- Clear specifications will be developed and engagement with the supply markets will be professional and transparent
- The time between awarding of tenders and commencement is appropriate to enable suppliers to resource and programme with confidence
- Contractors are aware of upcoming tenders and possible design options.

Managing sourcing and tenders (RFx)

Please note the definitions below for key roles that may be fulfilled by a PNCC staff member when working in various stages of the Transport Procurement Lifecycle.

- **Project Manager** - The person appointed by PNCC who is responsible for the procurement planning and sourcing phases of the Procurement Lifecycle for a particular good/s or service/s. This person serves as the Key Stakeholder of a procurement and is usually the main contact and lead of the procurement, working in conjunction with PNCC's Procurement Team and Infrastructures Contract Management Team.
- **Contract Manager** - The staff member who is responsible for the contract management phase of the Procurement Lifecycle ensuring that the project is delivered on time, within budget, and to the required quality standards.
- **Preparing for sourcing event** - The scale and scope of research, analysis and planning should be proportionate to the strategic importance of the procurement to PNCC, its level of risk and relative value and follow Waka Kotahi Procurement manual requirements.
- **PNCC's E-Procure tools and GETS** - Council staff should utilise PNCC's E-Procure tools and GETS for advertising tenders. This helps to:

- Ensure advertising for the competitive tender process reaches the target market;
 - Ensure no supplier gets an undue time advantage or disadvantage;
 - Ensure any changes during the tender or proposal process, including extension of time, suspension or cancellation are communicated to the market and registered in writing;
 - Keep a record of all suppliers who request a copy of the tender or proposal package thus enabling any subsequent amendments/notices to be sent to them;
 - Ensure all responses to any queries are provided to all suppliers on an equal basis except where the enquiry is commercially sensitive. (Commercially sensitive responses may be regarded as "commercial in confidence" and should be limited to the particular supplier);
 - Provide a central repository of all tender documentation and communication published to the market; and
 - Provide a central system for evaluation of tender proposals and allows for recordkeeping of associated scoring by evaluators. In order to allow adequate time for tender submission preparation thereby encouraging competition to obtain best value for money, a supplier response period of at least 25 business days is recommended to allow interested suppliers sufficient time to prepare and submit a tender or proposal. This timeline may be adjusted depending on the nature and complexity of a procurement.
- Supplier pre-tender briefings and clarification meetings: Supplier briefings pre-tender or Clarification meetings after a tender has been released should be considered for complex or unusual procurements that are of strategic value to PNCC's core business, or where the relationship plays a vital role and PNCC needs to explain their strategic direction.
- Single point of contact: Council shall nominate one point of contact only for suppliers to use during a procurement process to reduce the risk of a potential supplier extracting an advantage by playing off one member of the procurement team against another. This contact person will typically be the Project Manager who will consult with the Procurement Team as needed. The Project Manager may arrange for another team member to deal with technical queries.
- Tender correspondence: It is essential to ensure all communications within the proposal or tender submissions process:
- do not disadvantage any prospective supplier;
 - are able to show the reasons for any decisions made;
 - comply with the conditions of submission and require the same of prospective suppliers; and
 - respect the privacy of prospective suppliers and the confidentiality of their submissions and intellectual property.
- Council will treat all suppliers in a fair and equitable manner including:
- Ensuring that information given to one supplier that could significantly affect its understanding of the procurement is also conveyed to all other suppliers (unless the information is commercial in confidence); and

- Advising all suppliers if some unforeseen and exceptional circumstance changes the rules, procedures or criteria during the tender or proposal process. Such a change should not benefit one supplier over another

Fair competition among suppliers

- The Council will ensure that its forward works procurement programme is communicated to the market as soon as possible after it is finalised by the Council, allowing for early contractor/supplier engagement
- The process for assessing and awarding contracts will be open, transparent, clear, logical and defensible.
- Procedures for opening and handling tenders: The closing time for tenders shall normally be fixed as 4.00 pm on any working day. However, it is not recommended that tenders close on a Friday afternoon, due to the tender administration requirements.
- Depending upon the circumstances in each case, as much time as reasonable should be made available for respondents to submit tenders.
- The closing date should be fixed to allow:
 - Checking, analysis and evaluation of tenders;
 - Preparation of Recommendation Report (Tender Summary Report);
 - Submission to the relevant Manager, Council Committee or full Council for decision, depending on their respective delegations; and
 - Achievement of overall project timeline. Submitted tenders must be handled with strict confidentiality and in a most scrupulous and fair manner, whether received electronically or in hard copy. This is to ensure that there are no grounds for criticism by respondents.
- Security of tender documents: Tender documents must be kept secure and confidential. All tender documents (including unsuccessful bids) must be stored in Council's procurement, record management and contract management system. Only the Tender Evaluation Panel should have access to the tender submissions. Tender submissions are confidential and must only be used for the purpose for which they are sought. If external Consultants are involved in tender evaluations (It is generally advisable to involve an external consultant in large and complex/specialist contracts to maintain credibility of the tender evaluation process), ensure that all such evaluations are done within Council premises during normal working hours.
- Opening of proposal: For electronic tender submissions, the online systems of E-Procure and GETS will manage access to proposals in alignment with the recorded tender closing date and time. These sites are designed to ensure the probity of the process, recording times, dates and identity of those opening the tender files.

Other relevant factors

This document outlines our strategic approach to the procurement of Transport activities and is aligned with Council's draft Governance Procurement Policy(2023), Waka Kotahi procurement requirements and Government procurement rules.

➤ Service delivery reviews

Council is required to determine the cost-effectiveness of different funding, governance, and service delivery options under section 17A (s17A) of the Local Government Act 2002. A review of transport activities under s17A confirms the current strategy as the most cost-effective approach.

The current strategy is that Council:

- Provides governance for the transport service
- Retains in-house the planning, strategy, engineering advice and management functions associated with Transport
- Contracts out for professional services including engineering advice, design, and support functions to support in-house planning and management functions
- Outsource the physical delivery of works.

The next s17A review for Transport will occur when the contract is re-tendered.

- The current 3 year contract for roading maintenance renewal and capital improvement services term finishes 30 June 2024, with up to 2 extensions of 3 years each, to a maximum term of 9 years, at the discretion of Council (the Principal).

➤ Other influencing documents

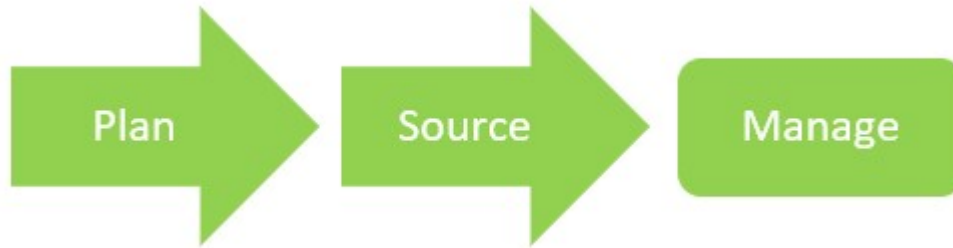
Other documents that also influence this strategy include:

- Council's Procurement Policy
- Council's Infrastructure Strategy
- Council's Long-Term Plan (LTP)
- Council's Annual Plan (AP)
- Council's Transport Plan (TP)
- Council's Delegations Register
- Council's Financial Strategy
- Council's District Plan and Proposed District Plan
- Regional Land Transport Plan
- Government Policy Statement
- Local Government Act 2002
- Land Transport Management Act 2003
- Waka Kotahi Procurement Manual Amendment 6 (2022)
- Government Procurement Rules.

Health & Safety

Council recognize's its obligations under the Health and Safety at Work Act (HSWA) 2015 and as such requires all suppliers to take practical steps to ensure safe work practices are employed. Council requires all 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.

Council manages Health and Safety through 3 stages, namely:



Plan:

Council requires its Design Panel consultants to meet safety in design requirements:

- The principles of safety in design, safety in construction and safety in ongoing operation and maintenance are paramount.
- PNCC requires as a minimum, from the Consultant:
 - A safety in design risk register and any relevant reports.
 - Option consideration and design decision making must include PNCC as a PCBU.
 - The Consultant shall also consider cases where design criteria are exceeded and articulate potential consequences.
 - Design reports should demonstrate how the whole-of-life asset risk elements have been considered and incorporated into the design, and a safety in design risk register or similar should identify all elimination or minimisation treatments plus any improvement opportunities
 - Any risks or residual risks to worker or public safety that cannot be “designed out” need to be identified in reporting, logged in the project risks and issues register and incorporated into the NZS 3910 contract documents for the Contractor’s information and ongoing management and/or in handover documentation to the asset owner as appropriate.
- PNCC (as the ‘Person Conducting a Business or Undertaking’) has responsibility to ensure, so far as is reasonably practicable, the health and safety of workers and other persons over the life of the asset. At the Feasibility Design Stage, the Designer shall demonstrate:
 - The option selection process has considered the risks to health and safety (multi-criteria decision analysis (MCDA)) through the life and use of the asset, including identifying where any additional health and safety risks might be introduced by the new or altered asset.
 - That internal stakeholders have been involved in the identification and selection process.
- A safety in design assessment is required at Detailed Design Stage. This safety in design process should be continued from the previous design phase. The Consultant should define the methodology used for the risk assessment during this phase for agreement with the PNCC Project Manager. As a minimum the PNCC manager, asset owner and operator should be involved in the safety in design risk identification and treatment process.
- At the end of the detailed design, a Safety in Design Risk Register and Report is required. All residual health and safety risks in construction, operation, design for

exceedance, maintenance and demolition or disposal shall be clearly described and conveyed. Where relevant, these should be noted on the construction drawings if they are to be managed during construction.

- Projects deemed to be high risk will require a separate safety in design report. All other projects will require a safety in design section as part of the design reporting.

Council requires its suppliers to actively explore ways to promote best practice health and safety throughout the procurement lifecycle, including ensuring that the key principle of 'health and safety by design' is considered and met.

Council's Health and Safety team provide advice on contractor health and safety plan reviews, and audits as appropriate. A comprehensive health and safety training programme is provided to staff by the Health and Safety team and external providers.

Source:

Council RFx / Contract documents require:

- Tenderers / Suppliers to provide details of their key staff, including Project Lead, Design Lead, Site Manager/Supervisor, Traffic Management Manager, Health & Safety Manager, and Quality Assurance Manager inclusive of referees i.e.:

Relevant Skills & Experience		Tenderers response					
Key personnel	Name	% time allocated to the project	Based on or off-site?	Qualifications and Training	Roles and Responsibilities	Key practical experience	Referee (name, phone, email and role)

- Site-specific safety plan, quality plan, traffic management plan, environmental plan and site specific waste management plan per the Special Conditions
- Health and safety accreditation e.g.:
 - Prequalification with SiteWise or prequalification by another approved body
 - Accident Compensation Corporation Partnership Programme (ACCPP)
 - OHSAS 18001, or AS/NZS 4801: 2001 (Occupational Health and Safety Management Scheme).
- Dependant on size, complexity and risk associated with the works Council will specify if a particular level of accreditation is required (i.e. tertiary, secondary, primary etc). Alternatives to proposed listed above may also be acceptable and if so, this will be noted in the Special Conditions.
- Council will provide appended in the RFx: Health and Safety Information – Risk and Hazard Register Site. This is not a definitive list, there may be other risks and hazards that the Principal and Engineer are unaware of at this stage. This list is provided to assist Tenderers with their Site Health and Safety Statements and the Contractor in producing and implementing the Site Health and Safety Plan. It is not intended to

diminish the responsibility of any of the parties with regard to their obligations under the Health and Safety at Work Act (2015) or the Contract Documents.

Manage:

Council manages health and safety during delivery:

- Pre Start review and approval that all plans are fit for purpose including:
 - Review of Health and Safety Plan, Site Specific Safety Plan (SSSP) and any associated Standard Operating Procedures,
 - Approved Traffic Management Plan
 - Any required contract plans e.g. Environmental Management Plan, Quality Management Plan, Project Management Plan
 - Contractor Risk Register (this is considered a live document that is reviewed at minimum at monthly contract meetings and / or as required (e.g. new risk or hazard identified))

No works starts until Council is confident the Contractor has addressed all health and safety risks and hazards and appropriate approvals have been signed off / confirmed.

- Contract Meetings (weekly, fortnightly, or monthly):
 - Start with a contractor health and safety share moment. A lessons learned from current contract or wider business that can inform health and safety on site / within the contract. This creates excellent health and safety awareness.
 - Site Safety / Hazards, Traffic Management and Environmental Management are all discussed and noted in meeting minutes
 - Incident Reports are discussed / reviewed to ensure lessons learned are captured.
 - Risk register is reviewed to ensure mitigations are working where required, and wider communications to the on site team are in place and understood.
- Contractor contract reports include reporting of Health and Safety matters, incidents and depending on size trends.
- Site visits by Contractor include review of Health and Safety at work on site for their staff and for any subcontracted staff / work.
- Site visits by Council officers or their agent, note and review health and safety on site, and if required are empowered to issue an instruction to stop work if anything is seen or perceived to be amiss. Council's Health and Safety team will follow up such an instruction with a site audit.
- Council's Health and Safety team randomly audit all work sites.
- Council's Corridor Access Manager regularly audits Traffic Management in place on site to check it is per the approved Traffic Management Plan (TMP). If there is an unapproved change to the TMP the officer is empowered to temporarily shut down the site.

Procurement programme

Procurement activities

Table 1 provides an overview of the expected timing for possible contract extensions and or new contracts for the 2023/24 to 2026/27 period based on the Council's Long-Term Plan 2021-31 and is subject to Waka Kotahi funding.

Table 1

Council transport procurement programme 2023/24 – 2026/27

Procurement activity	2023/24				2024/25				2025/26				2026/27				
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	
Road Maintenance Renewal and Capital Improvement Services (inclusive pavement renewals and reseals, streetlight maintenance, traffic signals, vegetation control, road marking, minor safety works)																	
Contract (commenced 01/07/21 & expires 30/06/24)	Contract				Possible extension												
Street tree maintenance																	
Contracts x 2 (commenced 01/04/22 & expires 31/03/24)	Contract				Possible extension								Possible extension		New contract TBC		
Tender														Tender			
Traffic counting																	
Contract (commenced 01/07/2023 & expires 31/03/24)	Contract				Possible extension				Possible extension				New contract TBC				
Tender											Tender						
Design Panel 3 Waters & Transport																	
Contracts x 2 (commenced 01/05/2022 & expires 30/06/25)*	Contract								Possible extension				Possible extension				
Tender															Tender		

* Design Panel contracts with GHD & WSP for 3 Waters activities can be novated if agreed to new Entity E, whilst Transport activities continue under existing contracts.

Table 2

Council transport CAPEX projects procurement programme 2023-2027

Please note Council is currently working on the Long Term Plan, and confirms project funding annually in the Annual Plan. As such the projects identified may be reprioritised.

Table 2 Palmy transport CAPEX projects procurement programme 2023-2027 (noting programmes are confirmed annually)

PNCC Funding		Programme	Project	2023/24				2024/25				2025/26				2026/27			
PNCC Rates	Co-funded by WK			Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Y		167-James Line (Schnell Dr to Kelvin Grove Rd) - Improvements	complete James Line	Contract															
Y		2058-Urban Growth - NEIZ - Transport	complete Richardson Line (NEIZ)	Contract															
Y		2124-Urban Growth - Ashhurst - Transport	Custom St		Contract														
Y		2058-Urban Growth - NEIZ - Transport	Setters Line - Stages 2, 3 & 4	Tender		Contract													
	Y	2119-Road to Zero - Transport Safety Improvements	Cook Street Roundabout(s)		Contract														
	Y	279-City-wide - Minor transport improvements	Franklin/Ascot/Churchill	Contract															
	Y	684-Longburn Rongotea Road/No. 1 Line - Intersection Safety Upgrade	RIAWS at Rongotea/No1 Line	Contract															
	Y	2119-Road to Zero - Transport Safety Improvements	Turitea / Valley View Intersection RIAWS	Contract															
Y		2058-Urban Growth - NEIZ - Transport	complete Richardson Line (NEIZ)	Contract															
Y		2124-Urban Growth - Ashhurst - Transport	Wyndham St	Tender		Contract													
Y		2206-Storm Damage – August 2022 Roothing	Glenburn Rd	Tender		Contract													
Y		2206-Storm Damage – August 2022 Roothing	Greens Rd		Contract														
Y		2206-Storm Damage – August 2022 Roothing	Mountain View Rd	Tender		Contract													
	Y	2207-City-wide - Urban Cycle Infrastructure Network improvements	Featherston St & Summerhill Dr Transport Choices	Complete design		Tender			Contract										
	Y	2233-City-Wide - Urban Cycle Infrastructure Improvements - Streets for People	Featherston St (Aroha to North) - Streets for People	Complete design		Tender			Contract										
	Y	2231-City-wide - Transport Choices - Public Transport	Bus Stops - Transport Choices	Tender		Contract													
	Y	2379-Structural Renewal	Amberley culvert lining		Tender	Contract													
	Y	2359 - Enabling Bunnythorpe bridge replacements	Kairanga Bunnythorpe Bridges 26/27										Tender				Contract		
	Y	2120 - Shard Pathway Network Improvements	PNF Shared Pathway 24/25						Tender				Contract						
Y		2335 - Stoney Creek Road Upgrade	Stoney Creek Road Improvements											Tender				Contract	
	Y	2456 - Cliff Rd Upgrade - Te Mo Tu O	Cliff Road Upgrade									Tender		Contract					
	Y	2126 - Pioneer Highway - Improvements	Pioneer Highway Improvements																Tender
	Y	2354-Enabling PNIT, Roberts Line, Kairanga Bunnythorpe Intersection Improvements	Roberts Line, Kairanga Bunnythorpe Intersection Improvements														Tender		Contract
	Y	2356 - Turitea Bridge No. 1 replacement	Turitea Bridge No. 1 Replacement																Tender
	Y	1559 - Cycleway Network Improvements	Cycleway Network Improvements			Tender			Contract										
Y		1003-Whakarongo Intersection Upgrades	Whakarongo Intersection Improvements										Tender			Contract			

Programme expenditure

Council's proposed procurement programme is set out in Council's Long-Term Plan 2021-31 (LTP) and supporting Transport Plan. The LTP identifies our proposed expenditure on maintenance, renewals and capital improvements for the next 10 years commencing 2021. Refer to the Transport LTP section in Council's [10-Year Plan | Palmerston North City Council \(pncc.govt.nz\)](#)

A summary of Waka Koathi approved maintenance, operations and renewals programme 2021 – 24 – Local Roads is detailed following in Table 3.

Table 3

WK approved maintenance, operations and renewals programme 2021 – 24 – Local Roads

Palmerston North City Council: WK approved Maintenance, Operations and Renewals Programme 2021 - 24 - Local Roads
Work Category Summary

Activity Class	Expenditure Reporting Lines	Work Category	Description	Status	Three-year Requested Allocation (\$)	2021/22 Approved Allocation	2022/23 Approved Allocation	2023/24 Approved Allocation	Three-year Approved Allocation (\$)	Three-year NZTA Share (\$)	Three-year Approved Allocation Previous NLTP (\$)
Local road maintenance	Maintain	111	Sealed pavement maintenance	Funding & CFA* Approved	5,250,000	1,840,093	1,960,654	1,501,949	5,302,696	2,704,375	4,317,004
		112	Unsealed pavement maintenance	Funding & CFA* Approved	150,000	26,512	37,067	55,000	118,579	60,475	114,973
		113	Routine drainage maintenance	Funding & CFA* Approved	1,440,000	714,359	1,424,979	490,000	2,629,338	1,340,962	1,390,195
		114	Structures maintenance	Funding & CFA* Approved	685,000	152,398	252,742	275,000	680,140	346,871	250,866
		124	Cycle path maintenance	Funding & CFA* Approved	1,840,000	200,104	343,769	143,355	687,228	350,486	462,609
		125	Footpath maintenance	Funding & CFA* Approved	765,000	235,098	1,060,521	260,000	1,555,619	793,366	3,518,439
		140	Minor events	Funding & CFA* Approved	0	0	0	0	0	0	0
Sub-total Maintain					10,130,000	3,168,564	5,079,732	2,725,304	10,973,600	5,596,535	10,054,086
Local road maintenance	Operate	121	Environmental maintenance	Funding & CFA* Approved	1,252,860	532,190	509,014	424,088	1,465,292	747,299	977,811
		122	Network service maintenance	Funding & CFA* Approved	2,827,500	1,014,438	1,317,438	930,000	3,261,876	1,663,556	2,696,670
		123	Network operations	Funding & CFA* Approved	517,500	339,105	361,753	190,000	890,858	454,338	432,049
		131	Rail level crossing warning devices maintenance	Funding & CFA* Approved	56,400	28,189	29,747	18,800	76,736	39,135	76,198
		151	Network and asset management	Funding & CFA* Approved	4,995,000	1,709,415	1,723,700	1,680,246	5,113,361	2,607,814	3,898,010
Sub-total Operate					9,649,260	3,623,337	3,941,652	3,243,134	10,808,123	5,512,142	8,080,738
Local road maintenance	Renew	211	Unsealed road metalling	Funding & CFA* Approved	150,000	54,232	127,975	50,000	232,207	118,425	146,764
		212	Sealed road resurfacing	Funding & CFA* Approved	6,700,000	2,303,551	1,148,897	2,166,090	5,618,538	2,865,454	6,500,625
		213	Drainage renewals	Funding & CFA* Approved	1,125,000	424,877	289,277	379,746	1,093,900	557,888	744,891
		214	Sealed road pavement rehabilitation	Funding & CFA* Approved	5,850,000	1,121,404	937,993	2,100,000	4,159,397	2,121,292	4,238,831
		215	Structures component replacements	Funding & CFA* Approved	420,000	117,960	27,069	160,000	305,029	155,565	86,530
		216	Bridge and structures renewals	Funding & CFA* Approved	0	0	0	0	0	0	0
		221	Environmental renewals	Funding & CFA* Approved	120,000	0	0	50,000	50,000	25,500	0
		222	Traffic services renewals	Funding & CFA* Approved	2,220,000	693,410	624,811	749,088	2,067,309	1,054,328	1,761,288
		224	Cycle path renewal	Funding & CFA* Approved	60,000	909	0	20,000	20,909	10,664	0
		225	Footpath renewal	Funding & CFA* Approved	3,300,000	579,570	198,563	1,092,420	1,870,553	953,982	0
Sub-total Renew					19,945,000	5,295,913	3,354,585	6,767,344	15,417,842	7,863,098	13,478,929
Total Local road maintenance					39,724,260	12,087,814	12,375,969	12,735,782	37,199,565	18,971,775	31,613,753
Road to Zero	Road safety promotion	432	Safety promotion, education and advertising	Funding & CFA* Approved	240,000	0	107,250	132,750	240,000	122,401	0
Total Road to Zero					240,000	0	107,250	132,750	240,000	122,401	0
Grand Total					39,964,260	12,087,814	12,483,219	12,868,532	37,439,565	19,094,176	31,613,753

* Cash Flow Adjustment approved

Identification of any high-risk or unusual procurement activities

➤ Design Panel – 3 Waters & Transport

As part of an internal review of Council's infrastructure project delivery that was undertaken in 2021, Council identified a key delivery risk to be the way designs for the 3 waters and transport assets was being procured and delivered. The internal infrastructure design team was assessed to have capability and capacity constraints which was impacting the deliverability of the design phase of the projects, often causing flow on delays into the

implementation and construction phase of the projects. This risk was especially evident in the low risk, low cost designs which were under \$200,000.

To resolve this, the internal design team was disestablished, and an external design panel was formed to not only ensure that the most appropriate design skills were being engaged for the respective projects, but to also significantly improve the design turn-around time to ensure designs were construction ready when needed; both immediately and 'in the drawer' ready to be used in the future. Notably the panel has also ensured council has been able to achieve considerable cost savings through the consultant rates which reduces the risk of exceeding budgets.

Please note that all transport design procurements over \$200,000 are aligned to the Waka Kotahi Procurement requirements, not direct sourced to the design panel.

In addition:

- The delivery of Infrastructure Capex Activities wasn't aligning with the LTP forecast, resulting in carry forwards each financial year.
- The Infrastructure organizational structure was being updated and as part of that process the internal design function was disestablished.
- The key objectives of this Design Panel procurement were to simplify and streamline provision of design services for the Transport & 3 Waters Capex Activities.
- The procurement's proposed outcome was to have resource agreements with a selected consultant panel for design services over the next 3 years to deliver the programme on time.
- To speed up the design process and improve the efficiency of delivering the CAPEX activities each financial year compared to the then current and provide a level of resilience to COVID.
- Council's procurement policy requires an open competitive tender process, and the CIO's delegation allows for varying this requirement. Council considered both an open and closed competitive tender process, noting the most significant risk of an open tender is the lack of local bidders.
 - Council decided on a Closed Competitive Tender approach to recognise the current external providers were best placed to provide the service to Council, and to engage directly with them to scope and price the work via the design panel.
- Council tendered for the Design Panel Contract (CCCS 4th Edition 2017) in late 2021 / early 2022 and awarded the contracts in March 2022 to commence 1 May 2022. The successful tenderers were GHD & WSP.
 - The contract is for 3 years, with two further 1 year right of renewals i.e.:
 - commenced 1 May 2022 (first term expires 30 June 2025);
 - essentially expiring 30 June 2027, if the additional terms are approved and agreed.
 - A rates schedule was created to simplify the engagement of design services and fee estimates.
 - A design service scope of work was prepared that clearly sets out council's expectation and this has reduced ambiguity and disputes.

- Key performance indicators are to be measured in Year 2 and onwards to measure effectiveness and some justification for contract roll over. Quality and Safety in design are included in these KPIs.
- A novation clause was also embedded in the contract document to allow for the current 3 Waters Reform process, and therefore these contracts may be novated to the new regional water entity in part or full.
- A check was carried out in September 2021 to review how the Wellington Water and Dunedin City Council 3 Waters professional services panels were set up with respect to price. In both cases, the RFP asked for hourly rates. This was also consistent with the approach that Christchurch City Council (CCC) and Central Hawke's Bay District Council took.
- Council's supplier relationship with the design panellists are long-term collaborative partnership relationships, with agreed hourly rates for Design Panel consultant personnel.
 - The Design Panel rates achieved through the procurement were negotiated and savings were achieved vs general market consultant rates.
 - The annual rates adjustment must be requested and justified and any increase in the rates must not exceed any increase in the LCI during the preceding calendar year. Rates adjustment for this FY 2023 / 24 was 3.86% increase to design panel personnel rates.
 - The Design Panel rates as such are providing excellent value vs the previous 'ad hoc' engagement at market rates.
 - The value that Councils get from these sorts of panels include:
 - The consultants become very familiar with your infrastructure, standards, people and processes. This increases the efficiency of the work being delivered.
 - Little to no tendering effort and costs for the Council and consultants.
 - Speed up in the delivery of the Council's capital programme and improves the percentage of capital budget delivered. This has enabled council to have drawings ready in the drawer for delivery, with the ability for early Supplier engagement and delivery of a capital works programme.
 - Having certainty about the pipeline of work has meant the design panel consultants have resourced up, GHD has recruited an additional 6 staff and WSP an additional 5 staff locally in year 1 to deliver respective assigned programme of work.
 - Collaborating in preparation of the design briefs means that all parties have a good understanding of what the problem is and what the desired outcomes are. This means an accurate scope can be prepared and priced, and has reduced the likelihood of variations, which has given Council more price certainty. It has also allowed for innovation at the front end of a project, which is where you have the most influence and can get the greatest value.
 - The trusted relationships built has meant council has go-to people that we can ask for advice.
- It is anticipated that 80% of the design work will be allocated to the design panel and 20% will be by specialist/other/new entrant consultants.

Proposed procurement innovations

Council proposes to work with civil suppliers to reduce the cost to tender for transport projects via:

1. Expansion of the PNCC Prequalification process to reduce inputs at time of tender. To include (but not limited to): Prequal / Site Wise, Insurances; Health & Safety Plan; Contract Management Plan; Quality Plan; Environmental Plan; Standard Council NZS 3910 Special Conditions; CVs for key staff. These supplier prequalification elements to be reviewed and updated on an annual basis. This expanded prequalification process will allow for new entrants and Council will seek to ensure and lift up Suppliers to meet the minimum panel requirements.
2. Tender tags to be submitted pre tender submission, with Council sharing Tag decisions with all Tenderers.
3. Project Delivery Performance Review Report, agreed and scored by both Council and the Supplier. Agreed and scored performance reports to be provided with future tender submissions and considered to inform future tender evaluations.

These proposed innovations will also help Council when evaluating tenders by:

1. No tags when reviewing tender submissions
2. Ability to discuss past performance in an informed and agreed manner
3. Every project delivered will hold suppliers accountable for the opportunity to win future work.

Procurement environment

Supplier market

There are ongoing macro-economic considerations for the physical works market:

- Analysis of the supplier market is a core Waka Kotahi requirement for an endorsed Procurement Strategy
- Council is served by a combination of large/national/regional and smaller/local suppliers. There is a reasonably high level of interest in tenders and generally sufficient competition between suppliers
- Cost of capital is increasing and there are uncertainties about future global economic demand, the effects of climate change and climate change and resilience policies on transport projects.
- Cost of labour is increasing with a generally low unemployment rate and forecast rises to the minimum wage which will impact the living wage that Council requires for all contractors providing regular ongoing services
- Cost of inputs increasing and variable, with bitumen, oil prices and exchange rates increasing, and supply of materials such as aggregates sometimes uncertain
- The impact of increased focus on Health & Safety and traffic management plan requirements which are necessary and appropriate but do sometimes constrain capacity, flexibility, and increase costs.

The contracting market in the region is notable for:

- Three (3) major contractors dominating the major capital and long-term transportation maintenance contracts being Fulton Hogan, Higgins, and Downer with all being major national providers
- A few 2nd tier contractors who seek to compete with Tier 1 contractors. Council is working with Tier 2 contractors to encourage them to tender for medium sized works.
- Minor contractors available for small works, often subcontracting to one or more of the major contractors.

The contracting market is in a period of heightened uncertainty as:

- Waka Kotahi's project construction of the Te Ahu a Turanga – Manawatū Tararua Highway began in January 2021 and is now in its second earthworks season. As a major project, this has significantly tied up considerable resources of equipment and labour for an extended period the effects of which are still being felt
- The Waka Kotahi new highway project from Ōtaki to north of Levin is also a significant project which is programmed for construction to commence late 2023.
- The rebuild required across the East Coast, Auckland and Coromandel post Cyclone Gabrielle and other weather events, has substantial potential to tie up significant resources along with other major State highway infrastructure investments

➤ Challenges for local councils to deliver on their resealing and renewal activities.

The above factors transpire into an observed increase in civil construction costs with indications that roading unit rates have increased significantly in the lower North Island without any confidence that rates will revert back to pre COVID & pre Transmission Gully levels. Cost indices in road maintenance space over the last 12 months were running at circa 20-24%. Contractors appear to be ensuring that all tenders are appropriately profitable, and in some cases are not tendering if they do not immediately have enough resource and/or certainty of making a minimum financial return. There is no indication that contractors are securing long term work for certainty at reduced profitability.

This uncertainty in the contractor market is expected to last through the next three years and this needs to be taken into consideration in procurement planning.

Impact of procurement on others

Council considers the impact of its procurement on other approved organisations. Currently, with the procurement approach outlined in section 5.2 we are focusing on our own organisation's procurement activities and foresee limited impact on other approved organisations, or opportunities for collaboration (beyond ongoing collegial/professional dialogue).

As far as Council is aware there are no immediate plans to secure wholesale regional procurement of Transport services at the current time. However, the Transport team is aware of the procurement strategies, contracts and contractors working on road assets in adjacent authority areas.

Council may investigate the potential of joint procurement of some further transport asset services at a future date if it is deemed to deliver value for money and is not inconsistent with the procurement strategy or procurement policy in operation at that time.

At this stage, regional procurement is not under consideration given our current network road maintenance contract term with Fulton Hogan to 30 June 2024, with two extensions of 3 years each up to a maximum of 9 years ending 30 June 2030.

Delivering the work programme

PNCC's procurement process is guided by the NZ Government Procurement Rules (fourth edition, 2019), and the Waka Kotahi's Procurement Manual Amendment 6 (2022). PNCC will apply a staged strategic procurement process consistent with the Ministry of Business, Innovation and Employment's (MBIE) Procurement lifecycle, charter, principles and rules when planning, sourcing and managing its procurements, as this sets the standard for good practice.

The New Zealand Government Procurement Principles are our overarching procurement values. They are:

- Plan and manage for great results.
- Be fair to all suppliers.
- Get the right supplier.
- Get the best deal for everyone.
- Play by the rules.

These principles will be delivered through the procurement phases - plan, source and manage. The way PNCC procures goods, services and works will vary depending on the value, complexity and risk involved. Council will apply the approach, within the Procurement Framework, that is best suited for each individual procurement, encouraging competitive tendering whenever possible.

PNCC's decisions and practices must be able to withstand public scrutiny at all times. Throughout all phases of the procurement lifecycle, PNCC will:

- clearly record our planning, processes and decisions so they can easily be audited;
- document and manage conflicts of interest;
- identify risks and develop mitigation activities to manage them; and
- act lawfully, ethically and responsibly.

Furthermore, PNCC acknowledges the Government Procurement Charter and will seek to meet these expectations as practical, in alignment with key PNCC priorities."

Council's procurement guidelines are:

Probity

Upholding the highest standards of probity and integrity enables PNCC to safeguard procurement activities to ensure those activities and processes are robust and can withstand scrutiny.

Procurement approach

Delivery Strategy

Council will continue to deliver works via our network contract with our maintenance provider Fulton Hogan. This contract is now in its 3rd year of delivery and there is opportunity for two rights of renewal of 3 years each. It includes the management, maintenance, renewal, and minor capital works on roads and paths within the Council boundary.

Table 4 below shows each of the different Work Activities Specified within the contract. While each activity area has a significant portion of maintenance requirements, there are also requirements for minor capital works and renewals, including resurfacing and an approved quantity of pavement rehabilitations.

Table 4: Contract Delivery Requirements – Work Activities

Contract Delivery Requirements – Work Activities			
Sealed Pavements	Signs	Footpaths and Shared Paths	Vegetation Control
Unsealed Pavements	Street Lights	Road Marking	Structures and Bridges
Cycleways	Traffic Signals	Standby Service and Emergency Response	Drainage

Renewals and reseals are let by annual programme and as required by Council procurement rules will be:

- passed to Fulton Hogan to deliver as part of their contract or alternatively
- tendered to give Council flexibility and enable competitive bidding of the major CAPEX projects.

Council recognised in 2021 that the internal arborist team (which had declined to 1 arborist) was no longer capable or resources to manage Street Tree Maintenance. As such Council went to market seeking Street Tree Maintenance suppliers via an open tender process in the later part of 2021. Council split the network into 2 areas North and South as detailed in Figure 2 the aim was to attract local businesses to provide these maintenance services.



Figure 2 Street Tree Maintenance Contract Areas

Street Tree Maintenance NZS 3917 contracts were awarded to Asplundh (Area One – North) and Treescape (Area Two / South), for a 2 year term commencing 1 April 2022, expiring 31 March 2024. There are two rights of renewal of two years plus one year up to a maximum contract term of 5 years.

Given the contract values involved and Council funding Council is currently considering if there is benefit at renewal of combining the two areas, as the current providers could easily individually deliver all. The required work is not enough to sustain 2 teams full time in the network. The benefit for the winning supplier (should this proceed) would be work to keep a dedicated team based in Palmerston North. The benefit to Council would be an opportunity to simplify and streamline provision of contract services and to provide more value through further cost savings.

Council has increased contract management resources and capability within the Transport Team to match both the increased internal management required for a bundled maintenance contracts and to improve monitoring of CAPEX activities / contracts to ensure the service output levels are being achieved.

Delivery models

A procurement plan is prepared and depending on value one of the below templates is used:

- Procurement Plan Lite Template Between \$20,000 to \$200,000
- Procurement Plan template \$200,000 and above. Which as mentioned previously includes the following detail requirements for sign-off:

Waka Kotahi - delete if not applicable

Will this be funded in part / full by Waka Kotahi?	[Y/N]
What is anticipated value of proposed contract including contingency?	\$
Does Waka Kotahi need to Endorse / Approve this procurement?	[Y/N]
If Yes – Who is accountable for obtaining endorsement / approval? Note the approval / endorsement by Waka Kotahi to be filed within Contract File in PNCC records management system with other project specific procurement documents by the assigned Project Manager	[insert: name, title]

This procurement planning requirement ensures we will deliver the result sought, and that correct procedures are followed. A key item is the price/quality weighting which will be varied to suit the complexity of work.

Our procurement process requires that our activities are purchased through the most appropriate delivery model. The delivery models that we commonly employ are set out below. The models are used in accordance with Waka Kotahi's procurement manual requirements.

Table 5: Delivery Models

Delivery model	Description	Best suited to
Staged	Staged model activities are delivered through a staged series of separate contracts, such as investigate, design and construct. This is a traditional approach and is the one most used.	Small to medium projects where Council wishes to maintain some form of involvement/control over the activity. Complexity, uncertainty and risk are low. Scope is well defined and the opportunity for innovation is low
Design and Build	Design and Build models use a single contract to complete the detailed design and construction phases. This may also incorporate an early contractor involvement approach, whereby the supplier engages the contractor after the initial investigations and seeks to maximise the value that can be achieved from a design and construct model. The design and construct model generally award's contracts as separable portions, conditional on the successful completion of the previous stage.	Medium to large projects where complexity, uncertainty and risk are correspondingly higher as well. More opportunity for supplier to innovate during delivery. Council wishes to transfer some of the risk to the supplier

Promoting tendering process

To promote the tendering process of Council projects. Some tactics may not be necessary, this will be discussed at the point of implementation. All tactics will be implemented by Council's Marketing and Communication Advisors with the help of the subject matter experts.

Social ads may consist of Facebook ads and LinkedIn advertising depending on the procurement. The Social Media Specialist and Advisors will work together to ensure appropriate targeting for advertising.

Value of procurement	Required marketing spend	Lead time required for implementation	Tactics required
Less than \$100K	\$0	1 week	<ul style="list-style-type: none"> ➤ Update the website with the relevant information on the procurement. ➤ Identify with subject matter expert, local stakeholders that need to be notified of the procurement
\$100K - \$1M	\$300	1 week	<ul style="list-style-type: none"> ➤ Update the website with the relevant information on the procurement. ➤ Identify with subject matter expert, local stakeholders that need to be notified of the procurement ➤ Social ads to relevant demographics
\$1M - \$5M	\$750	2 weeks	<ul style="list-style-type: none"> ➤ Update the website with the relevant information on the procurement. ➤ Identify with subject matter expert, local stakeholders that need to be notified of the procurement ➤ Social ads to relevant demographics
\$5M - \$10M	\$1,000	Two weeks	<ul style="list-style-type: none"> ➤ Update the website with the relevant information on the procurement. ➤ Identify with subject matter expert, local stakeholders that need to be notified of the procurement ➤ Social ads to relevant demographics ➤ Google display ads
\$10M +	Dependant on tactics	Two weeks	<ul style="list-style-type: none"> ➤ Bespoke marketing and comms plans to identify audiences

Requirements for procurement advertising

Upcoming procurements will be listed on the Council website. The below information needs to be provided when the link is live in GETS aim to publish listings within 24hrs. Content is provided to the Finance Communications Advisor which they will pass onto the relevant teams.

- Name
- Value
- Opening/closing date for tenders (Need to include exact time of closing)
- Link to GETS
- Basic objective / overview of procurement specifying the type of supplier e.g. *PNCC is seeking a supplier with pavement rehabilitation and 3 waters experience to deliver a construction works in Custom St., Ashhurst*

Supplier selection methods

Physical works

The supplier selection methods proposed for physical works are summarised in Table 5. We intend to follow the Waka Kotahi Procurement Manual Procurement Procedure 1 - Infrastructure for Physical Works

Table 6: Supplier selection methods for physical works

Activity	Delivery model	Bundling	Supplier selection	Likely contract / Contract
Road management, maintenance, renewal, and minor capital works on roads and paths	Staged	Bundled	Open tendered awarded to Fulton Hogan	NZS 3917
Street Tree maintenance	Staged	Unbundled	Open tendered	NZS 3917
Other projects	Staged or design and build	Unbundled	Open tender (price quality), Limited tender (price, quality), or Direct Appointment	NZS 3910 or NZS 3916

Under Waka Kotahi Procurement Manual Rule 10.9 the limit for direct appointment and closed contests (selected tender) is \$100,000 and \$200,000 respectively for direct appointment and closed contest contracts.

Table 7: Council's Transport Procurement approval delegations

Council's Transport Procurement approval delegations	
CIO and CE	\$800K
Strategy & Finance Committee	\$800K to \$1.6M
Council	>\$1.6M

The Strategy & Finance Committee is oversees Council's planning and finance activity. It has financial delegation to agree or decline a contract for the purchase of capital works up to the value of the specified sum, as long as it has been agreed in the Council's Long Term Plan.

Professional services

We have in-house professional services for management of transport activities. This includes our subsidised transport programme in accordance with the Waka Kotahi requirements (refer section 6.1).

Specialised professional services will be sourced from external providers where no internal expertise and/or capacity exists. The supplier selection methods proposed for professional services are summarised in Table 8. We intend to follow the Waka Kotahi Procurement Manual Procurement Procedure 2, Planning and Advice, for Professional Services.

Under Waka Kotahi Procurement Manual Rule 10.9 the limit for direct appointment and closed contests (selected tender) is \$100,000 and \$200,000 respectively for direct appointment and closed contest contracts.

Table 8: Supplier selection methods for professional services

Activity	Delivery model	Bundling	Supplier selection	Likely contract / Contract
Design & MSQA,	Staged	Bundled	Open tendered awarded to GHD & WSP	Formal Contract CCCS (4 th Edition 2017) Based on Scope of Works
Specialised Design and resulting MSQA,	Staged	Complementary projects	Open Tender (price quality), Limited Tender (price quality), or Direct Appointment	IPENZ Short Form Agreement Formal Contract CCCS (2005) based Statement of Works
Planning, Engineering, Road Safety Project Management (where not provided in-house)	Staged	Bundled	Open tendered awarded to GHD & WSP	Formal Contract CCCS (4 th Edition 2017) Based on Scope of Works
Road safety & community Programmes		In-house		
Network and asset		In-house		

Activity	Delivery model	Bundling	Supplier selection	Likely contract / Contract
management, including RAMM				

Risk identification and management

One of the threats associated with our transportation procurement programme relates to funding, the access to enough funding through property rating, or financially assisted funding through the National Land Transport Programme (NLTP).

To manage these threats, we are focused on sound strategic planning and communication with our stakeholders. The LTP is a key tool for consulting over programme costs and delivery with the public, while business cases are more aligned to Waka Kotahi's priorities. This reinforces the importance of effective asset management and planning.

Approach to Project and Contract Management

Management of contracts is provided by our in-house contract management team. In conjunction to the relevant Waka Kotahi sections, our contracts are drafted to provide continuous improvement by focusing on the following key areas:

- An increased focus on collaboration which will see the parties working together to solve problems and seek efficiencies through innovation
- An increased focus on the "customer" (e.g., stakeholders, community) when planning and carrying out works recognising the balance required between safety, community outcomes and work delivery
- A clearly defined performance management framework designed to underpin collaboration and incentivise ongoing improvement
- Improved governance of the contracts to ensure the good health of the contracts throughout their terms.

Advanced, customised or varied procedures

There is currently no identified need for advanced components, customised procurement procedures or variations to procurement rules for transport activities prior to the review of this strategy in three years' time.

Strategy implementation

Capability and capacity

Council retains an in-house team to plan and manage the delivery of the transport projects with its major purchases being professional services and physical works. Council also continues to provide limited professional services in-house to improve the effectiveness of strategic alignment and delivery (e.g. the preparation of funding applications while outsourcing specialised professional services and when additional capacity is required).

Council reviewed and is refreshing the Transport team structure resulting in improvements in the oversight and staffing of the Transport team to give better focus and continuity to the overall transport program. The addition of a dedicated focused Project management and Contract management team is providing capability and capacity to ensure Council can implement the procurement programme in conformance with Waka Kotahi requirements.

Internal procurement processes

The Council's Procurement Team provides oversight of Council's procurement policy which sets out how goods and services should be purchased and is aligned with the Government procurement rules.

Council's Infrastructure Contract Management Team provide the overall framework for Infrastructure procurement and contract management. The Project Management Team develops and obtains approvals for procurement plans and runs tenders supported by the Procurement and the Contract Management Teams. The Transport Team provide the specific transport technical knowledge and evaluative expertise. The respective accountabilities and responsibilities are summarised in Table 9.

Table 9: Team accountabilities and responsibilities

Delivery model	Procurement Team	Contract Management Team	Project Management Team	Transport Team
Accountabilities	Procurement Framework Ensure Strategy and Finance Committee oversight. Compliant tender process	Approve RFx and Contracts as fit for requirements and meet Waka Kotahi funding arrangements	Procurement plans	Overall Transport Procurement activity Funding arrangements with Waka Kotahi Procurement in accordance with Waka Kotahi.

Delivery model	Procurement Team	Contract Management Team	Project Management Team	Transport Team
Responsibilities	Facilitation and management of Tender evaluations	Contract Management & Administration Contract Register.	Government Electronic Tender Service (GETS) coordination Compliant tender process Monitoring and Reporting procurement activities Waka Kotahi approved evaluator/s on all evaluation panels (where Waka Kotahi funding require this)	Specific technical expertise for projects Waka Kotahi approved procurement strategy

Performance measurement and monitoring

Each major procurement exercise is monitored by the Procurement Manager from its procurement plan through to contract award to ensure fair competition, value for money and competitive markets. Council collects information on its procurement activities through the following methods:

- Contract reviews
- Maintenance of project and contract files
- Discussions with suppliers
- Liaison with affected third parties
- Internal discussions between technical staff
- Customer and neighbour feedback during and after contract implementation.

The present system obtains the information required under Section 11 of the Waka Kotahi Procurement Manual and enough information to enable Council to monitor progress against its own procurement goals.

Council undertakes regular reviews of the quality and quantity of information obtained, and the results of any audits, to ensure Council is working towards meeting its goals and objectives.

Communication plan

The procurement strategy will be communicated through the following media:

- On the intranet for internal stakeholders
- Training sessions with internal stakeholders

- On Procurement's Arc Blue web portal
- On the PNCC website for external stakeholders
- In person Transport Supplier workshops
- GETS

Implementation plan

Council has developed an internal procurement site (using Arc Blue) to improve organisational capability and outlines how we carry out procurement work. It covers the procurement lifecycle which consists of planning, sourcing suppliers and products, entering contracts and managing supplier relationships. This guide is for all staff who do procurement. Council will share the Transport Procurement Strategy with Suppliers at Supplier workshop meetings.

Corporate ownership and internal endorsement

Once endorsed this strategy will apply to all procurement involving Waka Kotahi funding. This strategy is approved by Council's Procurement Committee and managed by the Transport Team.

Procurement Strategy Owner: Group Manager Transport and Development