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24 August 2010

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Chief Executive
Clutha District Council
PO Box 25
Rosebank Terrace
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Dear Charles

**Endorsement of Clutha District Council's Procurement Strategy for NZ Transport Agency
Financially Assisted Works**

I am pleased to inform you that I have endorsed Council's Procurement Strategy for activities funded through the NLTP.

Council is to be congratulated on the quality of its Procurement Strategy. The document is appropriate to the scale and complexity of Council's professional services and physical works procurement programme and demonstrates an excellent understanding of the supplier market and strategic procurement. It also clearly and simply describes Council's forward programme of procurement for the guidance of the supplier market.

Yours sincerely

Bruce Richards
Regional Director, Otago/Southland



Procurement Strategy for NZTA Financially Assisted Works

Clutha District Council



Procurement Strategy for NZ Transport Agency Financially Assisted Works



Clutha District Council
www.cluthadc.govt.nz

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1. Executive summary

1.1 Procurement strategy at a glance

Clutha District Council's "Procurement Strategy for New Zealand Transport Agency Assisted Work" is needed to meet the requirements under the Land Transport Management Act. The strategy signals the CDC's intentions for the procurement of our NZTA financially assisted land transport activities.

Submitting this strategy fulfils CDC's obligations to the NZTA, the Office of the Auditor General, tax payers and ratepayers. The key objective is to provide accountability and obtain value for money for each roading dollar spent.

1.2 Delivery model

The proposed model for the Clutha District Council is the staged model. The majority of land transport activities are well defined, carries low risk and the scope can be easily defined into contract documents.

1.3 Programme and delivery for local roads

The annual land transport programme and proposed supplier selection methods are summarised below. The exact supplier selection method will depend on the value of the work or service to be procured.

Programme	Annual exp (\$M)	Price Quality	Lowest Price	Direct Appointment	Quality Based
General Maintenance & Operations	5.6	X	X	X	
Electricity Supply	0.2	X	X		
Professional Services	0.9	X	X	X	X
Sealed Road Resurfacing	2.5	X	X		
Pavement Rehabilitation	2.5	X	X		
Minor Improvements	1.0	X	X	X	
Other Major Projects	1.5	X	X		

1.4 Procurement environment

The procurement environment in the context of Clutha is outlined in this strategy. The delivery model and supplier selection methods are discussed.

1.5 Policy adoption and review

The draft strategy was recommended/adopted by the Council on 5 August 2010. Following this it was circulated to the supplier market and neighbouring road controlling authorities in August 2010. The final strategy was adopted by Council on 16 September 2010, with the strategy effective 1 October 2010.

It was endorsed by the NZ Transport Agency on 24 August 2010.

The strategy will be reviewed at least triennially, with the next review being completed by 1 July 2013 with relevant stakeholders to be part of this process.

2. Policy context

2.1 Legislative context

This strategy is required by the NZTA as part of meeting the requirements of S25 of the Land Transport Management Act 2003.

2.2 Strategic objectives

The strategic objectives of the Clutha District Council are defined in the Long Term Council Community Plan 2009/19. CDC considers that the provision of roading services is a core local government function. The activity is assessed as having mainly public benefits that assist in promoting the economic, social, environmental and cultural wellbeing of the district's various communities, by helping to facilitate the safe and efficient movement of people and goods throughout the district.

The community outcomes to which land transport activities primarily contributes towards are:

- *Providing the infrastructure we need to move forward*
- *Working towards a safer and healthier community*

2.3 Long term plan - roading

Details about the Council objectives, levels of service, performance measures, performance targets and funding requirements for the next ten years are contained in the Long Term Plan. This document also indicates the local share component for land transport activities. Refer to Appendix One.

2.4 Document inputs

The following documents are required to feed into the Long Term Plan.

- New Zealand Transport Strategy 2008
- Otago Regional Land Transport Strategy 2005
- Clutha District Council Transportation Activity Management Plan 2008
- NZTA Road Safety Strategy 2010 - 2020

It is also a further requirement of the LTMA that CDC's Land Transport Programme is reflected in the Regional Land Transport Programme. These documents are available upon request.

The NZTA Procurement Manual acts as a guideline for Clutha's procurement of financially assisted roading activities.

2.5 Value for money

For the purposes of this strategy, CDC will retain a "value for money" approach when it procures goods or services.

“Value for money” means the best possible outcome for the total cost of ownership, specifically that CDC should achieve the right quality, quantity and price, at the right place and time.

“Value for money” does not necessarily mean selecting the lowest price.

2.6 Encouraging competitive and efficient markets

CDC encourages the purchase of goods, services, plant, capital items or other assets to be obtained, from providers within the Clutha District or Otago area whenever possible, except when “value for money” is better achieved from providers outside of the district and region. This will encourage the development of local suppliers and providers which will contribute to the economic growth of the local economy whilst retaining a competitive pressure on all suppliers to deliver value.

CDC considers the influence that the scale of work has on promoting competition and maximising efficiencies. Work will be packaged with the objective of promoting efficiencies, economies of scale and fairness. Consideration will be given to the resources available and this will be weighed against CDC’s objectives towards achieving whole of life value for money.

CDC is conscious of the practice of ‘under pricing’ in order to secure a contract. This practice can have potential risks to quality of work and long term market and contractor sustainability. These aspects will be taken into account as part of the procurement and tender evaluation process.

2.7 Encouraging fair competition among suppliers

This strategy makes provision for flexibility via a range of delivery models and procurement procedures that aim to promote competition without creating unnecessary inefficiency or costs. Striking a balance between effective competition and efficient procurement processes are expected to help achieve value for money.

It should be noted that the aim of the procurement strategy is for it to remain flexible enough in order to adapt to rapid changes in political and economic environments.

2.8 Organisational context

This strategy focuses on the NZTA financially assisted aspects of procurement for the CDC. It can be considered in a stand alone context, and within the context of the CDC’s overarching Procurement Manual as an appendix.

2.9 Regional procurement

CDC encourages the concept of shared services with other local authorities. However, to date CDC has not seen any significant value in coordinating the timing of land transport tenders with neighbouring authorities. CDC is receptive to opportunities to combine with other authorities if the goal of best value can be achieved. At this point in time, CDC is not aware of an initiative to develop a Regional Procurement Strategy for Otago/Southland.

3. Procurement programme and delivery

3.1 Delivery model

The delivery model appropriate for the Clutha District Council is the staged model. This model requires land transport activities to be well defined, low risk and with an easily defined scope for the contract documents. The majority of our workload fits this programme.

The maintenance, operation and renewal forward works programmes for CDC will be delivered through several contracts. The preferred supplier selection methods are lowest price conforming and price/quality (which we refer to as 'best value'). In most instances and unless stated otherwise, the 'best value' approach will use a 70/30 price/quality ratio.

3.2 Procurement

The majority of contracts tend to be either for the term of the completion of the project or on an annual basis. As a general rule, the maximum duration for any contract is 5 years, with years 4 and 5 subject to a performance review process. Any exceptions must be approved by the Executive Management Team (for contracts under \$250,000), and Council and the NZTA (for contracts greater than \$250,000). In the future, Council may consider extending contracts past the 5 year maximum as part of an overall contract performance management system but this will be considered on a case by case basis.

3.3 Procurement programme

Details of Clutha's Land Transport Programme (2010/11 base) has been summarized in a spreadsheet for information, indicating the link between the NZTA Activities, Work Categories and main headings as below. Refer to appendix 6.3.

3.3.1 General Maintenance and Operations

Approximate annual expenditure	\$5.6M
Proposed delivery model	Traditional (measure and value with agreed programmes)
Proposed supplier selection methods	Price/Quality, Lowest Price, Direct Appointment

Our most significant aspect of procurement of subsidised roading services is the maintenance of local roads. This is currently carried out through two area maintenance contracts as below.

Area	Sealed roads (km)	Unsealed roads (km)	Annual contract amount (\$M)
Northern	270	945	\$1,200,000
Southern	490	1215	\$1,400,000
Total	760	2160	\$2,600,000

Both of these major contracts are due to expire on 30 June 2011.

Other aspects included in general maintenance and operation is routine drainage maintenance streetlight maintenance, traffic services and level crossing warning devices (the latter not subject to procurement).

3.3.2 Electricity Supply

Approximate annual expenditure	\$200K
Proposed delivery model	Staged
Proposed supplier selection methods	Price/Quality, Lowest price

The option of joining a supplier group should also be kept in consideration. Electricity supply for carriageway lighting forms a small proportion of Council's total energy supply and as Council will seek best value for money for all of its supply, historically through Lowest Price, the NZTA component will be subjected to this accordingly.

3.3.3 Professional Services

Approximate annual expenditure	\$900K
Proposed delivery model	Staged
Proposed supplier selection methods	Quality, Price/Quality, Lowest Price, Direct Appointment

Refer to section 4.2.2 for further details with respect to Professional Services.

Outside the core contract there is an understanding of 'first right of refusal' for additional works. However Council can choose to use alternative supplies.

Traditionally Brooke's Law methodology has been used as the main supplier selection method. Under the new procurement policy there is scope to engage best value and quality based approaches.

CDC's In-house Business Unit will continue to operate for professional services for maintenance contracts, meeting all requirements as per the NZTA's Planning, Programming and Funding Manual.

Road Safety - Demand Management Community Programmes will continue to be supplied under the NZTA approved model i.e. Arai Te Uru Whare Hauora as the service provider under a Direct Appointment. Should this NZTA arrangement ceases in future, CDC will review its options with regard to the ongoing provision of Community Programmes.

3.3.4 Sealed Road Resurfacing

Approximate annual expenditure	\$2.5M
Proposed delivery model	Staged
Proposed supplier selection methods	Price/Quality

These are undertaken as an annual single contract.

3.3.5 Pavement Rehabilitation

Approximate annual expenditure	\$2.5M
Proposed delivery model	Staged
Proposed supplier selection methods	Price/Quality

These are undertaken as annual contracts depending on the scale and location of the work. Currently they are split into the following areas: North Clutha, South Clutha, West Clutha and Central Clutha.

3.3.6 Minor Improvements

Approximate annual expenditure	\$1.0M
Proposed delivery model	Staged
Proposed supplier selection methods	Price/Quality, Direct Appointment

These are undertaken as an annual contract or contracts depending on the scale, location and type of work. Some smaller projects are also treated as variations to the North/South Operation and Maintenance contracts or could be let as projects within the Pavement Rehabilitation contracts or other construction contracts for Major Projects.

3.3.7 Other Major Projects

Approximate annual expenditure	\$1.5M
Proposed delivery model	Staged
Proposed supplier selection methods	Price/Quality, Lowest Price

Projects include but are not limited to:-

- Bridge Repairs
- Bridge Renewals
- Seal Extensions
- New Footpaths
- Kerb and Channel Replacement

4. Procurement environment

4.1 Physical environment

While Clutha is a widespread rural district with the second largest local roading network in the country, it is reasonably well placed in terms of procurement. This is due to factors such as our proximity to main centres and good access to roading materials within the district.

4.2 Market environment

4.2.1 Physical works contractors

Clutha maintains a relatively competitive market for general civil works and a range of contractors provide the services we require. We currently have two national/international contractors operating within the district, several regional contractors and a number of smaller sub contractors. Typically we receive between 2 - 5 tenders to request for tenders and there are a sufficient number of contractors in the current market to ensure competitive tendering for our main contracts.

There is less competition in more specialised areas, such as sealing and streetlight maintenance. In situations where a lack of competition can impact on getting value for money CDC's approach will be to look at other ways to ensure value, e.g. direct negotiation, supplier groups.

4.2.2 Professional services contractors

Clutha takes a combined approach to professional services for its land transport activities.

The main network professional services are currently contracted to a national consultant with an office based locally in Balclutha. This includes road, footpath, bridge and culvert design, construction and administration.

A competitive environment exists for specialist skills and one-off projects, with consultants willing to travel to the Clutha District from surrounding areas including Dunedin, Alexandra and Invercargill.

In-house Business Unit - CDC will continue to operate an In-house Business Unit for professional services, meeting all requirements as per the NZTA's Planning, Programming and Funding Manual.

4.2.3 Other sectors

Other agencies that affect Clutha's market include the NZTA (as state highway managers), and neighbouring local authorities to a lesser degree. We have experienced delays in completion of projects due to contractors securing both CDC and NZTA work, focussing on the larger NZTA works.

4.3 Supplier relationships

CDC has positive and open collaborative historic relationships established where traditional models have worked well. CDC takes an open approach to all existing and future relationships and is open to change as market conditions vary.

4.3 Improvements

CDC will undertake consultation/discussions with major suppliers or groups of suppliers for significant contracts.

CDC intends to move to the Price/Quality Method for most major contract renewals to enable innovation in meeting objectives to be fairly 'valued' during major contract renewals.

5. Programme delivery

5.1 Organisational chart

Roles and responsibilities of the roading department and In-house business unit are outlined below.

Roading department:

Engineering & Contracts Manager	Implementation and administration of the CDC Land Transport Programme, asset management planning, procurement and financial strategies. Strategy version control. Procurement responsibilities includes drafting, reviewing and approving tender documents and assist with tender evaluations.
Area Engineers	Asset management, streetlights. Procurement responsibilities include drafting and reviewing tender documents and assist with tender evaluations.

In-house Business Unit:

Maintenance Manager	Engineer to the contract, contract management of general maintenance and operations and traffic services. Procurement responsibilities include reviewing tender documents and assist with tender evaluations.
Contracts Supervisors	General maintenance and traffic services contract management.
Engineering Cadet	Assistance role to Contracts Supervisors. Signage and Roadmarking.

Network Consultant:

MWH New Zealand Ltd	Qualified tender evaluator. If conflict of interest arise, make use of other agency's qualified evaluators i.e. NZTA (HNO), John Talboys etc.
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5.2 Organisational risk

Council will implement risk management practices to ensure that organisational risk is managed effectively. These practices include:

- Ensuring active interaction between all roading staff, the Business Unit and Network Consultant staff and Maintenance Contractor staff through sharing of ideas and updated works programmes.
- Employment of Engineering Cadet.
- Continued professional development.
- Encouraging IPENZ membership (fund membership fees 100%).

5.3 Internal procurement processes

CDC has a delegation register and procurement manual, which defines staff and committee's delegated spending authority.

Council contracts are based on NZS 3910, providing certainty to the market both locally and nationally.

5.3.1 Future plans and improvements

In the past the use of the weighted attributes method of tender evaluation has not always achieved the goal of best value for money. In terms of the transport programme, CDC has in-house capability to use the 'best value' (price/quality) supplier selection method, which will replace the weighted attributes method.

5.4 Performance measuring and monitoring

CDC has numerous performance measures for internal and external performance reporting. Details are included in the Transportation Activity Management Plan and Long Term Plan. The latter is audited by Deloitte on behalf of the Auditor General. NZTA Procedural and Technical audits are also carried out on regular basis. This will be reviewed as part of the contract renewals process to ensure targets are appropriate and relevant and do not introduce unnecessary costs.

5.5 Communication

5.5.1 Elected members

Matters of importance with respect to policy and procurement are communicated to elected members via standing committees. Regular workshops are also held to update elected members, particularly in the lead up to setting budgets.

5.5.2 Management

The size of our organisation is such that a majority of communication between staff is informal, with email the most common form of written communication.

The In-house Business Unit is located within the main council building as part of the District Assets team, resulting in good constant communication, with relevant maintenance request for service being managed through Biz-E Asset.

5.5.3 Other approved organisations and suppliers

Council staff communicates with other local authorities and suppliers through a range of forums such as Ingenium, IPENZ, Road Controlling Authority Forum and various courses and presentations throughout the year.

Formal communication to the market of proposed programmes is through the Long Term Plan.

5.5.4 New Zealand Transport Agency

The NZTA is a multi-disciplined organization with respective individual functions. Communication with its Highway Network Operations (HNO) is mainly via e-mail and letters, with monthly scheduled meetings to exchange work programmes of significance. Where scope exists, CDC and the NZTA has made use of each others contracts for completing works of local interest.

Any reporting functions to the NZTA (funding and policy) will be completed within the required timeframes and be accurate.

6. Appendices

6.1 Roding excerpt from the CDC Long Term Plan 2009/19

(Pages 24 to 32)

6.2 CDC current procurement programme, segmented by contract type

The following tables show the current CDC procurement programme, segmented by:

- Local roading physical works
- Local roading professional services
- Other significant outsourced contracts
- Significant in-house contracts

Local roading physical works contracts

Contract No	Description	Supplier Value Start Date - Completion Date	Number of Bids Delivery Model Supplier Selection Method
547	Northern Area Maintenance Contract	SouthRoads Limited Approx. \$6M 01/07/06 - 30/06/11	3 Staged Weighted attributes
548	Southern Area Maintenance Contract	SouthRoads Limited Approx. \$7M 01/07/06 - 30/06/11	3 Staged Weighted attributes
645	Preseal and Reseal Repairs	Not Awarded Yet Approx. \$2.5M 01/07/10 - 30/06/11	tbc Staged Price/Quality
646	Pavement Rehabilitation - North Clutha	Not Awarded Yet \$600K 01/07/10 - 30/06/11	tbc Staged Price/Quality
647	Pavement Rehabilitation - South Clutha	Not Awarded Yet \$600K 01/07/10 - 30/06/11	tbc Staged Price/Quality
648	Pavement Rehabilitation - West Clutha	Not Awarded Yet \$600K 01/07/10 - 30/06/11	tbc Staged Price/Quality
657	Pavement Rehabilitation - Central Clutha	Not Awarded Yet \$600K 01/07/10 - 30/06/11	tbc Staged Price/Quality
641	Fishtail Seal Extension 2010/11	Awarded Approx. \$450K 01/07/10 - 30/06/11	5 Staged Weighted Attributes
649	Bridge Repairs 2010/11	Not Awarded Yet \$780K 01/07/10 - 30/06/11	tbc Staged Price/Quality
628	Replacement of Frances Street Retaining Wall	Not Awarded Yet \$180K 01/07/10 - 30/06/11	tbc Staged Price/Quality
653	Replacement of Bridge 239 (Tawanui)	Not Awarded Yet \$ tbc 01/07/10 - 30/06/11	tbc Staged Price/Quality
658	Replacement of Bridge 25 (Bull Creek)	Not Awarded Yet \$ tbc 01/07/10 - 30/06/11	tbc Staged Price Quality

Contract No	Description	Supplier Value Start Date - Completion Date	Number of Bids Delivery Model Supplier Selection Method
638	Streetlight Maintenance 2012/15	Otago Power Services Limited Approx. \$450K 01/07/10 - 30/06/13	1 Staged Lowest Price Conforming
582	Footpath, Kerb & Channel Upgrades	Fulton Hogan Limited Approx. \$4M 01/07/08 - 30/06/11	4 Staged Weighted Attributes
636	Lawrence Main Street Upgrade	Southroads Limited Approx. \$200K 01/07/10 - 30/06/11	7 Staged Weighted Attributes
617	Erection & Maintenance of Traffic Signs	Southroads Limited Approx. \$300K 01/07/09 - 30/06/14	6 Staged Weighted Attributes
616	Pavement Marking	Fulton Hogan Limited Approx. \$350K 01/07/09 - 30/06/14	4 Staged Weighted Attributes

Local roading professional services contracts

Contract No	Description	Supplier Value Start Date - Completion Date	Number of Bids Delivery Model Supplier Selection Method
615	Roading Network Professional Services	MWH Approx. \$2.9M 01/07/09 - 30/06/12 (2012/13 & 2013/14 by renegotiation)	1 Staged Brookes Law
652	Community Focussed land Transport Activities	Not Awarded Yet \$55K 01/07/10 - 30/06/11	1 Staged NZTA appointed supplier

Other significant outsourced contracts

Contract No	Description	Supplier Value Start Date - Completion Date	Number of Bids Delivery Model Supplier Selection Method
543	Electricity Supply	Meridian \$ Varies (\$200K/annum) 01/07/06 - 30/06/11	2 Staged Supplier Panel
655	Electricity Supply	Meridian \$ Varies (\$200K/annum) 01/07/11 - 30/06/16	tbc Staged Lowest Price/Supplier Panel

Significant in-house contracts

Contract No	Description	Supplier Value Start Date - Completion Date	Number of Bids Delivery Model Supplier Selection Method
565	In-house Professional Services Agreement	In-House Business Unit Approx. \$350K p/a 01/07/06 - 30/06/11	N/A Staged PPFM

6.3 CDC 2010/11 Land Transport Programme

The following spreadsheet show the CDC's 2010/11 Land Transport Programme summarized into NZTA activities and work categories.

Roading

What we do

Within the Clutha District, roads are managed by two separate roading authorities. The New Zealand Transport Agency takes care of the State Highways, while Clutha District Council maintains all other roads, known as local roads.

With a total roading network of 2,916 km, the Clutha District has the second largest local roading network in New Zealand. Of that 2,916km, 27% (786km) is sealed and 73% (2,130km) is unsealed. Rural roads make up 95% of the total network.

The roading assets administered by the Council include more than just roads. There are also footpaths, bridges, streetlights and other assets that are associated with roads. The table below illustrates the main features of the roading network:

Overview of the Roding Network (2006) ¹	
Population Served (2006)	16,893
Sealed Roads	786km
Unsealed Roads	2,130km
Surface Water Channels (includes Kerb & Channel)	147km
Footpaths	136km
Street Lights	1,447
Bridges and Bridge Culverts	366
Signs	12,327
Railings	15km

¹ Source: Clutha District Council 2006 Roding Infrastructure Asset Valuation (October 2006)

Main roading tasks include road, bridge and culvert maintenance and replacement; resealing and rehabilitating sealed roads; grading and metalling of unsealed roads; footpath maintenance and construction; seal extensions, car park maintenance and construction, street lighting and road safety improvement projects. The total replacement cost for these assets is \$802 million¹.

The majority of Council's roading activities are financially assisted by the New Zealand Transport Agency (NZTA). For 2009/10 through to 2011/12 this is at a rate of 60% assistance. This means that local ratepayers fund 40% of the bulk of the costs of local roads. Design and maintenance standards are defined by the NZTA for subsidised roading work and are used, along with the Council's own guidelines, for non-subsidised work. In order for Council to qualify for financial assistance from NZTA these standards must be met.

Not all roading activities are eligible for financial assistance, for example at the moment there is no assistance for footpath renewals and the majority of seal extensions.

Why we do it

Council considers that the provision of the transport services is a core function of the local government. The activity is assessed as having mainly public benefits that assist in promoting the economic, social, environmental and cultural wellbeing of the district's various communities, by helping to facilitate the safe and efficient movement of people and goods throughout the District.

How Roothing links with District Directions Community Outcomes



Key challenges for Roothing

- Meeting community expectations, particularly for the levels of maintenance for unsealed roads and seal extensions, at the same time as keeping costs for roads down.
- Uncertainty as to the level of continued financial assistance from NZ Transport Agency after 2012/13.
- Continuing to advocate for optimal funding assistance for roading from Central Government.
- Consulting and progressing Balclutha main street/streetscape improvements.

What are significant effects for Roothing?

Summary of Significant Effects for Roothing		
Wellbeing	Positive	Negative
Social	<ul style="list-style-type: none"> • Provide essential links/access within and between communities. • Essential for communities to function. 	<ul style="list-style-type: none"> • Safety risks and injury-related crashes.
Economic	<ul style="list-style-type: none"> • Make it possible for work and business to take place. • Transport the district's goods to their markets. • Allows people to commute to the district for work and business. 	<ul style="list-style-type: none"> • Costs associated with accidents. • Costs of maintaining and improving the roading network, Clutha has a large network in comparison to our small population.
Environmental	<ul style="list-style-type: none"> • Roothing/built environment can minimise impacts on the natural environment. 	<ul style="list-style-type: none"> • Carbon emissions from vehicles. • Runoff from roads and the impact it can have on the environment. • Dust nuisance from unsealed roads. • Landscape/visual impacts.
Cultural	<ul style="list-style-type: none"> • Roothing assets help form part of our cultural identity e.g. Balclutha bridge, Southern Scenic Route, rural district and our winding country roads, sporting activities such as rallying. 	<ul style="list-style-type: none"> • Potential for earthworks/ roadworks damaging cultural sites (i.e. sites not identified until they are disturbed or damaged).

What We're Aiming For (LEVEL OF SERVICE AND PERFORMANCE TARGETS)

Roading

Well-being: Economic

PRIMARY COMMUNITY OUTCOME	COUNCIL OBJECTIVE	WHAT COUNCIL PROVIDES (Level of Service)	PERFORMANCE MEASURE	WHAT WE ARE AIMING FOR										
Providing the infrastructure we need to move forward	Provide and maintain the local roading network	To provide an effective and safe roading and footpath network	Residents satisfied local roads are an effective means of transport	<table border="1"> <thead> <tr> <th>07/08 (actual)</th> <th>09/10</th> <th>10/11</th> <th>11/12</th> <th>12/13 18/19</th> </tr> </thead> <tbody> <tr> <td>58%</td> <td>60%</td> <td>60%</td> <td>60%</td> <td>60%</td> </tr> </tbody> </table>	07/08 (actual)	09/10	10/11	11/12	12/13 18/19	58%	60%	60%	60%	60%
			07/08 (actual)	09/10	10/11	11/12	12/13 18/19							
58%	60%	60%	60%	60%										
Residents satisfied with footpaths	<table border="1"> <thead> <tr> <th>07/08 (actual)</th> <th>09/10</th> <th>10/11</th> <th>11/12</th> <th>12/13 18/19</th> </tr> </thead> <tbody> <tr> <td>31%</td> <td>40%</td> <td>41%</td> <td>50%</td> <td>60%</td> </tr> </tbody> </table>	07/08 (actual)	09/10	10/11	11/12	12/13 18/19	31%	40%	41%	50%	60%			
07/08 (actual)	09/10	10/11	11/12	12/13 18/19										
31%	40%	41%	50%	60%										
Providing the infrastructure we need to move forward	Provide and maintain the local roading network	To maintain and improve roads and footpaths	% of km travelled on sealed roads considered to be smooth (urban)	<table border="1"> <thead> <tr> <th>07/08 (actual)</th> <th>09/10</th> <th>10/11</th> <th>11/12</th> <th>12/13 18/19</th> </tr> </thead> <tbody> <tr> <td>91%</td> <td>91%</td> <td>91%</td> <td>91%</td> <td>91%</td> </tr> </tbody> </table>	07/08 (actual)	09/10	10/11	11/12	12/13 18/19	91%	91%	91%	91%	91%
			07/08 (actual)	09/10	10/11	11/12	12/13 18/19							
			91%	91%	91%	91%	91%							
			% of km travelled on sealed roads considered to be smooth (rural)	<table border="1"> <thead> <tr> <th>07/08 (actual)</th> <th>09/10</th> <th>10/11</th> <th>11/12</th> <th>12/13 18/19</th> </tr> </thead> <tbody> <tr> <td>99%</td> <td>99%</td> <td>99%</td> <td>99%</td> <td>99%</td> </tr> </tbody> </table>	07/08 (actual)	09/10	10/11	11/12	12/13 18/19	99%	99%	99%	99%	99%
07/08 (actual)	09/10	10/11	11/12	12/13 18/19										
99%	99%	99%	99%	99%										
Length of seal extensions (metres)	<table border="1"> <thead> <tr> <th>07/08 (actual)</th> <th>09/10</th> <th>10/11</th> <th>11/12</th> <th>12/13 18/19</th> </tr> </thead> <tbody> <tr> <td>1,544</td> <td>6,870</td> <td>0</td> <td>1,600</td> <td>1,600</td> </tr> </tbody> </table>	07/08 (actual)	09/10	10/11	11/12	12/13 18/19	1,544	6,870	0	1,600	1,600			
07/08 (actual)	09/10	10/11	11/12	12/13 18/19										
1,544	6,870	0	1,600	1,600										
Average number of times unsealed roads are graded annually	<table border="1"> <thead> <tr> <th>07/08 (actual)</th> <th>09/10</th> <th>10/11</th> <th>11/12</th> <th>12/13 18/19</th> </tr> </thead> <tbody> <tr> <td>3.3</td> <td>3.3</td> <td>3.3</td> <td>3.3</td> <td>3.3</td> </tr> </tbody> </table>	07/08 (actual)	09/10	10/11	11/12	12/13 18/19	3.3	3.3	3.3	3.3	3.3			
07/08 (actual)	09/10	10/11	11/12	12/13 18/19										
3.3	3.3	3.3	3.3	3.3										
Providing the infrastructure we need to move forward	Provide and maintain the local roading network	To deliver capital projects meeting NZTA delivery requirements	Capital projects completed within timeframes and budgets in compliance with NZTA requirements	<table border="1"> <thead> <tr> <th>07/08 (actual)</th> <th>09/10</th> <th>10/11</th> <th>11/12</th> <th>12/13 18/19</th> </tr> </thead> <tbody> <tr> <td>83%</td> <td>100%</td> <td>100%</td> <td>100%</td> <td>100%</td> </tr> </tbody> </table>	07/08 (actual)	09/10	10/11	11/12	12/13 18/19	83%	100%	100%	100%	100%
07/08 (actual)	09/10	10/11	11/12	12/13 18/19										
83%	100%	100%	100%	100%										
Providing the infrastructure we need to move forward	Provide and maintain the local roading network	To respond to customer queries and complaints on the transportation network	Customer requests for service responded by Council within 10 working days	<table border="1"> <thead> <tr> <th>07/08 (actual)</th> <th>09/10</th> <th>10/11</th> <th>11/12</th> <th>12/13 18/19</th> </tr> </thead> <tbody> <tr> <td>89%</td> <td>90%</td> <td>90%</td> <td>90%</td> <td>90%</td> </tr> </tbody> </table>	07/08 (actual)	09/10	10/11	11/12	12/13 18/19	89%	90%	90%	90%	90%
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COUNCIL ACTIVITIES

Roading

Well-being: Social

PRIMARY COMMUNITY OUTCOME	COUNCIL OBJECTIVE	WHAT COUNCIL PROVIDES (Level of Service)	PERFORMANCE MEASURE	WHAT WE ARE AIMING FOR				
				07/08 (actual)	09/10	10/11	11/12	12/13 18/19
Working towards a safer and healthier community	Provide and maintain the local roading network	To monitor safety and invest in improving safety of the road network	% of budget spent on road safety improvements	8%	8%	8%	8%	8%
			Number of reported injury crashes on local roads	52	43	41	40	40
			Proportion of footpath service requests that are safety-related	new	40%	38%	36%	35%

What needs to happen to maintain current levels of service?

Maintenance and operations for Roading

Council has an established ongoing maintenance programme as set out in the Transportation Activity Management Plan.

Main maintenance activities include pothole repairs for sealed roads and grading and metalling for unsealed roads. There is also maintenance of bridges and culverts, road shoulders, signs, streetlights, along with street cleaning, vegetation control, and snow clearing and ice control.

Most maintenance work is carried out by external contractors under 5-year contracts. Within these contracts levels of service are specified and the contractor identifies and schedules work to be done to ensure that all maintenance work is being correctly planned and carried out to the expected standard.

Maintenance is relatively uniform throughout the year, although winter does bring an increase in work, particularly during harsh winters.

Renewals and replacements

Council has an established 20 year forward works programme for reseals, road reconstruction and bridge renewals. Following detailed inspections, these forward works programmes are updated annually.

Bridge renewals

There has been some important bridge renewals identified for completion within the next 10 years. The bigger renewals are outlined below:

Clydevale Bridge, Allangrange Road

One of the district's key bridges is at Clydevale over the Clutha River. This is one of three main bridges over the Clutha (the other two bridges being located respectively on SH1 and SH8 at Balclutha and Beaumont). Besides being a key crossing point over the Clutha, the Clydevale Bridge is also the only one of the three that can take large over dimensional (or wide) loads and also serves as an alternate route when the Beaumont Bridge is closed.

The best case scenario associated with this bridge would be that it will need major maintenance work only, which

is estimated to cost around \$300,000 between 2010/12. The worst case scenario is that a replacement of the complete bridge is what is needed, which would cost more in the region of \$5.5 million. This worst case scenario has been budgeted for in 2012/13 of the Long Term Plan. Further investigation is underway by Council's structural bridge consultants to establish exactly what work is going to be needed.

Papatowai Highway

Two main bridges on the Papatowai Highway section of the Southern Scenic Route will need to be replaced. While maintenance work was done on them to extend their life for a further ten years, that ten years will expire during the life of this long term plan. The first is budgeted for 2013/14 and the second for 2014/15.

The bridges described above are on regional arterial routes (as defined in the Regional Land Transport Programme for Otago). Initial approval will need to be granted by the Regional Transport Committee before application can be made to the NZTA for funding assistance.

Morris Saddle, Morris Saddle Rd

Although budgeted for in the horizon on 2015/16, this bridge replacement is also budgeted to cost more than \$1 million.

When it comes to funding for these bridges, NZTA provides important funding assistance at a rate of 70-75%. The remainder is funded by Council via depreciation reserve funds and rates (if required).

Footpath renewals

Council proposes to continue with its programme of footpath renewals with a large emphasis being placed in the 2009/10 year for the completion of the remainder of projects previously consulted on. An amount of \$635,000 has been allowed for this work, with \$466,000 also allowed for in 2011/12 for footpath renewals within the Balclutha town centre area as part of the \$2 million streetscape enhancement project. Subsequent to the completion of these projects, it is anticipated that the footpath renewal programme will revert back to normal trends of renewal, starting at \$50,000 for 2011/12 and 2012/13 respectively and then at \$100,000 per annum from 2013/14 onwards. This is in addition to the Loan Funding of the major renewal project that will be completed in 2009/10.

What improvements or changes are planned for Roading?

'R' Funding seal extensions

Regional (or 'R') funding is assistance from New Zealand Transport Agency. The 'R' fund is the additional revenue collected by Central Government from the extra 5c petrol tax introduced in 2004. This fund amounts to \$95 million to be spent in the Otago region during the next 10 years. Prospective projects have to carry the support and approval of the Otago Regional Land Transport Committee (RLTC) in order for Land Transport NZ to consider funding for a project.

Although still pending, NZTA approval of final designs and estimates of the Nuggets Road sealing project looks likely to proceed, with construction taking place in 2009/10.

Minor improvement projects

These projects include safety improvements such as intersection realignments, traffic calming, fish tail seal extensions (where gravel roads join sealed roads) and traction seals. They are projects that must cost less than \$250,000 if they are to attract New Zealand Transport Agency funding assistance from the minor improvement projects budget. Council has been proactive in this area in recent years and intends to continue making these improvements to the district's roads. Over \$1 million per annum has been budgeted towards carrying out these projects and 70% of this funding is provided by the NZTA.

New footpaths

The construction of new footpaths, as previously consulted on, will be proceeded with in the 2009/10 year to the value of \$1.6 million. Council is at present canvassing the New Zealand Transport Agency for financial assistance for part of this new construction programme and is budgeted to receive \$500,000.

Balclutha main street/streetscape improvements

Refer to the Key Issues section in Volume I for full information about this proposal.

Council is considering a ‘facelift’ for the central Balclutha area. Improvements could look similar to the recent work done to Tapanui’s town centre (although Balclutha will have its own theme), which included footpath paving, bulbous kerbing, new rubbish bins and tables and chairs, more plantings, etc.

At the moment, the area identified for improvements includes approximately 2.2 km of footpaths around the main business area on Clyde Street. It begins at the southern entrance onto Balclutha Bridge through the Renfrew, Elizabeth, John and George and Gordon Street intersections.

This project is still at the ideas stage and a projected budget of just over \$2 million has been included in this Long Term Plan. If after consultation the project stays in the Plan, then this would allow the project to be looked into further. Details about what should actually be done and where would need to be confirmed through consultation during 2009/10 and 2010/11. If the project continues through to the construction stage this might commence during 2011/12. This would also provide a window of opportunity to fully consider the future of Balclutha’s heavy traffic bypasses which might impact on the focus of the central business area into the future.

Seal extensions suspended for 2009/10 and 2010/11

One of Council’s more common requests in the ‘wish list’ category come from people wanting to have their gravel road sealed. But at over \$200,000 a kilometre, this just isn’t an affordable option especially since this type of sealing would not attract any funding assistance from the NZTA.

Although it only made an incremental increase in the level of service, Council set aside \$440,000 each year for seal extension projects in the rural area (approx \$330,000 p.a.) and urban areas (approx \$110,000 p.a.) during the last Long Term Plan. The first priority was to seal high maintenance areas on steep sections of road, or areas where potholes and corrugations develop very quickly. The second priority was to seal short sections of rural road where there were clusters of houses in small areas.

However Council has decided to put the rural and urban seal extension programmes on hold for the next two years (2009/10 and 2010/11) in order to minimise the overall rates cost. It is to resume in 2011/12.

Table: Roading Service Planned Capital Expenditure

Outline of Work	Capital Category				Year & Cost (\$000)									
	Renewal	Catch-up	Increased LOS	Growth	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
NZ Transport Agency Assisted Roading Programme														
Unsealed road metalling	✓				1,974	2,078	2,189	2,242	2,293	2,344	2,398	2,455	2,514	2,570
Drainage renewals	✓				364	373	382	391	400	408	418	428	438	448
Pavement rehabilitation ¹	✓				2,218	2,547	2,537	2,921	2,891	2,700	3,158	3,349	3,184	3,618
Structures component replacement ²	✓				431	474	373	382	391	399	409	418	428	438
Sealed road resurfacing	✓				2,944	3,010	3,579	3,444	3,396	3,642	3,358	3,219	3,190	3,103
Structures maintenance ³	✓				313	486	689	506	518	529	542	555	568	580
Environmental renewals ⁴	✓				376	0	0	0	0	0	0	0	0	0
Traffic services renewals ⁵	✓				293	309	326	334	342	349	357	366	375	383
Bridge renewals	✓				644	470	578	6,214	245	284	1,824	1,142	487	498
Seal extension ⁶			✓		1,493	0	0	0	0	0	0	0	0	0
Minor improvement projects			✓		1,037	1,090	1,164	1,186	1,195	1,215	1,251	1,267	1,269	1,314
Pedestrian facilities ⁸			✓		290	975	650	0	0	0	0	0	0	0
Non-assisted Roading Programme														
Footpath renewals	✓		✓		986	350	53	54	111	113	116	119	122	124
Street lighting	✓				32	33	34	35	36	14	14	15	15	15
Rural seal extensions ⁹			✓		0	0	347	355	363	371	380	389	398	407
Urban seal extensions ⁹			✓		0	0	116	118	121	124	127	130	133	136
Balclutha main street ¹⁰			✓		0	0	1,609	0	0	0	0	0	0	0
Balclutha main street ¹⁰	✓				0	0	466	0	0	0	0	0	0	0

¹ Pavement rehabilitation mostly involves the reconstruction of existing sealed roads.

² Structures components replacement is mainly the replacement of bridge components such as decks etc.

³ Maintenance of bridges predominantly.

⁴ Replacement of existing retaining walls.

⁵ Includes the renewal of existing road signs and the installation of new signs.

⁶ This is an 'R' funded seal extension for the sealing of the Nuggets Road. The 'R' fund refers to NZ Transport Agency regional funding assistance

⁷ Minor improvements projects (also called minor safety projects) include construction projects of up to \$250,000 that are to improve general road safety.

⁸ Refers to new footpaths.

⁹ Refers to seal extensions carried out that do not receive NZTA assistance. Refer to the article in this section for further information.

¹⁰ Main Street enhancement project, inclusion of \$466K of footpath work.

What costs are involved?

Cost of Service Statement - *Roading*

Estimate of Financial Performance	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Expenditure (\$'000)										
Operating Costs										
Operational Costs	7,056	6,729	7,376	7,585	7,731	7,916	8,178	8,304	8,500	8,702
Internal Interest	143	141	138	135	132	128	125	121	117	113
Depreciation	9,313	9,471	10,469	10,551	10,648	11,393	11,363	11,313	12,042	11,972
Operating Costs	16,512	16,341	17,986	18,271	18,511	19,437	19,666	19,738	20,659	20,787
Activity Income										
Fees/Charges	0	0	0	0	0	0	0	0	0	0
Subsidies and Grants	10,992	10,468	10,819	14,447	13,352	12,132	12,061	11,617	11,524	11,829
Other Income	107	110	113	116	119	121	124	127	130	133
Net Cost of Service	5,413	5,763	7,054	3,708	5,040	7,184	7,481	7,994	9,005	8,825
Capital Expenditure										
-New Capital	2,843	2,118	3,936	1,679	1,702	1,733	1,796	1,820	1,862	1,909
-Renewals	10,364	9,807	10,597	16,136	14,301	12,603	12,387	11,785	11,366	11,692
Internal Debt Repayment	63	102	114	159	149	165	175	192	206	219
Capital and Debt Repayment	13,270	12,027	14,647	17,974	16,152	14,501	14,358	13,797	13,434	13,820
Funding Required	18,683	17,790	21,701	21,682	21,192	21,685	21,839	21,791	22,439	22,645
Funded By:-										
Rate Income										
-General Rates	0	0	0	0	0	0	0	0	0	0
-Targeted Rates	7,624	8,152	9,357	9,559	9,797	10,005	10,289	10,506	10,633	10,919
Internal Loans	1912	360	2073	0	398	0	370	130	0	0
Reserves and Future Surpluses	-143	-111	-142	-51	-94	-100	-106	-112	-119	-125
-Depreciation	9,290	9,389	10,413	12,174	11,091	11,780	11,286	11,267	11,925	11,851
-Special Funds	0	0	0	0	0	0	0	0	0	0
Total Funding	18,683	17,790	21,701	21,682	21,192	21,685	21,839	21,791	22,439	22,645

Clutha District Council - NZTA Procurement Strategy																		
NZTA Activity	NZTA WC	Description	Annual Exp. (2010/11 base)	General Maintenance & Operations	Traffic Services	Bridge Maintenance	Electricity Supply	Level Crossing Warning Devices	Professional Services	Sealed Road Resurfacing	Pavement Rehabilitation	Minor Improvements	Bridge Renewals	Seal Extensions	Footpaths + K&C	Total		
Transport Planning	002	Studies and Strategies	5,130						5,130							5,130		
	003	Activity Management Plans	27,702						27,702							27,702		
Maintenance & Operation of Roads	111	Pavement Maintenance	962,675	962,675												962,675		
	112	Unsealed pavement Maintenance	1,168,866	1,168,866												1,168,866		
	113	Routine Drainage maintenance	233,666	233,666												233,666		
	114	Structures Maintenance	204,963	55,400		149,563										204,963		
	121	Environmental maintenance	543,311	543,311												543,311		
	122	Traffic Services Maintenance	342,513		176,913		165,600									342,513		
	131	Level Crossing Warning Devices	20,520					20,520								20,520		
	141	Emergency Reinstatement	-	-												-		
	151	Professional Services	797,365						797,365							797,365		
Renewal of Roads	211	Unsealed Road Metalling	1,986,295	1,986,295												1,986,295		
	212	Sealed Road Resurfacing	2,469,578							2,469,578						2,469,578		
	213	Drainage Renewals	372,870	152,870											220,000	372,870		
	214	Pavement Rehabilitation	2,547,286								2,547,286					2,547,286		
	215	Structures Component Replacement	474,176			474,176										474,176		
	221	Environmental renewals	-													-		
	222	Traffic Services Renewals	271,387		271,387											271,387		
Improvement of Roads	322	Bridge Renewals	469,908										469,908			469,908		
	325	Seal Extensions	-											-		-		
	341	Minor Improvements	989,997									989,997				989,997		
Demand Management & Community Programmes	432	Community Programmes	55,440						55,440							55,440		
Walking & Cycling Facilities	451	Pedestrian Facilities	215,437												215,437	215,437		
Total LTP 2010/11			14,159,085	5,103,083	448,300	623,739	165,600	20,520	885,637	2,469,578	2,547,286	989,997	469,908	-	435,437	14,159,085	OK	
																14,159,085	OK	
																	000's	
				5,103,083	448,300			20,520									5,571,903	5,600 General Maintenance & Operations
							165,600										165,600	200 Electricity Supply
									885,637								885,637	900 Professional Services
										2,469,578							2,469,578	2,500 Sealed Road Resurfacing
											2,547,286						2,547,286	2,500 Pavement Rehabilitation
												989,997					989,997	1,000 Minor Improvements
						623,739							469,908	-	435,437		1,529,084	1,500 Other Major Projects
																	14,159,085	14,200 Total
Note:-																	OK	
All renewals include a component of Professional Services.																		