

Hamilton City Council

Transportation Procurement Strategy 2024

Quality Information

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1 Executive Summary

1.1 Introduction

This document is Hamilton City Council's (HCC) Procurement Strategy for transportation works as required by NZ Transport Agency's (NZTA) Procurement Manual (latest amendment - April 2022).

The purpose of the strategy is to demonstrate how HCC will procure its transportation programme whilst continuing to meet the requirements of the Land Transport Management Act 2003 (LTMA). The LTMA requires Approved Organisations that are recipients of National Land Transport Funds (NLTF) as managed by NZTA, to use procurement procedures designed to obtain best value for money; enable fair competition; and encourage competitive and efficient markets. All Approved Organisations are required to have a NZTA endorsed Procurement Strategy to apply for NLTF funding of transportation projects.

This procurement strategy outlines the HCC's intentions for the procurement of NLTF subsidised transport infrastructure services and works. The strategy will be formally reviewed and updated at least once every three years in conjunction with the HCC's Long Term Plan (LTP) cycle.

1.2 Strategic Approach

In the preparation of this Transportation Procurement Strategy, HCC has taken a long-term view on how it will:

- Achieve value for money
- Encourage efficient and competitive markets
- Encourage fair competition among suppliers
- Ensure a healthy and sustainable market.

The balance between effective competition and efficiency of procurement processes is essential to achieving value for money over the long term. This strategy assesses the projects and contracts within the transport programme in terms of scale, complexity, risk and the potential for innovation, flexibility, client involvement, supply and demand and programme constraint.

HCC has a significant programme of capital improvements proposed for the next three years, however funding approval is pending, and indication is that funding will not be available to cover all projects. Therefore, this strategy indicates the plan for procuring projects on an individual project or programme basis, rather than a bundling approach. While HCC has received approval to procure a panel of suppliers to deliver capital works programmes, at this stage this approach is on hold until the funding permits a larger delivery programme to commit to the panel arrangement.

For operational delivery, HCC recently established a new long-term contract which started on 1 July 2023. The Collaborative Corridor Agreement (CCA) is a collaborative contract for up to 10 year (5+3+2 years) with HCC's asset team working alongside Downer Ltd to programme and deliver all maintenance and renewal activities for the road assets.

1.3 Summary Statements

The council's investment programme for the 2024-27 LTP continues to provide for significant investment in upgrading the transport network to provide for the demands in growth as the City continues to expand. With an expected capital expenditure of approximately \$41,288,000 over the

next three years, the focus for procurement will be on prudent investment for cost efficiency and effectiveness.

The key differences between this Transportation Procurement Strategy and the previously approved and endorsed Transportation Procurement Strategy (2021) is the proposal to utilise a new panel arrangement for the procurement of capital improvement projects may not be initiated in the short-term. While NZTA approved use of rule 10.5 Procurement procedure advanced components to establish a physical works supplier panel entitled the Transport Capital Works Supplier Panel for a maximum term of six years (2+2+2 years) in November 2023, use of this rule is on hold until HCC can confirm a suitable size programme for its use.

Additionally, procurement of the Collaborative Corridor Agreement (CCA) was completed in 2023, with the contract awarded to Downer Ltd, and this contract is now operational.

HCC continues to be a member of the WLASS professional services panel for procuring specialised professional services. However, for complex or larger scale engagements, separate competitive tendering may be used.

1.4 Recommendations

HCC recommend that NZTA NZ Transport Agency:

- Endorses the HCC's Transportation Procurement Strategy 2024-27.

1.5 Ownership of the Procurement Strategy

This Transportation Procurement Strategy is for all land transport activities within the Hamilton City Council and its use shall be overseen by the Head of Transportation. The responsibility for ensuring compliance with the Strategy shall be managed internally by HCC's Procurement Manager.

This HCC Transportation Procurement Strategy, upon endorsement by NZTA, will be adopted by the Hamilton City Council.

1.6 Intended Use of Strategy

The Transportation Procurement Strategy is aimed at all those who are responsible for procuring operations and service delivery for the transportation network.

The strategy is also for the information of our suppliers and sub-contractors, to provide them with an overview of what transportation projects Council intends to procure in the 2024- 2027 period.

2 Policy Context

2.1 Long Term Plan

The 2024-34 Long Term Plan (LTP) outlines what HCC plans to do over a 10 year period and examines its activities, costs, how they will be paid for and how they will benefit the community. As such, it is one of HCC's most important documents, determining how budgets will be managed, how resources will be used and how it communicates our vision and future aspirations. The 2024-34 Long Term Plan is based on HCC's 30-year Infrastructure Strategy for the city which aligns infrastructure delivery with HCC's long-term priorities that keep Council's decision-making focussed on improving Hamilton's social, cultural, economic and environmental wellbeing. The five long-term priorities are:

- a city that's easy to live in
- a city where our people thrive
- a central city where people love to be
- a fun city with lots to do
- a green city

The budget proposed in the Adopted 2024-34 Long Term Plan is a significant investment in the city to continue to improve the wellbeing of Hamiltonians. Investment in Transport is about enabling Hamilton to be a city that is easy to get around. The Long Term Plan targets investment to ensure:

- We have a safe, reliable and sustainable transport system that is accessible to everyone and caters to a variety of transport choices.
- We meet our legislative obligations relating to the way we manage the road corridor and transport network within our boundaries.

2.2 Objectives and Outcomes for the Procurement Strategy

HCC's Transportation Procurement Strategy has been developed in accordance with HCC's *Procurement Policy and Procedures Manual*, which states that HCC is committed to smart public procurement that delivers better public services and provides value for money to the ratepayers of Hamilton City. HCC's *Procurement Policy and Procedures Manual* specifically requires that for Transport projects, the financial limits and procedures prescribed in the NZTA Procurement Manual will apply if the standards are higher than those set by HCC to meet the requirements of NZTA as a co-investor in the programme.

This Transportation Procurement Strategy is to be read in conjunction with the HCC *Procurement Policy and Procedures Manual* which provides guidance and tools to assist with procurement decisions. HCC has aligned to the Five Principles for Government Procurement issued by the Ministry of Business, Innovation and Employment (MBIE). They are the foundations for good practice at all stages of the procurement lifecycle, from initial planning through to the end of the contract/life of the goods, services or works. The five procurement principles are:

1. Plan and manage for great results;
2. Be fair to all suppliers;
3. Get the right suppliers;
4. Get the best deal for everyone;
5. Play by the rules.

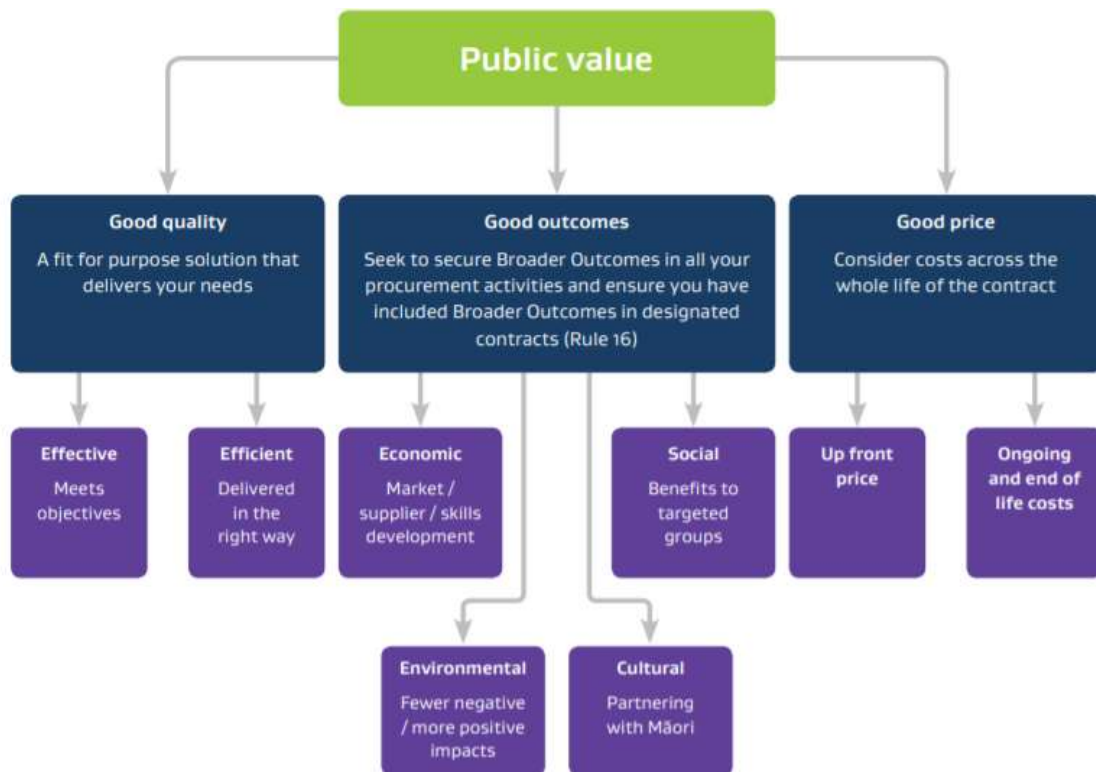


Figure 1: Public Value Guide, extracted from MBIEs Government Procurement Rules, 4th Edition 2019.

Public value means getting the best possible result from your procurement, using resources effectively, economically and without waste, and taking into account:

- the total costs and benefits of a procurement (total cost of ownership), and
- its contribution to the results you are trying to achieve.

Delivering better public value through government procurement should include securing Broader Outcomes for New Zealand.

In developing its objectives and outcomes for this Transportation Procurement Strategy, HCC has considered the NZTA procurement manual and MBIEs Government Procurement Charter of encouraging approved organisations to conduct their procurement activity to seek public value as follows:

- Seek opportunities to include New Zealand businesses
- Undertake initiatives to contribute to a low emissions economy and promote greater environmental responsibility
- Look for new and innovative solutions
- Engage with businesses with good employment practices
- Promote inclusive economic development within New Zealand
- Manage risk appropriately
- Encourage collaboration for collective impact.

HCC has a Broader Outcomes strategy which is incorporated in its Procurement Policy and Procedures Manual. The strategy was approved by Council in May 2022 and provides staff with guidance and a matrix approach as how to factor and consider the 4 Wellbeings into Procurement consideration when constructing market engagements. A library of questions is available to staff which is nuanced dependant on Industry type being engaged. All Procurement Plans route via the central Procurement Team and are validated and authorised. The application of Broader Outcomes

consideration is dependent on project value, complexity, but most significantly the opportunity for application.

This Transport Procurement Strategy sets out the context of how the next LTP 2021-31 will be implemented, and how its objectives drive HCC's decision-making process.

2.3 The NZTA's Procurement Requirements and what they mean for Hamilton City Council

For transport related contracts, NZTA has a specific set of requirements that are to be met through this Procurement Strategy. As such, contractors and consultants for transportation-related activities will be explicitly procured based on the following.

2.3.1 Best Value for money

The Land Transport Management Act s25 requires that procurement procedures used by approved organisations be designed to obtain best value for money spent. In the context of land transport procurement in New Zealand, obtaining best value for money spent means purchasing a good or service that delivers the output approved for funding under s20 in the most efficient and economic manner.

The principle of best value for money when procuring goods or services does not necessarily mean selecting the lowest price. According to the NZTA's *Procurement Manual*, Value for Money means using resources effectively, economically, and without waste, and considering the total costs and benefits of procurement, and its contribution to the results you are trying to achieve.

HCC *Procurement Policy and Procedures Manual* defines best value for money as 'the most effective combination of cost, quality, benefit and risk to meet a requirement'. HCC recognises that to achieve 'Best Value' we need a procurement policy that encourages a mix of service provision that delivers efficiency, effectiveness and whole of life value for money.

In accordance with the Australia New Zealand Government Procurement Agreement, best value for money requires a comparative analysis of all relevant costs and benefits of each proposal throughout the whole procurement cycle (whole-of-life-costing).

The whole-of-life assessment within the procurement process requires:

- less focus on the upfront price and more recognition that best value is obtained by looking at the overall 'value' associated with the asset or service over its life
- looking closely at the ongoing costs attributable to the procurement process, such as maintenance and replacement schedules, and service level changes
- assessing how uncertainties (eg increases in input prices, fuel and wages) may adversely impact on the supplier's ability to deliver the outputs on time, to budget and to the required quality standard.

2.3.2 Competitive and Efficient Supply Markets

Encouraging competitive and efficient markets is about developing sustainable value for money over the long term. HCC encourages open and effective competition via its Procurement Policy and Procedures Manual. HCC encourages sustainability and undertakes a LTP which is communicated to

the market. The LTP sets out HCC's priorities, plans and budget for Hamilton, and provides certainty to the market that, if all goes according to plan, the expenditure as set out in the LTP will be spent over the next 10 years.

In the preparation of this Transportation Procurement Strategy, HCC has taken a long-term view on how it will:

- Achieve value for money
- Encourage efficient and competitive markets
- Encourage fair competition among suppliers.

The balance between effective competition and efficiency of procurement processes is essential to achieving value for money over the long term. This strategy assesses the projects and contracts within the transport programme in terms of scale, complexity, risk and the potential for innovation, flexibility, client involvement, supply and demand and programme constraint.

2.3.3 Fair Competition among Suppliers

HCC encourages fair competition among suppliers by packaging and bundling the work to make it more attractive to suppliers and to give all suitable players a fair chance to win business. For Term contracts HCC are also extending the number of years to provide more suitable return periods for equipment purchase etc. Experience from the use of the Collaborative Working Agreement is that there are benefits to longer term contracts and we will continue to look for opportunities in this area. The NZTA Procurement guidelines, in the form of procedures and evaluation methods, are strictly followed in these processes.

In summary, the procurement strategy ensures that community outcomes are met and fulfilled through a competitive process.

2.4 Broader Outcomes and Sustainability Procurement Requirements and what they mean for Hamilton City Council

2.4.1 Broader Outcomes

NZTA's Broader Outcomes Strategy, released March 2021, describes the broader outcomes programme at NZTA, and places a strong focus on leveraging the procurement function to meet various obligations to both government and NZTA commitments. It notes that Approved Organisations (AO's) are encouraged to develop their own approach to broader outcomes, however this strategy can serve as a guide to those AOs wanting further direction or support. The NZTA Procurement manual states the requirement for AOs to consider broader outcomes in their National Land Transport Plan (NLTP) funded procurement activities.

The extract below indicates NZTA has identified a need to focus on effort in early planning stages and contract delivery and review stages to generate and understand the benefits of investment in broader outcomes.

Consideration of broader outcomes spans the three phases of procurement, however greatest value can often be achieved early in the process, particularly during the planning stage. As highlighted in the Enterprise procurement strategy this is a shift from a traditional focus on the 'sourcing' phase of procurement.

While maintaining strong controls and practices within the sourcing phase, greater emphasis will be placed on strategic commercial planning when pursuing broader outcomes. Similarly, by actively managing contracts and supplier performance Waka Kotahi will be able to monitor, measure and report on the impact that broader outcomes generate.

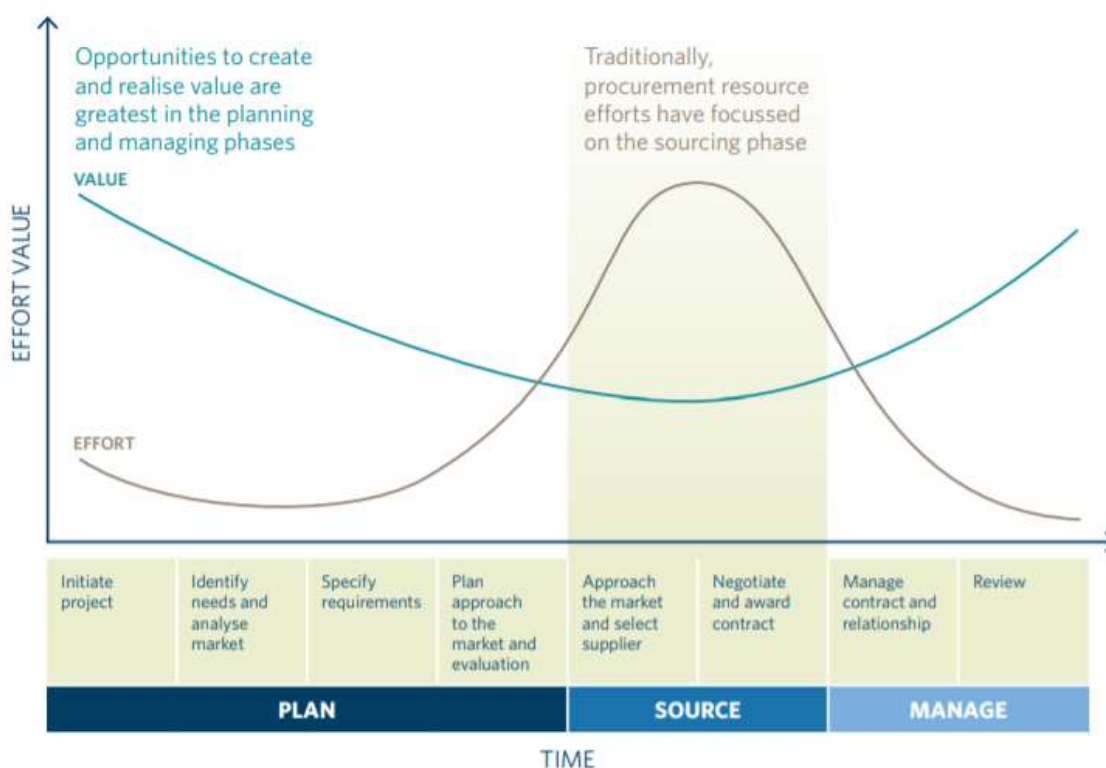


Figure 2: Extract from NZTA's Broader Outcomes Strategy, released March 2021

HCC are currently updating their Organisational Procurement Strategy to bring this up to date with current government procurement rules. The existing procurement requirements cover broader outcomes in the form of HCC's Sustainable Procurement Guideline contained in section 5 of the Procurement Policy & Procedures Manual must be considered for all procurements.

The Guidelines cover both environmentally sustainable procurement and the local impact of any procurement decision on the community.

Sustainable procurement guidelines include reviewing opportunities to:

- Recycle or reuse
- Minimise packaging
- Use biodegradable products
- Efficiently use energy and water
- Use non-toxic products
- Use durable or repairable products
- Use high performing or longer life products

To encourage growth in the Hamilton region Council requires that, for any procurement evaluation, Local Impact is included as a Non Priced Attribute evaluation criteria. This Local Impact Criteria takes into account:

- Employment within the local region
- Apprenticeships and training opportunities provided within the local region
- Sponsorship activities undertaken with HCC
- Sponsorship activities undertaken with local community groups
- Percentage of revenue from the contract going to the local region

This procurement criteria is currently not required for Transport contracts, however the use of a Sustainability and Local Impact Criteria for the procurement of Transport contracts is under consideration as HCC develops its Broader Outcomes strategy.

2.4.2 Construction Sector Accord

The Government, in partnership with the construction industry signed an accord in April 2019, with the purpose of strengthening the partnership between Government and industry and providing a catalyst to transform the construction sector for the benefit of New Zealand.

The Accord establishes shared goals between Government and industry, in pursuit of which the Government has made a number of commitments. NZTA has specific responsibilities within the Accord and is jointly accountable for delivering on the government's commitments.

NZTA's specific commitments under the Accord include:

- better risk management and fairer risk allocation
- better procurement practices and improved pipeline management
- upholding a set of guiding principles and pledges enshrined in the accord
- streamline contractor health and safety prequalification processes
- refresh our infrastructure procurement strategy and publish a list of industry engagement activities to ensure all businesses have the opportunity to engage with the work programme
- demonstrate partnering with local government.

NZTA expects approved organisations to where possible contribute to the commitments outlined above.

HCC are committed to following the guidance provided by the Construction Sector Accord to ensure it is utilising best practice procurement models and risk allocation. HCC has reviewed its special conditions of contract to ensure they are consistent with the advice from the Accord.

2.5 Other relevant factors, such as organisational policies, wider organisational procurement plans or the regulatory environment

2.5.1 Current HCC Policies and Documents

The following policies and documents also influence this strategy:

- HCC Long Term Plan and 30 year Infrastructure Strategy (published as LTP Volumes 1 and 2)
- HCC Annual Plan
- HCC Transport Activity Management Plan
- HCC Delegated Financial Authorities Policy

- HCC Delegations Policy
- HCC P-Card Policy
- HCC Conflict of Interest Policy
- HCC Contract and Relationship Management – Gifts and Hospitality Policy
- HCC Procurement Policy and Procedures Manual
- HCC Management Policy - Health and Safety
- MBIE Government Procurement Rules, 4th Edition 2021
- OAG: Procurement guidance for public entities 2008
- NZTA Procurement Manual Amendment 6 2022
- Public Bodies Contract Act 1959
- Local Government Act 2002
- Public Audit Act 2001
- Local Government Official Information and Meetings Act 1987
- Construction Contracts Act 2002

HCC's *Procurement Policy and Procedure Manual* is a guide to selecting the most appropriate delivery model and supplier selection method. It also establishes a contract management framework, administrative procedures, probity and accountability to ensure that agreed procurement outcomes are achieved. Staff guidance is provided via the Procurement Plan phase.

2.5.2 Regulatory Environment

The NZTA's *Procurement Manual* provides the regulatory guideline for procurement of National Land Transport Fund (NLTF) subsidised transportation-related activities.

2.5.3 HCCs commitment to Health and Safety

Hamilton City Council is committed to maintaining a safe and healthy workplace and workforce. We are committed to creating a safe working environment that is free from harm. This commitment supports our Vision of "A high performing organisation; respected by all".

Alongside this, the Council has a legal obligation to ensure the health and safety of all workers, contracted workers, customers and others at all its workplaces. All workers have a legal obligation to ensure their own personal safety and to ensure that no action or inaction on their part will cause harm to themselves or others while at work.

Hamilton City Council is committed to maintaining a healthy and safe work environment.

This commitment:

- promotes health and safety and wellbeing
- creates a work environment where workers feel safe, are supported and kept free from harm
- ensures Council complies with its legal obligations under the Health and Safety at Work Act 2015 Act and its associated regulations.

HCC's Management Policy - Health and Safety requires that all reasonably practicable steps shall be taken to eliminate or minimise the risks to the health, safety and welfare of all workers in the workplace and others at Council owned and operated facilities and assets.

Health and safety issues must be considered for all procurement transactions. Consideration of health and safety issues should be undertaken at all stages of the procurement cycle, including when planning procurement. Thought should be given to the operational health and safety of any plant, equipment or buildings when designing, specifying and procuring assets for HCC.

In accordance with the HCC's commitment to health and safety staff should be aware of the risks and hazards associated with any procurement.

Staff should ensure when engaging Suppliers who carry out any physical works on HCC sites that the Supplier is pre-qualified through the LG Contractor Pre-Qual Scheme prior to works commencing.

2.5.4 Commitment to Climate Change

Hamilton City Council adopted a climate change strategy, *Our Climate Future: Te Pae Tawhiti o Kirikiriroa*, in August 2022. The strategy sets a vision of *Hamilton Kirikiriroa is a thriving, low-carbon city that responds and adapts to climate change* as well as three outcomes:

1. By acting together, our emissions are reducing
2. Our neighbourhoods enable low-carbon living
3. Our city is ready for Hamilton's climate

The strategy sets out the emissions targets for both Hamilton Kirikiriroa and our own council operations.

For Hamilton our targets are:

- 2025 – our city emissions must peak at the very latest and begin reducing
- 2030 – minimum 30% reduction from 2018/19
- 2050 – minimum 82% reduction from 2018/19 level

And for council's own operations we will reduce our emissions by 50% by 2030 (from 2018/19) and be net zero by 2050.

Council also adopted a Climate Change Policy in June 2022 which sets out how council expects climate change to be integrated into decision making. It states that council responsibilities include:

1. Council's climate responsibilities will be reflected in its strategies and plans, key planning decision documents, guidelines and key investment decisions.
2. Council will assess the options to respond to climate change adaptation and emissions reduction for all key decisions.
3. Council will consider climate change adaptation and emissions reduction when planning, designing and building Council infrastructure.
4. Council's procurement process includes assessing how companies are responding to sustainable outcomes and emissions reduction.

It also includes a process for completing emissions and adaptation assessments for key decisions.

3 Procurement Programme

3.1.1 Overall programme – Delivering the LTP 2024-27

HCC's forecast investment as included in the 2024-34 Long Term Plan continues to rise as the city and its associated assets grow. The procurement programme is designed to procure those activities and projects in the most cost effective and efficient manner.

HCC has prepared a Transportation Activity Management Plan (AMP) that is reviewed every three years, as part of the review of HCC's Long Term Plan. This plan identifies the desirable levels of service, the community outcomes sought and defines the activities and projects that are required to deliver those levels of service. The Council decides on the funding levels and projects that are affordable and which are to be funded after a Special Consultative Process (SCP) with the community as part of the Long Term Plan development.

Maintenance and operational transportation activities are funded through general rates, corridor access and parking charges, NLTF subsidies and loans.

Details of the procurement programmes for service contracts and capital projects is provided in the following sections. These include all transport projects and contracts, including both NLTF subsidised and unsubsidised work, as identified.

3.1.2 Existing Service Contracts for renewal – all NLTF subsidised

Contract Description	Supplier	Contract Number	Total Contracted Value (\$)	Start Date	End Date	Revised End Date	Duration (Years)	Procurement Method (2024-27)	Opportunities for Innovation and Broader Outcomes
Roading Maintenance									
Collaborative Corridor Agreement – Connect Hamilton	Downer	404/2023	\$227,657,000 (5 years)	1 July 2023	30 June 2028		5+3+2	N/A	Identification of opportunities for mutual Consensus to revise the agreement for implementation
Traffic Counting	Team Traffic	2556-2024	\$65k (12 month)	1/07/2024	1/07/2025	31/12/2025	12 months (but increased to 18)	Direct Appoint	Early delivery of count programme, cost saving compared to CoLab, Quality Assurance and data checking provided by the supplier's QA team, RAMM AADT estimates and ADT entries put directly into RAMM to reduce handling, meet national best practice with RAMM estimates.
Intelligent Traffic Systems (ITS) Asset Management	Opito	1940-2023	\$5.533m	1/07/2023	1/07/2028	Extension requires NZTA approval	5+1+1	Direct Appoint	Seamless maintenance and management of assets and integrated services, optimisation and rationalisation of physical maintenance using device self-diagnosis data, single point of contact for ITS faults and traffic signal comms outages, local knowledge and expertise, continuation of services, minimisation of replacements, and cost efficiency. Note this contract includes some data collection using ITS assets (Bluetooth, Vivacity, ad-hoc surveys)
AddInsight Software	Sage (AddInsight)	811B-2021	\$130k (increased to \$240k)	1/07/2021	30/06/2024	30/06/2026	3+1+1		Sage are the only suppliers of the innovative Addinsight software used across Australasia for traffic monitoring and insights. Council manage and share a single licence with Dunedin City Council, Tauranga City Council, And NZTA. Costs are split evenly, so HCC component is 25% of the contracted value.
Traffic signal and Camera communications	Lightwire	12117	\$1.3m	1/10/2013	1/10/2020	1/10/2027	7+7		Significant cost savings by negotiation. Council traded their licenced spectrum for services at "Cost plus". Local ISP provides proactive communication services for traffic signals and cameras for City Transportation.
TDAP Maintenance	Byko	2725-2024	\$46k	1/07/2024	1/07/2025		12 months		Byko have capability to enhance TDAP to provide ITS monitoring dashboarding and integrated services for real-time staff. They work closely with the ITS maintenance provider (Opito) and HCC, and provide an cost effective opportunity for other Council's to utilise TDAP.
Ad-hoc data purchase	Robinsight (Eroad)	Purchase Order Number	\$25k	1/07/2024	1/07/2025		12 months		Robinsight are the only supplier of Eroad data. This provides HCC wider freight insights that can be used not just by HCC but also the wider industry.
	Abley (Tomtom)	Purchase Order Number	\$30k	TBC	TBC		12 months		Abley are the NZ distributor of Tomtom portal data. This provides HCC wider travel insights including roads not covered by Bluetooth, for both HCC and wider industry.

Contract Description	Supplier	Contract Number	Total Contracted Value (\$)	Start Date	End Date	Revised End Date	Duration (Years)	Procurement Method (2024-27)	Opportunities for Innovation and Broader Outcomes
	Compass IoT	Purchase Order Number	\$32k	TBC	TBC		12 months		Compass IoT is an emerging dataset from connected vehicles and is expected to be available during the 2024-25 financial year.
Structures Asset Management Services (SAMS)	BECA	1768/2022	\$244,052	1 July 2022	30 June 2025		3+3		Collaboratively procured and managed by RATA, through a shared contract management arrangement with 3 other Waikato councils.
RATA Asset management Services	RATA	Multi party Funding agreement	Approx \$93k/year operational costs + variable project costs	July 2024	July 2027		3+3+3		
Waikato Regional Traffic Model (WRTM) including Hamilton Transport Model									
Electricity supply – DUML Streetlights	Genesis Energy	AoG Contract	\$1.9m per annum	July 2022	June 2026	4 Years	N/A	Will be via AoG. Seeking pricing from market near end of 2025 for contract start date 1 July 2026	Examine Network Charges and negotiate with WEL for a reduction.
Electricity supply – all other connections	Meridian Energy	AoG contract	Approx \$330k/year	July 2022	June 2026	4 years	NA	Will be via AoG. Seeking pricing from market near end of 2025 for contract start date 1 July 2026	
Capital Improvements									
Minor Improvements – Low Cost / Low Risk including Bus Shelter Manufacture and Install 2018-2021	Base Civil	1313/2022	\$38,000,000	July 2022	June 2026			Open tender	

3.1.3 Transportation Capex Projects for procurement from 2027-24 – NLTF Subsidised Projects

Project name	Phase	LTP Estimated Value (\$)	2024/25	2025/26	2026/27	Tender Date	Term (Years)	Procurement method (i.e., open tender, closed tender, direct appointment, supplier panel, WLASS)	Supplier selection method (i.e., Lowest Price Conforming, Price-Quality, Quality Based etc)	Delivery model (i.e., Staged, Design & Build)	Contractual Model/Type (i.e., NZS3910, NZS3917, Professional Services Contract etc)
Subsidised City Wide Transport Programme											
Biking & Micro-mobility citywide programme - Pre-implementation* - Design - W&C Improvements	Implementation	\$610,277	\$0	\$0	\$610,277	TBC	TBC	Supplier Panel	PQM	Design	Professional Services Contract
2018 Hamilton Ring Road - Wairere/Cobham Interchange - Construction - LR Improvements	Implementation	\$803,000	\$654,000	\$68,000	\$81,000	TBC	TBC	Open Tender	PQM	Build	NZS3910
2018 Southern Links Peacocke Arterials HIF - Implementation - All Peacocke HIF arterials implementation – Minor Arterial	Implementation	\$26,625,052	\$14,738,850	\$11,772,852	\$113,350	TBC	TBC	Open Tender	PQM	Build	NZS3910
2018 Southern Links Peacocke Arterials HIF - Implementation - All Peacocke HIF arterials implementation – Peacockes St2	Implementation	\$23,841,964	\$10,960,950	\$12,767,664	\$113,350	TBC	TBC	Open Tender	PQM	Build	NZS3910
2018-28 Rototuna Growth - Borman Rd East/Horsham Downs - Implementation - Construction - LR Improvements	Implementation	\$3,888,233	\$0	\$0	\$3,888,233	TBC	TBC	Open Tender	PQM	Build	NZS3910
Hamilton Transport model	Implementation	\$1,548,099	\$1,548,099	\$0	\$0	TBC		Supplier Panel	Quality based	Business Case	Professional Services Contract
LCLR - Local Roads Programme	Pre-Implementation	\$4,125,000	\$1,800,000	\$2,125,000	\$200,000	TBC	TBC	Supplier Panel	PQM	Design	Professional Services Contract
	Implementation					01.07.2026	4	Open Tender	PQM	Build	NZS3910
Morrinsville Road Revocation - Fit for Purpose Improvements	Pre-Implementation	\$11,200,000	\$2,300,000	\$3,800,000	\$5,100,000	TBC	2	Open Tender	PQM	Design	CCCS
	Implementation							Open Tender	PQM	Build	NZS3910

4 Procurement Environment

4.1 Analysis of supplier market

4.1.1 Road Maintenance

The market available to Hamilton is influenced by the activity in surrounding Waikato districts. The contracts, incumbent contractor and expected term for Waikato council road maintenance contracts includes:

Road network	Form of Contract	Current Contractor	Term of Contract (years)	End Date
NZTA State Highways	NOC - West Waikato	Fulton Hogan	7+2	2028 (+2)
Waikato District	Alliance	Downer	5+5	2025 – retender underway through two NZS3917 contracts
Hamilton City	Collaborative Working Agreement	Downer	5+3+2	2027
Waipa District	NZS3917	Downer	3+1+1	2026 (+1+1)
Hauraki District	NZS3917	Ventia	3+1+1	2026 (+1+1)
Matamata Piako District	NZS3917	Fulton Hogan	3+2+2	2026
Thames Coromandel District	NZS3917	Ventia	4+2+2	2025 (+2)
Otorohanga District	NZS3910	Inframax	3+3+3	2027
Waitomo District	NZS3917	Inframax	5+2	2029
South Waikato District	NZS3910	Higgins	3+2	2027 (+2)
Taupo District	NZS3910	HEB	5+3	2029 (+3)

HCC have recently awarded its CCA contract and is therefore not expecting to be tendering for road maintenance work during the period of this Procurement Strategy. However, there is value in considering the current environment to record changes from the last procurement plan.

The wide mix of road maintenance providers currently managing road networks in the Waikato indicates that there is opportunity to attract a high number of bids for tendering of work in road maintenance.

An emerging risk is the tendering of the State Highway maintenance contracts through the new (under development) Integrated Delivery Model and Integrated Delivery Contract. NZTA have advised that all of their existing NOC SH maintenance contracts will be tendered under this new model with procurement starting in early 2025. They are staggering the start date of these contracts to provide an early changeover for contracts awarded to the incumbent provider and allow a longer

period for establishment where contracts are awarded to new contractors. This significant procurement package is likely to impact on HCC and the wider local road procurement environment as suppliers will be focussing all of their key tender staff on these SH contracts.

4.1.2 Physical Works – Capital Projects

The Hamilton market has many larger and smaller based Contractors that regularly tender transportation works within the city. The contractors who have tendered for, or are involved in City contracts in the last five years include¹:

- Base Civil
- Cambridge Construction Company
- Downers NZ
- Fletchers
- Fulton Hogan Ltd
- Brian Perry Civil
- GT Civil
- Cambridge Excavators Ltd (Camex)
- Hamilton Asphalts
- HEB Construction Ltd
- Higgins Contractors
- Waipa Civil
- Schick Construction & Cartage Ltd
- West Construction
- McConnell Dowell
- Subdivision contractors (eg Pemberton, Inline, etc)
- MSCivil
- Solid Group Ltd

Most tenders received good responses from the marketplace with the number of tenders for any project ranging from three to six tenderers. There were exceptions for some specialist works, where less than three bids were received. The low response to these tenders was not surprising given the complex or specialised nature of the work.

Hamilton City Council has a plant nursery that supplies plants for most HCC projects, including some NZTA subsidised projects. This nursery grows plants 'to order' and specialises in the plant species that are typically used for roadside plantings. Their costs are regularly benchmarked against plant material supplied by commercial nurseries.

Approximately \$150,000 worth of plants were installed within the HCC network over the last 3 years with 50% of those being eligible for NZTA subsidy.

4.1.3 Professional Services

HCC utilises the WLASS professional services panel which it uses to identify and engage specialised professional services through a prequalification type of arrangement. WLASS has entered into master agreements with a range of skilled consultants. This contract provides some efficiency and consistency with other councils through engaging consultants with pre-negotiated fees and a standard Instruction for Service agreement. The current PSP agreements were offered for extension to all existing suppliers until the end of 2024 while procurement is completed. A new PSP panel is expected to be awarded shortly to start in 2025. HCC continues to be a lead partner of this new panel.

Similar to the Physical Works Contractors, the Waikato market for professional services is diverse. To date local access to specialist advice has not been restricted, being close to Auckland there is a wide ranging market to access the right skills.

¹ List of suppliers is indicative only and not exhaustive

4.2 HCC's Current Procurement Spend and Profile

4.2.1 Transportation Professional Services – Education/Planning/Management

The City Transportation Unit carry out parking, network and travel demand management through inhouse resource, as well as management of design, tender, and contract supervision activities for capital improvements to the network.

There has been no change to the scope and scale of in-house professional services that are delivered under s.26 of the LTMA since the last Transport Procurement Strategy was approved by NZTA in 2021.

The LTP allows for \$1.75M for Road Safety Education, which covers the costs of in-house professional services to deliver Road safety Education including procurement of promotional materials and small scale service to support these activities.

4.2.2 Transportation Professional Services – Expert Advice

HCC is a member of the WLASS panel and utilises the panel where appropriate to engage professional services suppliers. The WLASS PSP contracts started on 1 August 2019 and are in place for five years, with a recent extension to the end of 2024 while procurement for the new panel is completed. Engagements through the WLASS PSP follow the financial thresholds in the NZTA Procurement manual as follows:

- Direct appointment up to \$100k
- Closed contest for up to \$200k
- Open tender above \$200k– where tenders are sought from prequalified WLASS PSP providers.

In addition to the WLASS PSP panel, HCC is active in shared professional services contracts with neighbouring local authorities and with NZTA. These are:

- Waikato Regional Transport Model development (as a stakeholder), managed by Waikato Local Authority Shared Services Ltd (WLASS).
- Regional Infrastructure Technical Specification (RITS) development, managed by WLASS.
- Management of traffic signals on the state highways for NZTA.
- Structures Asset Management Services (SAMS) across three Councils (Waipa District Council, Waikato District Council, Taupo District Council and HCC), managed by the Waikato Regional Asset Technical Accord (RATA). Contract 1768/2022 commenced for a 3+2 term on 1 July 2022.
- Regional data collection for asset management, managed by RATA. HCC now collects traffic count and footpath condition survey data itself, however FWD pavement strength data will continue to be sourced through the RATA Regional Data Collection contract.
- National road surface roughness and condition high-speed data collection managed and provided by NZTA through the Consistent Condition Data Collection contract.

With regards to Professional Services for maintenance, operations and renewals, the CCA staff resources or sub consultants, as arranged directly by the CCA, is the primary resource for professional services.

4.2.3 Network Maintenance and Renewal Contracts

In 2023, HCC procured its transport maintenance, operations and renewal activities under a collaborative corridor agreement (CCA) approach. This new procurement for HCC was carried out in full consultation with the contracting industry and signalled a strong desire by the HCC to improve value for money outcomes through a collaborative arrangement that was competitively tendered. After a significant period of development, consultation and approval by HCC, the collaborative corridor agreement was approved and awarded. The arrangement, now operating as Connect Hamilton began on 1 July 2023. Through this arrangement the bulk of maintenance, operations and renewal activities were procured. The procurement of Connect Hamilton was in accordance with NZTA requirements and in close cooperation between the NZTA's and Council's staff.

To encourage use of subcontractors and provide work for local and small contractors, a requirement of this contract is to arrange a proportion of the work through competitive tendering by Connect Hamilton and a variety of contractors involved in delivering these services. This, together with other mechanisms such as external audits, provides HCC with confidence that Connect Hamilton continues to provide value for money. To date, Connect Hamilton has subcontracted approximately 20 percent of its services. The Connect Hamilton contract has been committed until 30 June 2028.

In addition to Connect Hamilton, parking and building renewals are undertaken by the HCC Facilities Unit, with physical works procured as individual contracts for larger commissions and term contracts for smaller commissions. These are procured in accordance with the HCC *Procurement and Procedures Manual*.

4.2.4 Capital Improvements

A Procurement Plan is mandatory for all capital projects. The Procurement Plan requires the Project Manager to select the most appropriate bundling options for the Procurement, RfX model, Supplier Selection Method, Contract Delivery Model and carry out risk evaluation.

Minor Capital improvements (under \$2M, Low cost – Low Risk) physical works are currently being delivered predominantly through a 3 year Minor Improvements contract which is set to expire in March 2026. These works are grouped where possible into the minimum number of contracts to reduce administration and improved contestability consistent with the type of work required. The work contained in this contract includes a mix of NZTA subsidised and non-subsidised projects, and the final overall contract sum and expenditure budget will vary according to the proportion of work that qualifies for NZTA funding assistance.

The Minor Improvements Contract is expected to be retendered in a similar format to continue delivery of minor capital improvements from 2026.

In some circumstances minor capital improvements may be delivered through Connect Hamilton after the completion of detailed design where the work is associated with other maintenance and renewal works on the network and it is efficient to do it concurrently, or reduces the length of traffic impact times through single establishment.

During 2023 HCC expected its LCLR and minor capital works programme to increase significantly so it sought NZTA approval of a proposal to procure a panel of suppliers to deliver the future programme of works more efficiently. While this proposal was approved, HCC no longer has sufficient projects in its programme to initiate this panel procurement. However the use the capital works panel may be reconsidered during the next three-year period if sufficient projects are approved for funding.

The WCLASS PSP is the primary source of professional services where a mix of direct appointment, closed contest and open tender (within the panel) is used in accordance with the NZTA Procurement Manual as follows:

- Direct appointment up to \$100k
- Closed contest for up to \$200k
- Open tender above \$200k – where tenders are sought from prequalified WCLASS PSP providers.

Bus Shelter provision is a separate contract, however this will not continue beyond the CERF Funding availability.

While all projects require a procurement plan prior to releasing to market, larger more complex capital projects have detailed procurement strategies undertaken and consulted with NZTA, with the preferred method for procurement selected in accordance with HCC's *Procurement Policy and Procedures Manual*. Most projects have been traditional contract models, publicly tendered.

4.2.5 Other Operational Expenditure

The City Infrastructure and Assets Group contracts various suppliers to assist with ongoing operational activities such as:

- Parking – Operational Management Garden Place Carpark
- Parking – Multi Facility Leasing
- Transport Centres – Cleaning & Maintenance
- Transport Centres – Security.

These services are procured via direct appointment of lowest conforming tender, in accordance with HCC's *Procurement Policy and Procedures Manual*.

4.3 Analysis of the Impact of the Procurement Programmes of other Approved Organisations and other Entities

HCC is aware that the following major projects are underway or being procured by entities in or in locations that may restrict the number of suppliers willing to tender for HCC's transportation contracts:

Entity	Project
NZTA – Waikato	Integrated Delivery Model for SH Maintenance
Major Land Developments - Hamilton	Te Awa Lakes Ruakura Rototuna North Rotokuri Peacockes

With Waikato Expressway projects completed in the last 3-year period, there is a shortage of work for the contractors through the Waikato, therefore the market is likely to be very competitive and seeking work to maintain their workforce in Hamilton.

5 Approach to Delivering the Work Programme

5.1 Confirmation of Specific Strategic Objectives

The objective of HCC's Procurement Policy and Procedures Manual is to provide clear direction to all staff in relation to procurement activities and establish a decision framework that:

- **Openness** - all procurement is made in an open and transparent manner
- **Fairness** - all procurement is carried out in a fair manner and decisions are seen to be made with impartiality and without bias
- **Integrity** - all HCC staff undertaking procurement do so ethically and with behavioural standards of the highest levels
- **Value for Money** - accounts for the costs and benefits of any procurement over the life of the goods, services or works
- **Lawfulness** - ensures that all procurements are within the law and meet HCC's legal obligations
- **Accountability** - ensures both staff and Suppliers are accountable for their performance
- **Sustainability** - encourages environmental and socially sustainable procurement

For transport projects and contracts, the decision at which contracts go through a public tender process must be in accordance with the NZTA Procurement Manual as follows:

- Direct appointment up to \$100k
- Closed contest for up to \$200k
- Open tender above \$200.

Any public tender issued by HCC is advertised electronically through the Local Government Tenders website. In addition, Transport tenders will be advertised on GETS. Closed contest contracts require three invited quotes or tenders.

HCC recognises that the best opportunity to achieve value for money is early in the project development and procurement cycle. Careful planning of any procurement is a key requirement. The *HCC Procurement Policy and Procedures Manual* specifically encourages the Project Manager to review the Supplier Selection Method and Contract Delivery Model as part of the Planning process to ensure those selected will deliver the best value for money outcomes for HCC. For Transport projects, the NZTA Procurement Manual takes precedent for guidance on the supplier selection methods permissible.

In the past, projects have been mostly procured using traditional scopes and familiar methods such as the Price Quality Method with some use of Lowest Price Conforming and Direct Appointment for the small, relatively straight forward contracts. For upcoming NLTF subsidised physical works projects, the Supplier Selection Method will follow NZTA's procurement manual.

HCC continues to seek efficiency and effectiveness from its procurement processes including the ability to work in collaboration with neighbouring Road Controlling Authorities, including State Highways. The use of early contractor involvement and design build methods are also techniques that are available and will be considered where deemed appropriate.

HCC is an active member and advocate of RATA – the Waikato Regional Asset Technical Accord. RATA provides a Centre of Excellence (CoE) in road asset management to deliver more advanced asset management than could be achieved independently, thus assisting better council decision making and reducing whole of life costs for road asset management.

The primary goals of RATA are to achieve benefits from the joint procurement of data collection services (consistency of approach and specification leading to benchmarking opportunities), addressing an expected (and in some areas current) skill shortage in the area of asset management, and a collaborative process to create a “smart buyer” on behalf of the Region for specialist services, leading to longer-term efficiency gains.

RATA was operated as a Mayoral Forum project from 1 July 2014 through to 30 June 2016. During 2016 it was determined that RATA would continue as a business unit of Waipa District Council providing a contracted service to the participating councils via Co-Lab (operating as the Waikato Local Authorities Shared Services (LASS)). Co-Lab is an existing CCO (Council Controlled Organisation) which acts as the Principal to joint procurement contracts on behalf of the participants in RATA. A multi-party funding agreement between each of the participating councils and WLASS is in place from 1 July 2016 (with renewal from 1 July 2018 and three-yearly thereafter, the next renewal under negotiation currently).

Areas where HCC also collaborates with other regional local bodies is in the provision of electricity - including for streetlights (Environment Waikato, Waipa District Council and Waikato District Council). For this contract, the participating local bodies have collectively tendered their requirements for both NZTA funded and non- NZTA funded electricity supply. This collaboration has given the participating local bodies economies of scale to deliver better pricing for all participants when dealing with electricity suppliers.

5.2 The Procurement Approach

Over the next three years the following activities will form part of the procurement programme.

- A number of specialist services for assets – Bridge management and data collection
- Emergency works as may arise from time to time
- Low cost low risk Capital Works Programme
- Capital Works Programme – delivered through City Development Group
- Professional Services through the WLASS PSP.

A key focus is to ensure the contract form and type provides for cost efficiency and effectiveness and is best suited to achieve the aims and outcomes for HCC delivery of the best value for money.

5.2.1 Transportation Professional Services - Education/Planning/Management

HCC intends to continue carrying out network management and design, tender, and contract management activities via the in-house City Infrastructure Group. HCC believes this delivers value for money through:

- Building in house knowledge and intellectual property on the network
- Flexibility to be more responsive to events or issues
- Ability to build long term working relationships with Suppliers
- Providing on the job training opportunities for staff to broaden their knowledge base.

It is expected that the WLASS Professional Services Panel and in-house professional services resources will continue to be used to provide professional services throughout the course of the Long-Term Plan 2024-34 with work balanced between both groups.

5.2.2 Transportation Professional Services – Expert Advice

Professional services for maintenance, operational and capital programmes will be provided through a mixture of the WCLASS PSP, in-house business resources and Connect Hamilton as appropriate to achieve the best value for money.

Bridge inspection and management across four councils (Waipa District Council, Waikato District Council, Taupo District Council and HCC) are managed by the Waikato Road Asset Technical Accord (RATA) through a contract awarded for a 3+3 term on 1 July 2022.

In some cases where the works required is less business as usual, such as the Transport Centre rejuvenation, we may look outside the WCLASS PSP using an open tender process.

Additional to the above contracts there will be additional professional services work for public transport planning, neighbourhood accessibility plans, traffic modelling, and accessibility modelling amongst others. It is expected this work will be undertaken through the WCLASS PSP or other specialist suppliers with dedicated expertise combined with in-house resources.

From 1 July 2021 HCC has joined the WCLASS Professional Services Panel (PSP) for the engagement of professional services. Refer to section 4.2.3 for details of HCCs protocol for engagement of professional services through this panel.

In relation to Professional Services for maintenance, operations and renewals, Connect Hamilton staff resources or sub consultants, as arranged directly by Connect Hamilton, would be the primary resource for professional services.

5.2.3 Network Maintenance and Renewal Contracts

Connect Hamilton, which currently maintains 717.8 km of carriageway and 1,079 km of footpaths, was established in 2023 to undertake fence-to-fence road corridor planning, maintenance and renewal to deliver on the following objectives:

- Achieving Value for Money by doing the right thing at the right time in the right place
- Exceptional customer service
- Achievement of the Activity Management Plan specified Levels of Service over the whole network
- World class asset management and stewardship
- A contract model that provides flexibility, innovation and appropriate sharing of risk
- The ability to continue to be a 'Smart Client' and retain intellectual property via staff development and retention
- Ability to take a leadership role regionally and nationally as these opportunities arise.

This model continues to provide value for money as illustrated by annual audits undertaken by both the NZTA and HCC. In addition, the partner contractor mitigates their risks and liabilities by subcontracting between 30 and 40 percent of their works.

It is understood that once the Waikato Expressway is completed, it is likely that approximately 25 km of road, currently maintained by NZTA, may be revoked and/or delegated to HCC to maintain and renew. The arrangements are currently underway for the revocation of SH26 to bring into HCCs network. This is scheduled to occur in early-2025 and would be included as part of the Connect Hamilton scope. Further discussions are planned to consider the opportunity for HCC to manage,

under delegation, the remaining urban highways through Hamilton City to enable greater community focus to achieve our Community Outcomes.

In addition to the network maintenance and renewals undertaken by Connect Hamilton, parking and building renewals will continue to be undertaken by the HCC Facilities Unit, with physical works procured as individual contracts for larger commissions and term contracts for smaller commissions, in accordance with the HCC *Procurement and Procedures Manual*.

5.2.4 Minor Capital Improvements

While the capital improvements programme continues to increase, the availability of funding to deliver this programme is uncertain for the current LTP period. HCC is awaiting confirmation from NZTA on the level of subsidy available for its capital programme. Historically minor capital improvement projects have been delivered via a staged approach, with consultant(s) appointed from the panel and then contractor(s) selected via a Price/Quality method on an annual basis. The Low-cost Low-risk (LCLR) term contract was established in 2022 for a 2+1+1 year period to deliver the programme of LCLR projects. While in 2023 HCC gained approval to procure a capital works panel for delivery of minor capital improvements, the current uncertainty of commitment means that this panel will not be procured in the near future, but may be reconsidered later in the next three years if the programme allows.

For minor capital improvement that align with maintenance and renewal activities, there may be value from procuring minor capital improvements through Connect Hamilton in order to combine works and reduce disruption to road users and adjacent property access. This enables flexibility and responsiveness and the ability to implement works cost effectively. In addition, Connect Hamilton has a vested interest in providing a quality product as they are responsible for maintaining these assets after completion of the improvements.

5.2.5 Capital Improvements – Professional Services

In order to deliver on Year 1 of the LTP, professional services will continue to be procured individually or packaged up to be openly tendered within the LASS Panel for delivery of design services. This Procurement method is familiar to the supply chain and complies with both NZTA and Hamilton City Councils policies.

The specific procurement methodology and contract delivery model for each project is included in the table in section 3.1.3.

5.2.6 Capital Improvements – Physical Works

HCC is committed to significant investment over the next terms, with a total transport capital programme of approximately \$380M over the next three years, with most of this investment in the Peacockes and Rototuna growth areas and in completion of the Wairere Drive Ring Road.

Pending NZTA's funding approval larger projects to be procured in this LTP are:

- Low Cost Low Risk (\$41.5M)
- Rototuna Growth - Borman Rd East/Horsham Downs (\$18.6)
- Eastern Pathways - School Link Cycleway & PT (\$21.8M)

The specific procurement methodology and contract delivery model is included in the table in section 3.1.3.

5.2.7 Un-subsidised Operational Expenditure

The City Infrastructure Group contracts various suppliers to assist with ongoing operational activities through its Transportation Unit, which are not subsidised through the NLTF, such as:

- Parking – Operational Management Garden Place Carpark
- Parking – Multi Facility Leasing
- Transport Centre – Cleaning & Maintenance
- Transport Centre – Security

These services are procured via direct appointment of lowest conforming tender, in accordance with HCC's *Procurement Policy and Procedures Manual*.

5.2.8 Specialised Services and Emergency Works

The nature and scope of these works will be considered on a case by case basis and prices either sought from Connect Hamilton (if the work is within the capability of contractor) or from the wider industry where it is of a specialist nature (e.g. painting of a bridge, heavy structural maintenance). Procurement of any services or emergency works outside of Connect Hamilton will be undertaken in accordance with NZTA's Procurement Manual.

5.3 Variations to Procurement Rules

A variation to the Procurement Rules in accordance with section 10.21 of the NZTA Procurement Manual was endorsed by NZTA on 25 November 2021 to allow a 10-year term for the CCA Road Maintenance and Renewal services contract.

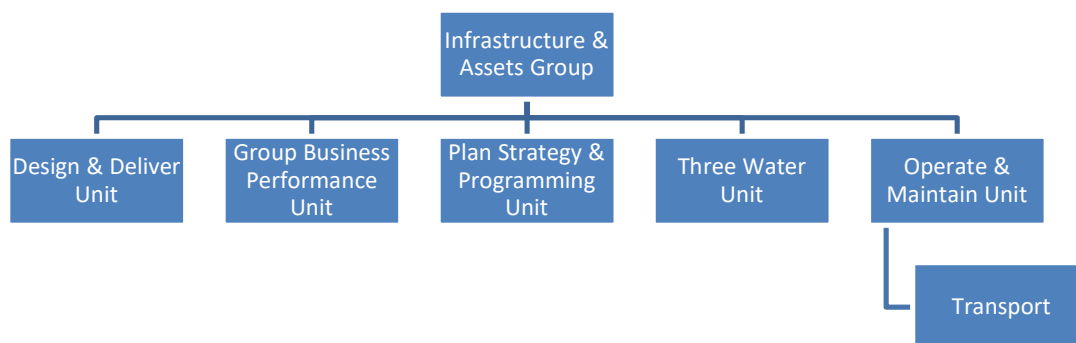
6 Implementation

6.1 Capability and Capacity

6.1.1 Description of the Current and Desired State

Transportation projects are managed through the Infrastructure Operations and Development Groups with some support from the Co-Lab Professional Services Panel and the Co-Lab RATA team. The current structure for these Groups is:

Figure 3 - HCC Organogram for Infrastructure and Assets Group



HCC has a number of very experienced senior practitioners within the City Transportation and design and Deliver Units that manage contract procurement – the majority of which attracts NLTF subsidy from NZTA. As part of the upgrade to the *HCC Procurement Policy and Procedures Manual* an extensive and ongoing training programme in procurement is made available to staff to improve the depth of knowledge within HCC and allow for succession planning. The training is a mixture of:

- External training courses
- In house training on Procurement
- On the job mentoring
- Toolbox sessions on best practice and project learning from senior practitioners.

6.1.2 Identification of any Capability or Capacity Gaps

A key area where there is still a skill gap is in NZTA endorsed evaluators for tender evaluation. This has been supplemented through the Co-Lab Professional Services Panel but it is an area where HCC will be looking to provide training opportunities to increase the number of staff with this capacity. The final training programme will be approved through the Procurement Governance Group before being rolled out to staff.

It is noted that as illustrated by the 10-Year Plan, HCC continues to plan for a large capital works programme. The intention of the procurement approach is to ensure delivery and value for money by bundling and packaging works. If resource gaps are identified, gaps will be filled via the following mechanisms:

- Internal recruitment from other parts of HCC

- External recruitment
- External consultants
- Collaboration with other councils
- Staff rotation and training programmes, retaining existing staff and by organic growth
- Recruitment with Connect Hamilton.

Tender evaluation panels are assigned to ensure the appropriate mix of skills is included. Generally, there will be a mix of internal and external evaluators.

The Engineer to Contract role is outsourced through independent consultants.

6.2 Internal Procurement Processes

This strategy is to be read in conjunction with HCC's *Procurement Policy and Procurement Manual* to ensure compliance with HCC's requirements. However, the NZ Transport NZTA *Procurement Manual* provides overarching guidance and regulations for transportation-related procurements, and takes precedence over HCC's documents. If there are contradictions between the NZTA's *Procurement Manual* the HCC's *Procurement Policy and Procurement Manual*, the NZTA's *Procurement Manual* will be followed.

6.3 Performance Measurement and Monitoring

6.3.1 Transport KPI's

HCC is aware of the performance monitoring records required by NZTA to support decisions made in this Transportation Procurement Strategy. This information, both quantitative and qualitative in nature is to particularly focus on the following measures:

- Value for money – time, cost and quality
- Supplier markets – fairness, competition and innovation
- Efficiency of procurement procedures.

HCC has introduced an online benchmarking process that will be amended as required to meet NZTA's reporting requirements. HCC and Connect Hamilton will set up systems and processes to ensure that the information required in the Data Collection Checklist (Appendix E of the NZTA's *Procurement Manual*) is collected for each contract.

Reporting to NZTA will remain as a role within HCC, with information provided to NZTA on an agreed basis. Information to inform the NZTA reports from RAMM and other databases and testing is supplied to the City Transportation Unit by the assets team at Connect Hamilton and HCC undertake reporting to NZTA as required.

6.3.2 Additional KPIs

HCC has introduced an online benchmarking process as part of the contract close out process for all contracts or WLASS PSP engagements that looks at performance against Time, Cost, Quality, Health and Safety, Environmental Sustainability and Overall Client Satisfaction.

This information is being used to develop a database of supplier performance and contract delivery against different Contract Delivery Models and Supplier Selection Methods as well as to guide future procurement planning and ensure that learning's from the procurement processes are not lost.

6.3.3 Internal Reporting, Review and Feedback Process

For Capital Works, Performance Assessments will be undertaken using NZTA's PACE performance assessment template. Interim PACE reviews will be undertaken on longer term contracts quarterly with a final PACE review undertaken at the end of the contract. The responsibility for day-to-day project liaison and PACE reviews will lie with relevant HCC project managers. Monitoring of Supplier performance will allow HCC to provide feedback to Suppliers on their performance ensuring no surprises at the tender evaluation phase where track record is scored.

A financial auditor reviews Connect Hamilton costs and performance on an annual basis. This will validate costs and provide benchmarking costs for the ongoing measurement and operation of Connect Hamilton.

6.4 Communication Plan

The Procurement Strategy, once endorsed by NZTA, will be communicated to stakeholders, in accordance with the relevant HCC Policies and Procedures, as follows:

- The intranet (internal stakeholders)
- Presentation and training to staff involved with land transport
- Shared document filing records (access to templates)
- The internet (public and suppliers and other stakeholders).

Market engagement is an important part of preparing for tender of contracts. HCC runs a thorough engagement programme to regularly update industry on the upcoming pipeline of works, and to provide more detailed engagement for larger projects/contracts as they are developed in preparation for tender. Specifically, the following regular activities are undertaken to keep industry informed and prepared for tendering its contracts:

- Annual face to face briefing to the industry, in collaboration with other regional stakeholders, to update on the larger contracts procurement pipeline for the Waikato;
- Inclusion of HCCs contracts on the National Infrastructure Pipeline – updated quarterly;
- Regular email updates to industry contacts;
- Separate market engagement for large contracts and panels;
- Updates and testing of procurement option with the local Civil Contractors NZ working group.

6.5 Implementation Plan

During the development of this Transportation Procurement Strategy, HCC has consulted with and invited comment from the following stakeholders:

- Relevant staff in HCC, including:
 - Procurement Manager
 - Capital Projects Manager
 - City Transportation Unit Manager
 - Strategic Assets and Performance Manager
- NZTA.

It is proposed to implement the Strategy following endorsement of NZTA, with the current strategy, the Transport Procurement Strategy 2021, remaining operational until superseded.

6.6 Corporate Ownership and Internal Endorsement

This Transportation Procurement Strategy is for all land transport activities within the Hamilton City Council and its use shall be overseen by the City Transportation Unit Manager. The responsibility for ensuring compliance with the Strategy shall be managed internally by HCC's Procurement Manager.

This Strategy has included considerations to the changes made in Amendment 4 to the NZTA's *Procurement Manual* and the document has been restructured to better reflect the Procurement Strategy Checklist.

This HCC Transportation Procurement Strategy, upon endorsement by NZTA, will be adopted by the Hamilton City Council.