



South Waikato District Council Procurement Strategy for Land Transportation Activities

1 July 2025 – 30 June 2028

Quality Assurance Statement				
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		Endorsed by:		
Revision	Revision Date	Revised by	Approved by	Details

Ownership and Review

The Land Transport Procurement Strategy is for all land transport activity procurement within the South Waikato District and its use shall be overseen by the Executive Manager - Delivery

This review of the procedure has been approved by the Executive Manager - Delivery
and the next review is to be scheduled on or before June 2028.

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1. Executive Summary

1.1. Scope of Strategy

Council's Strategic Objectives are defined within the current **Long Term Plan (LTP) 2024– 2034** and are summarised in the following Vision Statement:

“Healthy People Thriving in a Safe, Vibrant, and Sustainable Community”.

The purpose of this Procurement Strategy is to detail how the activities and projects approved in the Council LTP and the NLTP are procured in a way that best contributes to those Strategic objectives.

The procurement strategy has to have regard to:

- Council's strategic objectives, policies and processes
- The Government Procurement Rules including the need to consider broader outcomes
- Waka Kotahi's (NZTA) requirement to comply with the Land Transport Management Act

The issues considered in this strategy include:

- What is being purchased and why
- The capacity, capability and competitiveness of the market to deliver the required outputs
- The capability and capacity of South Waikato District Council (SWDC) to manage the procurement activity
- How activities are to be purchased including the selection of a procurement procedure and its components (i.e. the delivery model, supplier selection method and contract term)
- The proposed road maintenance and renewal expenditure that is proposed for the next three years.

1.2. Procurement Outcomes

Council uses 'Best Value' as a means of determining the best outcome from funds to be spent. The principle of best value is not solely focused on price but is about getting the best possible result over the whole-of-life of the goods, services or works. This includes using resources effectively, economically, and without waste, and taking into account the total costs and benefits (total cost of ownership), and its contribution to the results Council is trying to achieve (such as social or environmental outcomes).

Council also wishes to see that expenditure on Council services and activities has a beneficial impact on the local community. These impacts could be in the form of local employment, skills development, trade with locally based businesses or interaction with community organisations. These aspirations are generally in line with the Government's "Broader Outcomes" strategy.

1.3. Waka Kotahi

Waka Kotahi (NZ Transport Agency) is a vital partner in the delivery of Council's roading programme and provides financial assistance. To satisfy their obligations concerning allocation of funds from the NLTP they require that Council has an endorsed procurement strategy

1.4. 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 actively explore ways to promote best practice health and safety throughout the procurement lifecycle, in particular ensuring the key principle of 'health and safety by design' is considered and met.

Council's Health and Safety team provide advice on procurement including the procurement planning stage, tender document preparation, contractor health and safety plan reviews, and audits as appropriate.

Contractors are required to submit contract specific Health and Safety plans that are reviewed annually. Council staff will monitor these plans to ensure that actions in the plans are carried out. This will include monitoring safety committee meetings, tool box meetings and the investigation and follow up of any work place accidents

1.5. Māori, Mana Whenua, Mātaawaka

South Waikato District Council is committed to lifting Māori economic and social well-being and recognising Māori cultural values and perspectives. Social procurement can make a material difference for positive Māori outcomes by including objectives that:

- Support Te Ao Māori cultural competency and knowledge within the supplier's workforce;
- Give due effect to Te Tiriti o Waitangi (Treaty of Waitangi);
- Provide employment opportunities and career pathways for Māori;
- Support partnering or sub-contracting with iwi and hapū organisations, Māori businesses and social enterprises; and,
- Encourage the engagement of Māori in the design and/or delivery of goods, services and works.

1.6. 2025-28 Procurement Programme

Council has recently let a suite of contracts for maintenance works that all have an initial contract period to 30 June 2028 with two 1 year contract extensions available. It is anticipated that subject to satisfactory performance, the contract extensions will be offered and accepted. In that case there will be no need for further tendering for these works within the term of this procurement strategy. Procurement within this strategy will be focussed on the two remaining maintenance contracts that will need to be retendered during this period.

The following are the proposed contracts and evaluation methods

Project	Proposed Tender date	Contract Period	Evaluation Method	ROC (Annual)
Street Sweeping	February 2027	3+1+1	PQM 40% price	\$300,000
Roadside Vegetation Control	February 2027	3+1+1	PQM 40% price	\$283,000
Bridge repairs 2026/27	Feb 2026	3 months	PQM 50% price	\$60,000
Bridge Repairs 2027/28	Feb 2027	3 months	PQM 50% price	\$60,000*
Review contract Extensions				
<u>Note</u> * Projects and costs for 2027/28 are subject to Council LTP and NLTP outcomes				

1.7. Analysis of Supplier Market

1.7.1. Physical Works

There is one large Tier 2 contracting company currently providing services to the Council (MSC Civil Construction). Several other national roading contractors have operations bases within the greater Waikato area and are potential tenderers for SWDC contracts. Most of them have bitumen sealing and paving capability. These companies include Downers, Higgins, Fulton Hogan, Ventia (Broad Spectrum) and HEB Construction.

There are also other regional Tier 2 companies that have the potential to provide road maintenance services to Council. There are several companies based around Hamilton that are active in subdivision roading and small road improvement or rehabilitation works. Most have not previously undertaken road maintenance works but could potentially develop their capabilities in this area and provide competition to the Tier 1 companies.

Specialist contractors for items such as sign maintenance, vegetation control, road marking street lighting bridge maintenance and street sweeping are located within the greater Waikato area. For most of these services the size of companies and available workload means that at least two companies are available to tender for any work that comes onto the market.

1.7.2. Professional Services

Council uses a mixture of a NZTA approved in-house staff resources and a range of external consultants for professional services support. Several large national consultants are located within the Waikato Region and in recent years there has been an increase in the number of smaller consultants servicing the TLA market. This has provided TLA's with a wide range of consultancy services spanning the specialist capital works and infrastructure management spectrum. The availability of these professional consultancy services provides a competitive price market to TLA's.

Currently a three-year professional services contract for Roding Network Street Lighting is in place with Odyssey consultants. Various other short term or annual professional services contracts are let on an as required basis.

Collaboration between the Road Controlling Authorities within the Waikato Region has resulted in the establishment of the Road Asset Technical Accord (RATA – Co Lab) which provides specialist asset management professional services, which SWDC is participating in. The road roughness and condition rating survey, pavement modelling, bridge inspection and traffic counting is currently being undertaken jointly through RATA (Co Lab), including specialist data analysis. The increasing scope of service being offered by RATA (Co Lab) for specialist professional service is likely to be taken up as it becomes available.

1.8. Analysis of the impact of the procurement programmes on other organisations

No major works are proposed or planned for the next three years that would have an impact on the contracting industry. Presently the volume of work available from the Councils within the region is steady and well matched to the capacity of the contracting market.

It is expected that Waka Kotahi will retender the current Central Waikato NOC with work commencing 1 July 2026 and this may have an impact on the number of major roading contractors operating in the District. A different delivery model is being used for these contracts more aligned with a traditional approach. These are called IDM – Integrated Delivery Model

1.9. The procurement approach.

Most land transport activities in South Waikato District are well defined, low risk and the scope can be easily defined in contract documents, therefore our road transport activities fit the Staged delivery model,

with a design being procured and completed ahead of and separate to construction or implementation contracts.

All road transport physical works procurement will be undertaken using the Staged delivery model as defined by the NZTA Procurement Manual. The type and scope of works undertaken within the road transport sector do not generally significantly vary from year to year and the processes have been in use for many years and have been refined to suit the work undertaken. Staff are familiar with the processes required.

The current mix of in-house business unit professional services for routine contract development and administration, RATA (Co Lab) for RAMM and related data collection services, and external consultants for specialist services provides Council with a high degree of flexibility. Value for money can be optimised by varying the mix of the options and testing through competitive procurement of services where necessary.

1.10. Analysis of advanced components, customised procedures or variations

No advanced components or customised procedures are anticipated to be required for the planned procurements. However it may be necessary to seek some variations if circumstances change. This could be due to change in economic circumstances, or changes to legislation, or decisions to have joint contracts with either Waka Kotahi or an adjoining District. In these circumstances approval for a variation to this strategy will be requested.

1.11. Procurement Capability and Capacity:

There are some longstanding vacancies in the Roding unit that impact on the capacity of the Unit to complete all required tasks in a timely manner. It is anticipated that the Chief Executive's planned organisational changes will help to resolve these issues.

1.12. Performance measurement and monitoring

The performance of road transport activities is monitored externally by Waka Kotahi through annual completion reporting requirements and periodic safety, technical and procedural audits. Contractor performance is measured via KPIs included in documents and conformance with undertakings made in their tender submissions. Monthly reports include items such as % of approved programme completed, non-conformance reports and incident reports, audits of individual sites are undertaken during staff patrols of the network.

1.13. Communication Plan

Once this strategy has been reviewed and endorsed by Waka Kotahi it will be communicated to the following stakeholders:

- Internal stakeholders:
 - Mayor and Councillors
 - Chief Executive, Executive Managers
 - Assets and Transport Section
 - Corporate Services
- Waka Kotahi (NZ Transport Agency)
- Neighbouring district councils

- Waikato Regional Council
- The contractor supplier market
- Professional Service Consultants
- Other interested parties

1.14. Review Period

This procurement strategy will be completely reviewed again in 2028 following completion of Council's next three-yearly long-term planning cycle and Waka Kotahi's funding programme. It will be updated at the beginning of each financial year if any significant changes are necessary and further endorsement from Waka Kotahi sought.

2. Policy Context

2.1. Council Strategic Objectives

The Strategic Objectives are defined within Council's current **Long Term Plan (LTP) 2024– 2034** are summarised in the following Vision Statement of:

“Healthy People Thriving in a Safe, Vibrant, and Sustainable Community”.

Council reviewed its **community outcomes** with the reinstatement of the Community Well-beings into the Local Government Act 2002. There are four aspects to local government well-being; social, cultural, environmental and economic well-being. Environmental well-being includes both the natural environment of our lakes, rivers, parks, reserves and the built environment, being our towns, roads, water systems and buildings.

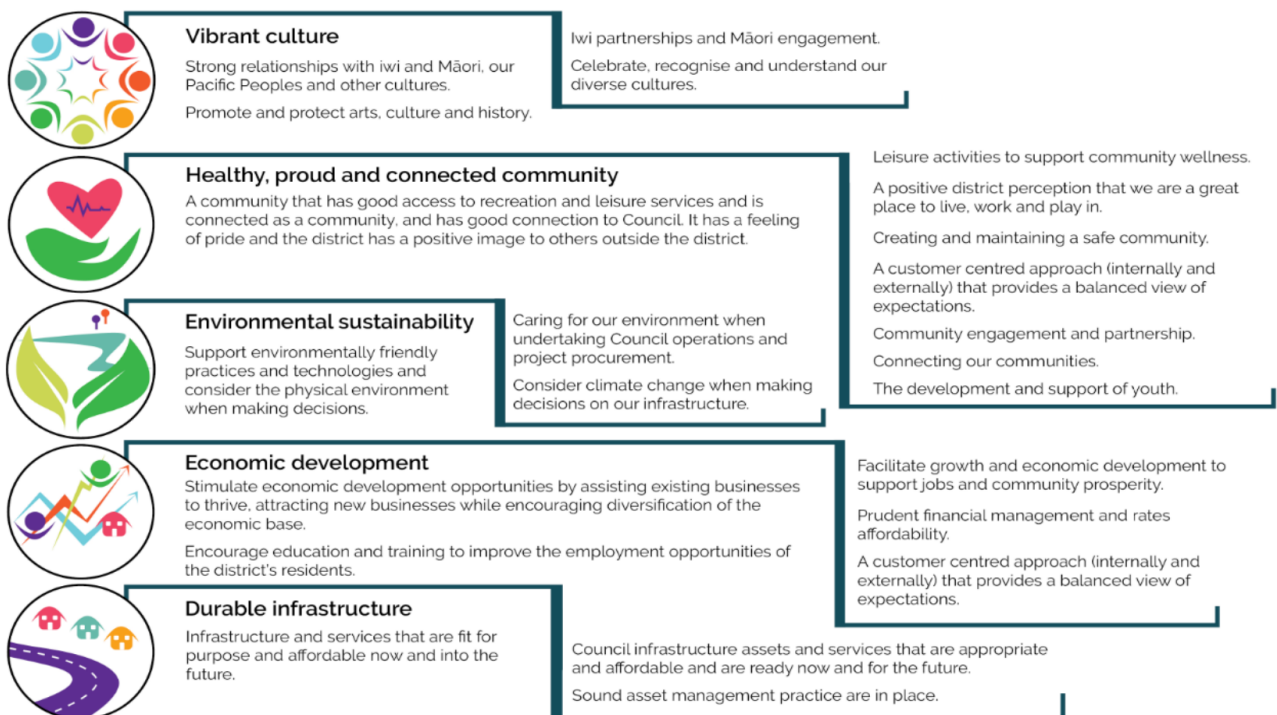
The three key strands that contribute to the desired Community Outcomes are:

RELATIONSHIPS | NGĀ HONONGA Strong relationships with iwi and Māori, Pacific Peoples, community and business groups that can achieve growth and a resilient community

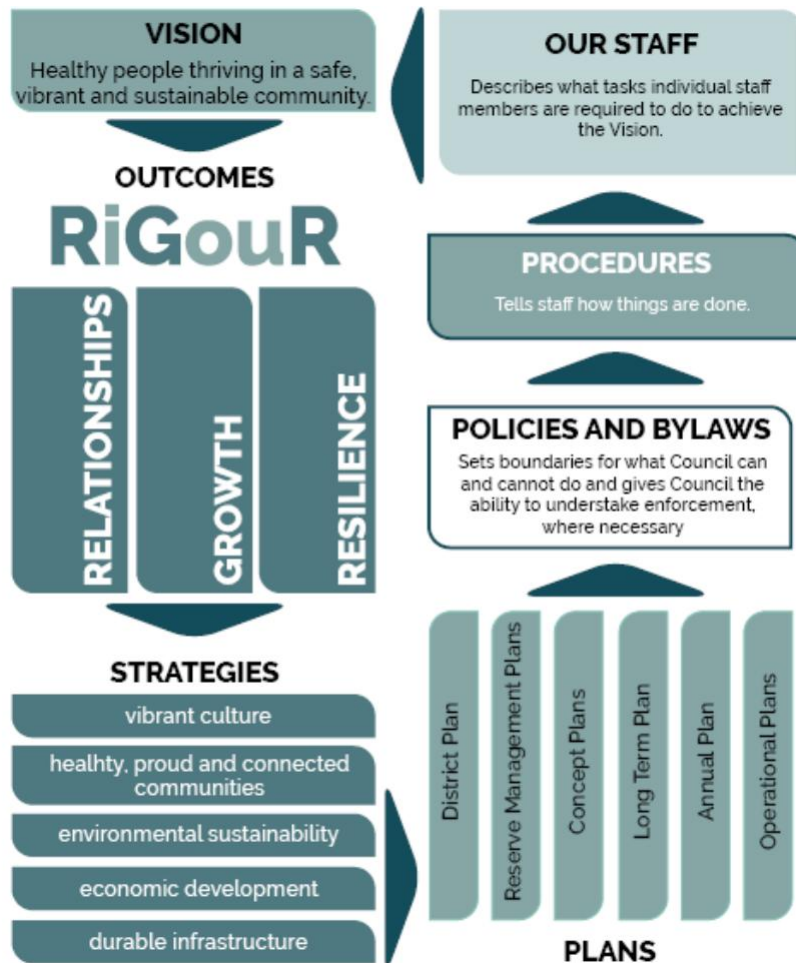
GROWTH | TE TUPUNGA OHANGA Activities and strategies that facilitate sustainable economic growth and lift community pride.

RESILIENCE | KIA EKE PANUKU A resilient district with good infrastructure and services, a sound financial position, rates affordability and a healthy environment that has the ability to anticipate, resist, respond to and recover from significant change or events.

The following strategies are what we will focus on to deliver the Council vision and outcomes for our District. These strategies shape our community spaces and service to continue to build a strong future for this generation and our future generations of community members.



The Council Strategy provides the overarching strategic direction, and every plan, policy and bylaw that Council adopts should directly link to the Council Strategy. The diagram below shows how Council's documents fit together.



2.2. Land Transportation Activity Management Plan

The Activity Management Plan (AMP) for the Land Transport Network 2021 describes in detail how the South Waikato District's network will be managed to support the Council's Vision, Outcomes and Strategies, particularly over the next 10 years as encapsulated in the Long Term Plan 2024-2034.

The AMP proposes levels of service (LoS) for the road network, maintenance and renewal actions for achieving those LoS and recommended budgets. These LoS and budgets are presented to the District ratepayers and residents as part of the consultation on the Council Long term plan. In parallel with this process the same LoS and budgets are submitted to Waka Kotahi for approval and funding assistance via the National Land Transport Programme.(NLTP) Once the LTP and NLTP have been approved the required services and materials have to be procured and the necessary works implemented.

2.3. Land Transport Procurement Strategy

The purpose of the Procurement Strategy is to detail how the activities and projects approved in the Council LTP and the NLTP are procured. The procurement procedure provides the framework for Council to purchase or otherwise acquire the required outputs.

The procurement strategy has to have regard to:

- Council's strategic objectives, policies and processes

- The Government Procurement Rules including the need to consider broader outcomes
- Waka Kotahi's (NZTA) requirement to comply with the Land Transport Management Act

2.3.1. Council Objectives and Policies

This Procurement Strategy has been developed to achieve the following strategic procurement objectives,

- Optimise public value – maximising the benefits and outcomes generated by Council's procurement activities, through ensuring broader outcomes are considered as part of the procurement evaluation.
- Support delivery of Council objectives through efficient and effective procurement – ensure all procurement activities are conducted in line with Council's Procurement Principles, including the development and maintenance of competitive supply markets.
- Build procurement capacity and capability – develop Council's procurement knowledge, systems, processes, and resources to support efficient and effective procurement to meet and exceed industry best practice.

Council uses 'public value' as a means of determining the best outcome from funds to be spent. The principle of public value is not solely focused on price but is about getting the best possible result over the whole-of-life of the goods, services or works. This includes using resources effectively, economically, and without waste, and taking into account the total costs and benefits (total cost of ownership), and its contribution to the results Council is trying to achieve (such as social or environmental outcomes).

Council also wishes to see that expenditure on Council services and activities has a beneficial impact on the local community. These impacts could be in the form of local employment, skills development, trade with locally based businesses or interaction with community organisations. These aspirations are generally in line with the Government's "Broader Outcomes" strategy.

This strategy supports the whole of Council procurement environment and in particular

- Commitment to strategic procurement measures from elected members and officers at all levels of the organisation.
- Providing a corporate focus to procurement to assist coordination of Council's procurement activity and the management of identified risks.
- Ensure a structured approach to education, training and development for all individuals with procurement responsibilities or interests across the organisation.

2.3.2. Government Procurement Rules

The Government Procurement Rules support sustainable and inclusive procurement through the promotion of good practice for procurement planning, approaching the supplier community and contracting.

A key focus of the Rules is the importance of open competition – giving all businesses the chance to participate, and giving them enough time to respond to opportunities properly. They also help to:

- align New Zealand procurement practice with international best practice
- encourage more strategic procurement approaches
- foster competition and innovation, resulting in better solutions
- promote broader environmental, social, cultural and economic outcomes.

2.3.3. Broader Outcomes

The Government recognises that its procurement activities offer a unique opportunity to achieve broader cultural, economic, environmental and social outcomes for New Zealand.

Broader outcomes are the secondary benefits that are generated by the way a good, service or works is produced or delivered. These outcomes can be social, environmental, cultural or economic benefits, and will deliver long-term public value for New Zealand.

The Government Procurement Rules include several requirements regarding broader outcomes. In particular Rule 16 states "Each agency **must** consider, and incorporate where appropriate, broader outcomes when purchasing goods, services or works".

Broader outcomes require the consideration of not only the whole-of-life cost of the procurement, but also the costs and benefits to society, the environment and the economy.

Of these broader outcomes, the Government identified four priority outcomes for agencies to start focusing on:

- Increasing access for New Zealand businesses
- Construction skills and training
- Improving conditions for New Zealand workers
- Reducing emissions and waste

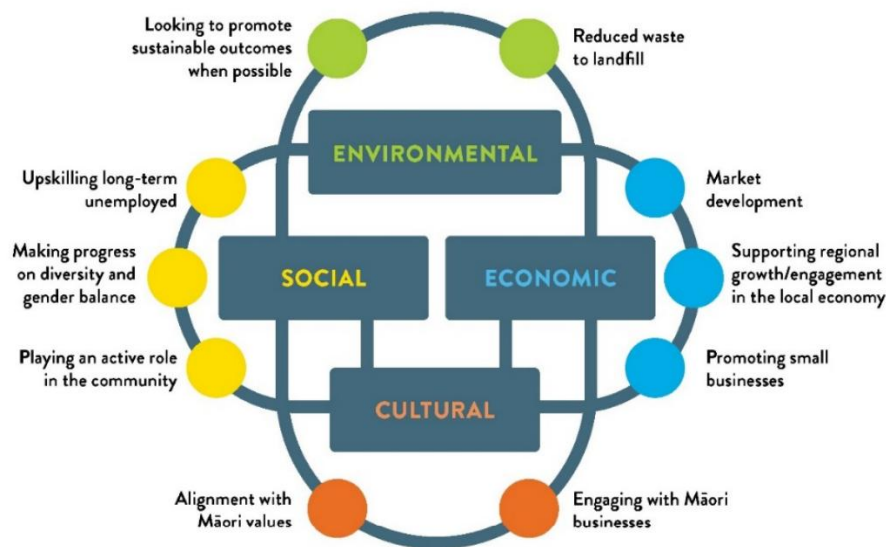


Figure 12 Examples of Boarder Outcomes - NZ Govt. Procurement Rules (4th Ed) 2019 (recoloured).

Specific broader outcomes that SWDC will be seeking are:

- Development of business relationships with local Iwi organisations
- Provide employment and training opportunities for local youth
- Support for local businesses and industries
- Protection of the environment and waste minimisation

2.3.4. Land Transport Management Act 2003 (LTMA)

The LTMA provides the legal framework for managing and funding land transport activities. The purpose of the LTMA is to contribute to the aim of achieving an affordable, integrated, safe, responsive and sustainable land transport system.

The act sets out the processes for planning and funding of land transport system and establishes Waka Kotahi as the agency charged with managing the funding. It requires separate consultation with Maori on certain matters, primarily those concerning land or cultural issues. Maori must also be provided with opportunities to contribute to decision-making processes.

The Act requires Council to have a procurement procedure approved by Waka Kotahi that is designed to obtain the best value for money spent, having regard to the purpose of the Act. It must also have regard to the desirability of enabling fair competition and encourage competitive and efficient markets.

Some activities do not have to be included in an approved procurement strategy. These include administration activities, in house professional services and emergency works

2.3.5. Waka Kotahi New Zealand Transport Agency Procurement Requirements

To fulfil its procurement obligations under the LTMA, Waka Kotahi requires that all procurement is carried out in accord with the NZ Transport Agency Procurement Manual (Amendment 6, 1 April 2022). The manual includes the minimum requirements that procurement procedures need to meet.

Council must demonstrate to NZTA that it understands the market conditions and the procurement procedures best suited to deliver value for money while encouraging competitive and efficient markets.

2.4. 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.

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

It is a requirement of Council that contractors undertaking work on behalf of Council are SHE accredited.

Council's Health and Safety team provide advice on procurement including the procurement planning stage, tender document preparation, 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 as required.

Contractors are required to submit contract specific Health and Safety plans that are reviewed annually. Council staff will monitor these plans to ensure that actions in the plans are carried out. This will include monitoring safety committee meetings, tool box meetings and the investigation and follow up of any work place accidents

2.5. Māori, Mana Whenua, Mātaawaka

South Waikato District Council is committed to lifting Māori economic and social well-being and recognising Māori cultural values and perspectives. Social procurement can make a material difference for positive Māori outcomes by including objectives that:

- Support Te Ao Māori cultural competency and knowledge within the supplier's workforce;

- Give due effect to Te Tiriti o Waitangi (Treaty of Waitangi);
- Provide employment opportunities and career pathways for Māori;
- Support partnering or sub-contracting with iwi and hapū organisations, Māori businesses and social enterprises; and,
- Encourage the engagement of Māori in the design and/or delivery of goods, services and works.

2.6. Sustainability Considerations

Sustainability is of strategic and statutory importance to Council. The Local Government Act 2002 requires Council to take a sustainable approach by taking into account the social, economic, environmental, and cultural wellbeing of people and communities, the need to maintain and enhance the quality of the environment, and the needs of future generations. Sustainability must therefore be considered throughout the entire procurement process.

Sustainable procurement means that when buying goods or services, Council will consider:

- strategies to avoid unnecessary consumption and manage demand,
- minimising environmental impacts of the goods/services over the whole-of-life of the goods or service,
- suppliers' socially responsible practices including compliance with legislative obligations to employees,
- value over the whole-of-life, rather than just the initial cost.

Issues that impact on sustainability include:

- climate change
- ozone depletion
- optimising use of natural resources
- minimise use of hazardous substances
- waste minimisation
- job creation
- health & safety compliance
- equality
- fair pay for suppliers' staff
- economic regeneration
- building sustainable markets
- legal compliance
- public image protection and enhancement
- engagement with iwi and hapū organisations, Māori businesses and social enterprises .

3. Procurement programme

3.1. Section 17A review

Council's major long term contracts for road maintenance and for road resurfacing were both due to expire on 30th June 2022. Therefore Council undertook a review of the way these services were

delivered as required by Section 17 A of the Local Government Act. The review concluded that collaboration with adjoining local authorities or Waka Kotahi (NZTA) was impracticable in the short term and that Council should proceed to procure these services as sole Principal to the contracts. Some unbundling of the content of the contracts was approved by Council with the objective of directly managing aspects of the main contract that are usually subcontracted, and including the resurfacing works within the maintenance contract to achieve better co-ordination of the pre-seal repair works with the resurfacing programme.

The Section 17A report is appended. We do not anticipate a review of Section 17A during the period of this Procurement Strategy because of a stable delivery market.

3.2. 2024/25 and 2025/26 Procurement Programme

Contracts for the required services were prepared, requests for tenders issued, tenders received, analysed and awarded for works to commence on 1st July 2025 for the maintenance contract. The signs, lighting and road marking contract tenders were delayed in getting to the market because of staff resourcing. 3 months extensions were granted for the current contracts. It is anticipated that work will commence 1 October 2025 on the new signs, lighting and road marking contracts

3.2.1. Contract 640/770 Road Maintenance, Resurfacing and Pavement Rehabilitations 2025 - 28

This contract combined elements of the previous Sealed Maintenance and Resurfacing, Unsealed Road and Drainage Maintenance, and Footpath and Kerb and Channel contracts. Tenders were received from both incumbent contractor and the successful contractor MSC Civil Construction. The two tenders were evaluated using the Price Quality method with a price weighting of 40%. The preferred tenderer scored the higher non price score and was also the lower price.

3.2.2. Contract 640/774 Traffic Signs Maintenance and Renewal 2025-2028

Four tenders were received for this contract, one was considered non conforming with the remaining three continuing through to the full evaluation. The three tenderers mainly operated within the greater Waikato region. The non-price submissions of the three tenderers were of good quality and the prices were comparable. The tenders were analysed using the PQM method with a 50% price weighting. The tenderer with the highest non price score and the lowest price was successful in being the preferred tenderer.

3.2.3. Contract 640/773 Street Lighting Renewal and Maintenance 2025-2028

Four tenders were received for this contract, all from companies with regional and national bases. The submissions were of a similar standard. The tenders were analysed using the PQM method with a 40% price weight. The tenderer with the highest non price score and the lowest price was successful in being the preferred tenderer.

3.2.4. Contract 640/775 Road Marking 2025-2028

Five tenders were received for this contract by closing time. The tenders were analysed using the LPC method. The lowest priced tender was successful in being the preferred tenderer for this contract.

3.3. 2026/27 Procurement Programme

As detailed above there are contracts in place for most of the normal road maintenance activities. If the optional contract extensions are offered and accepted as anticipated none of these contracts will require re-tendering within the term of this strategy.

However contracts will be required for two maintenance works and bridge maintenance works.

The following are the proposed contracts and evaluation methods

Project	Proposed date	Tender	Contract Period	Evaluation Method	ROC
Street Sweeping	February 2027		3+1+1	PQM 40% price	\$300,000
Roadside Vegetation Control	February 2027		3+1+1	PQM 40% price	\$283,000
Bridge repairs 2026/27	Feb 2026		3 months	PQM 50% price	\$60,000
Bridge Repairs 2027/28	Feb 2027		3 months	PQM 50% price	\$60,000*
Review contract Extensions					
<u>Note</u> * Projects and costs for 2024/25 are subject to Council LTP and NLTP outcomes					

Much of the bridge repair work is routine and within the scope of existing maintenance contracts. This includes items such as sign repairs, vegetation removal, pavement repairs and guardrail repairs. Other items that are structural or require specialist skills or equipment are best carried out by an experienced bridging contractor. RATA (Co Lab) is exploring procuring such a contractor as a shared resource for Councils within the region and South Waikato will look to utilise this contract if feasible. Alternatively a separate tender will be pursued using a PQM selection method with a 50% price weighting. Non price attribute requirements will be tailored to the type of work

Sites of pavement improvement works usually have elements of formation improvements such as width improvements, minor curve improvements or sight benching associated with them. As there are no funds approved by NZ Transport Agency for these works there will none of this activity carried out during the term of this procurement strategy.

4. Procurement Environment

4.1. Analysis of Supplier Market

4.1.1. Physical Works

There are many large national contracting companies that can provide services to the Council. Downer is also the contractor for the Central Waikato NOC that services the State Highways within the District. Several other national roading contractors have operations bases within the greater Waikato area and are potential tenderers for SWDC contracts. Most of them have bitumen sealing and paving capability. These companies include Higgins, Downers, Fulton Hogan, Ventia (Broad Spectrum) and HEB Construction.

There are also regional Tier 2 companies that have the potential to provide road maintenance services to Council. Inframax Construction based in Te Kuiti already provide maintenance services to Ruapehu, Waitomo and Otorohanga Districts and are a subcontractor to the West Waikato NOC contract. There are several other companies based around Hamilton that are active in subdivision roading and small road improvement or rehabilitation works. They have not previously undertaken road maintenance works but can develop their capabilities in this area and provide competition to the Tier 1 companies. These include Schick Construction, J Swap Contractors, MSCivil, Camex, Base Civil, Sam Pemberton, Tirau Earthmovers and others. However it is difficult for these companies to build a track record and gain the management expertise required to successfully undertake a maintenance contract except perhaps as a subcontractor to a major Tier 1 provider. For this reason SWDC contracts permit Tier 2 Contractors to tender which has resulted in one these (MSC Civil Construction) being awarded the recently tendered contract.

Specialist contractors for items such as sign maintenance, vegetation control, road marking, street lighting, bridge maintenance and street sweeping are located within the greater Waikato area. For most of these services the size of companies and available workload means that at least two companies are available to tender for any work that comes onto the market.

4.1.2. Professional Services

Council uses a mixture of a NZTA approved in-house staff resources and a range of external consultants for professional services support. Several large national consultants are located within the Waikato Region (WSP, Beca, GHD, AECOM, Aurecon, BBO), and in recent years there has been an increase in the number of smaller consultants servicing the TLA market (Harrison and Grierson, Clarke of Works, Axell Consultants, Pinnacle Consultants, Waugh Infrastructure Management, Traffic Design Group). This has provided TLA's with a wide range of consultancy services spanning the specialist capital works and infrastructure management spectrum. The availability of these professional consultancy services provides a competitive price market to TLA's.

Currently a three-year professional services contract for Roothing Network Street Lighting is in place with Odyssey consultants. Various other short term or annual professional services contracts are let on an as required basis.

Collaboration between the Road Controlling Authorities within the Waikato Region has resulted in the establishment of the Road Asset Technical Accord (RATA – Co Lab) which provides specialist asset management professional services, which SWDC is participating in. The road roughness and condition rating survey, pavement modelling, bridge inspection and traffic counting is currently being undertaken jointly through RATA (Co Lab), including specialist data analysis. The increasing scope of service being offered by RATA (Co Lab) for specialist professional service is likely to be taken up as it becomes available.

4.2. Analysis of Major Procurement and Profile

The table below summarises the current procurement spend on subsidised roading activities. Two national roading companies have the three bigger contracts with the other contracts held by a range of smaller specialist companies. Whilst the number of smaller contracts increases contract management effort it does enable the direct control of the works and provides closer liaison between the contractor and client. None of the contractors are headquartered within the District but they do employ some local staff and suppliers. This means that opportunities to realise broader outcomes from the procurement are limited.

Contract No	Contract Name	Start Date	Term	Annual value	Contractor
640/774	Signs Maintenance	1 October 2025	3+1+1	\$178,564	Directionz Ltd
640/775	Road Marking	1 October 2025	3+1+1	\$192,528	Roadrunner Markers Ltd
640/773	Streetlight Maintenance and Renewals	1 October 2025	3+1+1	\$382,000	Horizons Ltd
640/636	Roadside Vegetation Control	1 July 2022	3+1+1	\$283,000	Power Weed Control
640/638	Street Sweeping	1 July 2022	3+1+1	\$300,000	Intergroup NZ
640/770	Road Maintenance, Resurfacing, and Pavement Rehabilitations	1 July 2025	3+1+1	\$6,656,426	MSC Civil Construction
	Professional services Roding Network Street Lighting				Odyssey Energy (2009) Ltd
Various	Network and Asset Management		Annually		Various consultants for condition rating etc.

4.3. Analysis of the impact of the procurement programmes on other organisations

No major works are proposed or planned for the next three years that would have an impact on the contracting industry. Presently the volume of work available from the Councils within the region is steady and well matched to the capacity of the contracting market.

It is expected that Waka Kotahi will retender the current Central Waikato NOC contract in the next 1 year and this may have an impact on the number of major roading contractors operating in the District.

5. Approach to delivering the work programme

5.1.1. Confirmation of specific strategic objectives.

Council recognises that its procurement programme has a profound effect on the local economy and the wellbeing of its community. It is responsible for delivering the goods and services required in a way that provides “Best Value” to its community. This includes ensuring that the **quality** of goods and services are suitable and sustainable, that the monetary **price** is fair and reasonable, that local **economy** is supported and that **employment** opportunities are available to local residents. Specific objectives are to provide employment for school leavers in order to retain them within the District, to develop the skills of the workforce by leveraging training and experience that can be provided by contractors from outside the District

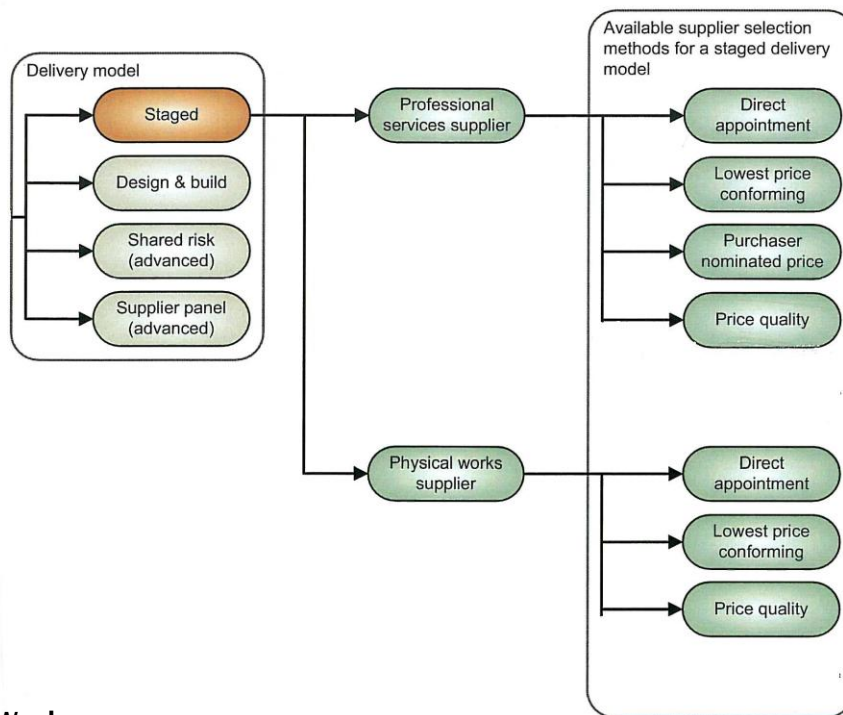
Developing an approach to delivering a work programme consists of two components:

- Confirmation of Council’s specific objectives in relation to each segment of the work programme. These objectives will take into account the risk and complexity of the activities to be undertaken, how value for money will be obtained and how the competitive health of the supplier market will be sustained.
- Identifying the delivery models and supplier selection methods that will best deliver the work programme and achieve Council’s objectives. As part of this process, Council may conduct a formal risk workshop in advance of proceeding with the procurement of major or complex projects. This workshop will have the objectives of identifying project specific risks that have the potential for adversely impacting upon the successful delivery of Council’s objectives and outcomes.

5.1.2. The procurement approach.

The majority of land transport activities in South Waikato District are well defined, low risk and the scope can be easily defined in contract documents, therefore our road transport activities fit the Staged delivery model, with a design being procured and completed ahead of and separate to construction or implementation contracts.

All road transport activity procurement will be undertaken using the Staged delivery model as defined by the NZTA Procurement Manual: appendix D, (the quality based supplier selection method is only to be used for professional services). A modified copy of the decision tree is below.



Physical Works

Direct appointment for physical works will be used for low value works where the cost of a competitive procurement would be disproportionate to the value of work, and where a suitable contractor can be readily identified.

Lowest Price Conforming selection method will be used where the work is well defined with limited scope for added value. Non price attributes will be tailored to the job and designed to ensure that a contractor who passes all the requirements is capable of performing the works to the required standard. Roadmarking is an example of where this selection method will be utilised.

Price Quality Method will be used for the majority of tenders. This method emphasises to suppliers that quality is as important as price and also allows for consideration of Broader Outcomes that might be offered. With all contracts it is the people who are on the job that make the difference between a good or poor outcome. Therefore attribute weighting will generally emphasise track record, relevant experience and technical skills with a significant weighting on broader outcomes. In order to encourage new or local entrants into the market the attribute requirements for smaller jobs will be simplified with guidance given on what Council is seeking from a contractor. In the recent tender round submissions from two Tier 2 contractors failed on one or more of the non price attributes. This highlights that road maintenance works require a broader range of skills than are found in some other work types and it is difficult for a new player to develop these. Some of the submissions did not address the direct questions that were asked for in the RFT indicating investment in the presentation of submissions would be worthwhile.

For the smaller jobs it is intended that the non price submission requirements will be simplified to make it less daunting for a smaller contractor who may have the necessary basic skill and equipment but needs refinement to suit the needs of the council works. In this respect one contract per work site may encourage more competition from smaller players. Whilst these tenders could be offered to invited tenderers only this could be seen to limit the involvement of the larger contractors who already have operations within the District and could therefore be anti-competitive in the short term even though in

the longer term competitiveness would be enhanced. These factors will be considered on a case by case basis as contracts are being prepared.

Risks to Council , There will always be a level of uncertainty or risk associated with the procurement of any services. These have the potential to emerge because of:

- Industry and market dynamics overtime resulting in changes in the level of competition and skills
- Changes in personnel demographics and organisational capacity over time
- Incorrect choice of contract model and the wrong or ineffective incentives for the expected outcomes.

The following table summarises the risks identified during the development of this strategy along with their proposed mitigation measures. These measures are expected to reduce the level of risk, but a residual level may still exist.

Risk Item	Description	Proposed Mitigation
1.	Increased economic growth or industry changes reduces the number of tenders received and price competition for future tenders.	• Monitor any changes in the contracting industry environment. • Undertake Early Contractor Involvement to gather feedback and level of interest in future contracts. • Review contract models and bundling or unbundling to maximise industry interest.
2.	Economic down turn or reduced investment increases industry competition with reduced tender price sustainability.	• Monitor any changes in the contracting industry environment. • Review procurement methodology to limit unsustainable pricing practices.
3.	Loss of in-house Business Unit capacity or continuity.	• Ensure succession plans are in place and adequate recruitment/ training plans are both in place and implemented. • Identify and utilise external consultant resources for short-term capacity gaps.
4.	Unforeseen investment requirements for other Council asset groups or activities necessitates a reduction in Transportation Activity funding.	• Evaluate the requirement for contract funding flexibility during the contract model selection phase. • Maintain a level of Provisional Sum items in contract pricing where there may need to be a level of funding flexibility in the future.
5.	Insufficient lead-in time exists that would enable alternative procurement strategies to be adequately developed or implemented.	• Allow at least a 2-year timeframe for any initiatives that might involve significant shared contract delivery arrangements with neighbouring Councils or NZTA.
6.	Increased standardisation with procurement procedures and	• Maintain awareness of NZTA and REG procurement initiatives, and align any

Risk Item	Description	Proposed Mitigation
	documentation which requires changes in Council documentation and additional training.	adoption of new procedures with the timing of new contract preparation timeframes.

Professional Services Delivery

The majority of professional services required to deliver the programme of works will be supplied by the in-house Professional Services Business Unit. The Business Unit provides an ideal example of the objectives of the Strategy in the following ways:

- Local people are employed long term in providing the service
- A cost effective service is provided with low overheads, appropriate skill levels provided and no profit margin to allow for
- Retention of skills in house enables Council to be a Smart Buyer and provides continuity of experience and knowledge

For specialist skills not available through the Business Unit, price requests will be sought from suitably resourced suppliers. Specialist Asset and Network Management Services have been provided by external consultants for the last six years in support of the Business Unit. This has been necessary following the resignations of key staff members and several unsuccessful attempts to recruit full-time employees. Other specialist assistance is obtained from suitably experienced consultants as and when required. In general direct appointments are made.

Description	Approx Value	Supplier Selection Method	Financial Year	Comments
Data collection	\$50k	Price Quality	2024/25	Existing contract through RATA
AMDS	\$20k	Direct Appointment	2024/25	Existing contract through RATA
RAMM Support	\$43k	Direct Appointment	2024/25	Existing contract through RATA
Regional Projects, Licences, Meetings	\$120k	Direct Appointment	2024/25	Existing contract through RATA
Traffic counting service	\$32k PA	Price Quality	2024/25	Existing contract through RATA
Bridge inspection services	\$65k PA	Price Quality	2024/25	Existing contract through RATA
Road asset management services	\$100k PA	Direct Appointment	2024/25	Existing Service with Chris Clarke – Clarke of Works Ltd
Contract Management Support	\$40k PA	Direct Appointment	2024/25	Various suppliers as required

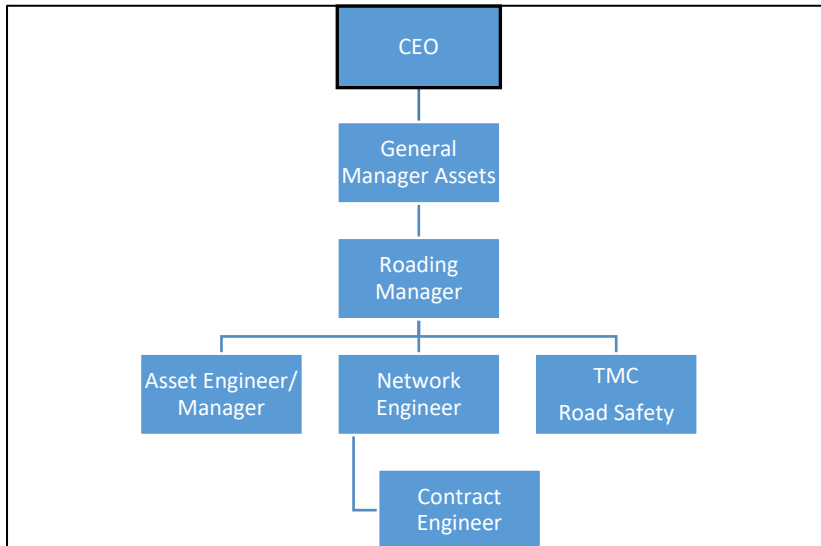
5.2. Analysis of advanced components, customised procedures or variations

No advanced components or customised procedures are anticipated to be required for the planned procurements. However it may be necessary to seek some variations if circumstances change. For example if one or more of the optional extensions to the 3+1+1 contracts is either not offered or is not accepted then re-tendering will have to be done earlier than allowed for in this strategy. This could be due to change in economic circumstances, or changes to legislation, or decisions to have joint contracts with either Waka Kotahi or an adjoining District. In these circumstances approval for a variation to this strategy will be requested.

6. Implementation

6.1. Capability and capacity:

The current structure of the roading business Unit is illustrated below:



The Roding Manager position is vacant and filled temporarily by an internal staff member.

The Asset Engineer/Manager has been filled and is currently supported by a part time consultant with a lot of experience in road maintenance and asset management who works 2 days/week

The Network Engineer position is currently vacant and is being filled temporarily by a member of the wider roading team. It is also supported part time by a consultant

The Contract Engineer is filled by a

degree qualified engineer who previously worked for a civil contractor. He is rapidly gaining practical experience in the Local Authority environment.

The effective vacancy of 2 FTE senior staff member in the team means that at times resources are over stretched and additional help is procured from other consultants. Often the available effort is concentrated on the essentials and the “nice to haves” take a low priority. Recruitment for permanent staff to fill the vacancies has been ongoing but without success.

The Council CEO recognises that a lot of change is about to happen in the local government space and that *“We need to start planning to be ready for the changes otherwise we will be overwhelmed and be purely reactive”*. She has initiated a plan that the Council is in a position to know

1. *what the changes mean,*
2. *what kind of organisation we want to become,*
3. *how we reorganise ourselves to thrive through these changing times;*
all the while
4. *delivering our BAU and a huge capital program and*
5. *looking after our people and our community.*

It is likely that the current structure of the roading team will be affected by re-organisation.

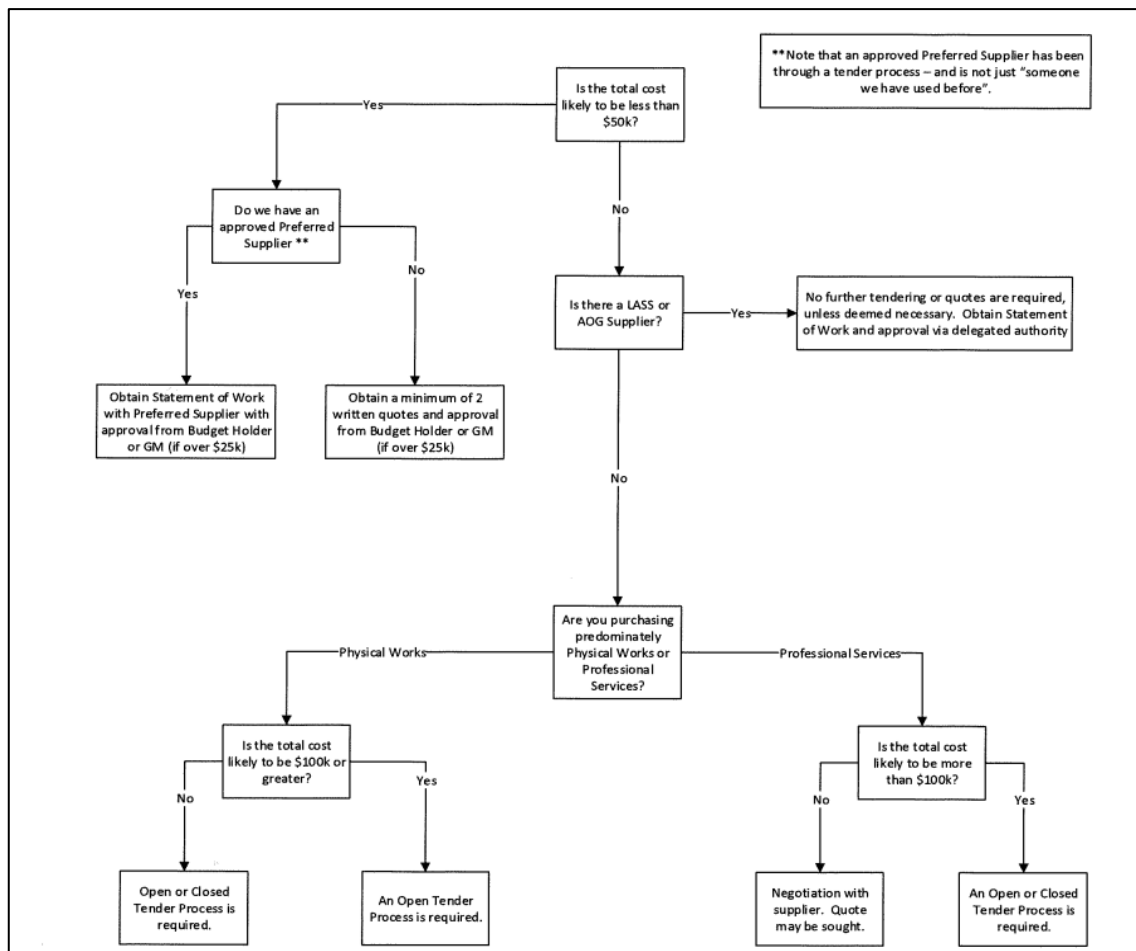
6.2. Internal procurement processes.

Internal processes are managed through a Promapp application that guides staff through the steps. All but minor contracts require a specific procurement plan that is submitted to a Contract Committee of senior staff for approval. Tenders are advertised through the GETS electronic tender system and Government Procurement Rules are followed for all contracts. Advantage is taken of some of the “All

of Government” contracts managed by MBIE that offer good pricing and reduced cost of procurement. The Waikato LASS also offers some joint purchasing arrangements that are utilised as appropriate. Financial delegations from Council to staff are adhered to and splitting of work into small packages to circumnavigate the delegation level is not permitted. The type and scope of works undertaken within the road transport sector do not generally significantly vary from year to year and the processes have been in use for many years and have been refined to suit the work undertaken. Staff are familiar with the processes required.

6.2.1. Initiating the Procurement Process

Reference is to be made to Council’s Procurement Process and Procedure Document. The following process flow chart has been drawn from this document and will be used to assess the preferred contract type and purchasing requirements on a case-by-case basis.



6.2.2. Delivery Models

In most instances, the staged delivery model will be used for Council’s road maintenance, renewal and construction projects due to the generally conventional nature of the work and the organisation’s familiarity and capability in managing this model. Opportunity for innovation is limited for these standard and well-defined work outputs. However, there is scope to explore the benefits from introducing more performance based elements and the transfer of risk to, or from, the contractor for various elements of work, and the impact of this on the overall contract pricing.

For larger construction projects and where there is scope for innovation, (e.g. complex bridge construction/renewal projects), the design-build model will be considered, particularly where suppliers

are better equipped to manage the attendant risks. Subject to the overall complexity, these contracts may require support from specialist external consultants in the development of specimen designs, tender evaluation and project delivery.

The shared risk model may also require additional resources beyond Council's in-house capability, necessitating support from external consultants.

The use of an Expression of Interest (Eoi) stage to short list potential tenderers before inviting them to tenderer will be considered where there is uncertainty over the level of market interest. While this additional stage adds to the overall tendering time, it can be advantageous in setting clear eligibility requirements before committing to a full RFP, thereby reducing industry tendering costs. This approach can also enable Council to respond to situations of low market interest during times of high industry demand.

The decision to use any pre-qualification and shortlisting process will be made on a contract by contract basis taking the prevailing market conditions into consideration.

6.2.3. Professional Services

The current mix of in-house business unit professional services for routine contract development and administration, RATA (Co Lab) for RAMM and related data collection services, and external consultants for specialist services provides Council with a high degree of flexibility. Value for money can be optimised by varying the mix of the options and testing through competitive procurement of services where necessary.

No change to the current procurement strategy is considered necessary unless there is a meaningful change to the availability of these resources at some time in the future. Continued training and skills development of Council's in-house business unit personnel will be necessary into the future to ensure there is sufficient continuity in resource availability.

6.3. Performance measurement and monitoring

The performance of road transport activities is monitored externally by Waka Kotahi through annual completion reporting requirements and periodic safety, technical and procedural audits. Contractor performance is measured via KPIs included in documents and conformance with undertakings made in their tender submissions. Monthly reports include items such as % of approved programme completed, non-conformance reports and incident reports, audits of individual sites are undertaken during staff patrols of the network.

6.4. Communication Plan

The Procurement Strategy will be communicated to the following stakeholders:

- Internal stakeholders:
 - Mayor and Councillors
 - Chief Executive, Group Managers
 - Assets and Transport Section
 - Corporate Services
- Waka Kotahi (NZ Transport Agency)
- Neighbouring district councils
- Waikato Regional Council
- The contractor supplier market including Contractors Federation

- Road Transport Association NZ
- Principal industries – Fonterra / Oji Fibre Solutions Pulp and Paper Mill
- District Quarry Operators E.g. J Swap Contractors Ltd
- Professional Service Consultants

The communication will set out Council's procurement programme for the next three years, the method of delivery for each group of activities and supplier selection method. A copy of the adopted procurement strategy will be posted on Council's web site.

The timing of the communication will occur following endorsement of the strategy by Waka Kotahi.

Council will publish details of all contracts let, or direct appointments made, as set out in Council's Procurement Process and Procedures document. Details published will include the name of the supplier, the value of the contract awarded and a brief description of the output to be delivered.

7. Corporate Ownership and Internal Endorsement

This strategy document is owned by the Executive Manager Delivery, endorsed by the Executive Team and approved by Council.

The draft strategy was submitted to and adopted by Council on XXXX 2025

This strategy was endorsed by Waka Kotahi (New Zealand Transport Agency) on XXXX 2025 (see Appendix attached).

7.1. Section 17 A Review

7.2. Appendix : NZTA Procurement Strategy Endorsement