

CDC



PROCUREMENT STRATEGY 2019-21

Version 1.0 Document ID 441711

PROCUREMENT STRATEGY 2019-21 – DOCUMENT STATUS CONTROL

VERSION	DATE	COMMENT	WHO	APPROVED
1	Jan 2020	Final Draft - For Council and NZTA Approval	Vaughn Crowther - Utility	G Essenberg
		Adopted by Council 20 February 2020		
		Endorsed by NZTA 31 March 2020		

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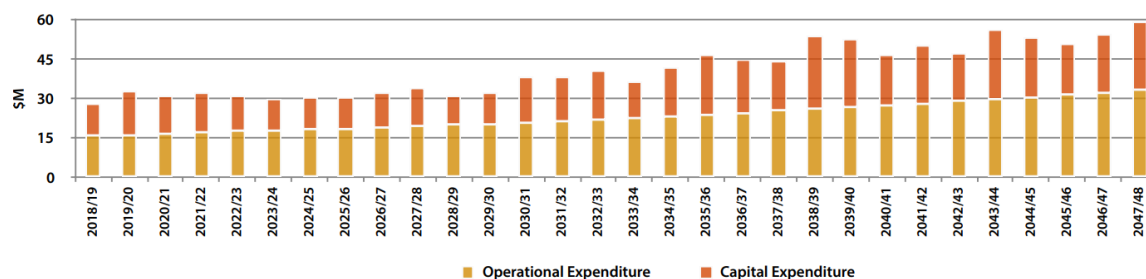
SUMMARY

Our intent is to create mutual confidence in capacity and capability to deliver services to the Clutha District. We do this by providing the marketplace with transparency and a clear understanding of our planned procurements. The broader objective is to provide value for money and accountability to our community.

SUSTAINED INVESTMENT

Clutha District Council (CDC) is undergoing a significant period of investment in its public services. The budgeted spend on Council services during the 2018-28 period is over \$300m. Much of this investment simply relates to the maintenance and replacement of infrastructure built in the 60's, 70's and 80's.

30-year horizon for both capital and operating expenditure 2018/48 - \$M



CONSTRAINED MARKET CAPACITY

Many Council's throughout New Zealand are undergoing the same levels of sustained investment in infrastructure. Competition for good suppliers means we are beginning to experience the impacts of a supplier market that is nearing capacity. Our response is to improve the efficiency of our procurement processes and instil confidence in the marketplace to invest in capacity and skills. Over 80% of CDC's circa 250 projects (over the next 10 years) are less than \$600k in value. While 50% are less than \$100k each. In response, CDC and the NZTA have agreed to lift the financial thresholds for closed tendering from \$200k to \$300k. The intent is to increase the efficiency of tendering for suppliers without compromising on transparency or quality. The process for closed tendering is under development and will be released in conjunction with the 2021 Long Term Plan.

DELIVERING COMMUNITY WELL-BEING THROUGH PROCUREMENT

CDC also welcome the recent changes to the Government Rules of Procurement (released Oct 2019) and its well-being charter. We view this as an opportunity to enhance our ability to deliver community well-being through good procurement. Future procurement criteria (post 2021) will include how suppliers are delivering broader cultural, social economic and environmental outcomes to the community.

The trade-off to this change, is that CDC will no longer offer a "Buy Local" premium of 5% or up to \$5,000 per contract that has a supplier employing locally based people.

HOW WE PROCURE

The proposed model for the Clutha District Council is the staged model. Projects deemed of high risk and / or high value will have a specialised procurement plan developed and communicated. Our procurement programme and possible supplier selection methods are summarised in the table below noting that exact supplier selection methods will depend on the value of the work or service to be procured.

Table 1 How we procure significant works

Activity	Programme	Approx. Annual Value (\$M)	Price Quality (>\$1.0m)	Lowest Price (<\$.25m)	Direct Appointment	Quality Based
Rozading	Rozading Improvements	1.9	✓	✓		
	Rozading Renewals	2.9	✓	✓		
	Sealed Road Resurfacing (Let)	2.7	✓	✓		
	Structures Component Replacements (Let)	0.7	✓	✓		
	Road Maintenance (Let)	8.3	✓			
3-Waters	3-Waters Maintenance (Let)	4.0	✓			
	Urban Water Improvements	1.1	✓	✓	✓	
	Urban Water Renewals	0.4	✓	✓	✓	
	Rural Water Improvements	5.2	✓	✓	✓	
	Rural Water Renewals	4.2	✓	✓	✓	
	Sewerage Improvements	2.0	✓	✓	✓	
	Sewerage Renewals	1.4	✓	✓	✓	
	Stormwater Improvements	1.2	✓	✓	✓	
Other	Solid Waste Improvements	0.7	✓	✓	✓	
	Solid Waste Renewals	0.07	✓		✓	
	Community Hall Improvements	.085	✓	✓	✓	

Activity	Programme	Approx. Annual Value (\$M)	Price Quality (>\$1.0m)	Lowest Price (<\$.25m)	Direct Appointment	Quality Based
	Parks and Reserves Upgrades	.015	✓	✓	✓	
	Public Toilet Renewals	.022	✓	✓	✓	

The updated strategy was adopted for consultation by the Council on 20 February 2020. Following this it was circulated to the supplier market and neighbouring road controlling authorities in 2020. The Strategy will be updated triennially as part of the Long-Term Plan.

It was endorsed by the NZ Transport Agency on 31 March 2020*

* NZTA has been requested to endorse the strategy. Any amendments required that are of significance will be taken back to Council.

1 PREFACE

1.1 WHO IS THIS STRATEGY FOR?

This procurement strategy is written for existing and interested suppliers of goods and services wanting to work with Clutha District Council's (CDC). The objectives of this strategy are:

1. To provide greater assurance to our suppliers of CDC's intentions for procuring goods services and works over the long term.
2. To ensure that taxpayers and ratepayers obtain the best public value from each dollar spent.

This strategy also fulfils obligations of CDC, NZTA, Government Rules of Procurement and the Office of the Auditor General.

1.2 SCOPE

3-Waters	Physical works and consultants for the planning, operation, maintenance, renewal and improvements for both rural and urban water supplies, sewerage and stormwater.
Roading	Roading (incl. non-financially assisted) physical works and consultants for planning, operation, maintenance, renewal and improvements. There are also footpaths, bridges, streetlights and other assets that are associated with transportation.
Solid Waste	Solid waste physical works and consultants for the planning, operation, maintenance, renewal and replacements and improvements and landfill developments.
Community Services	Physical works and consultants for the planning, operation, maintenance, renewal and improvements for Libraries, information and service centres, Swimming Pools, Parks, Reserves, Playgrounds & Sportsgrounds. Halls & Community Centres, Public Conveniences (toilets), Cemeteries, Community Housing & Other Property.

The scope of this strategy is no longer limited to subsidised transport expenditure (as per the 2015 Procurement Strategy). It now includes all Council activities and associated procurement.

1.3 TERM OF THIS STRATEGY

The intended term that this strategy is effective for is the period FY 2019/20 to FY 2020/21. Updates to the works to be completed are available with the release of the annual plan with a more comprehensive update in the 2021-31 Long Term Plan. However, where a significant and material change occurs in the procurement environment, this strategy may be reviewed earlier.

1.4 CHANGES SINCE THE LAST STRATEGY

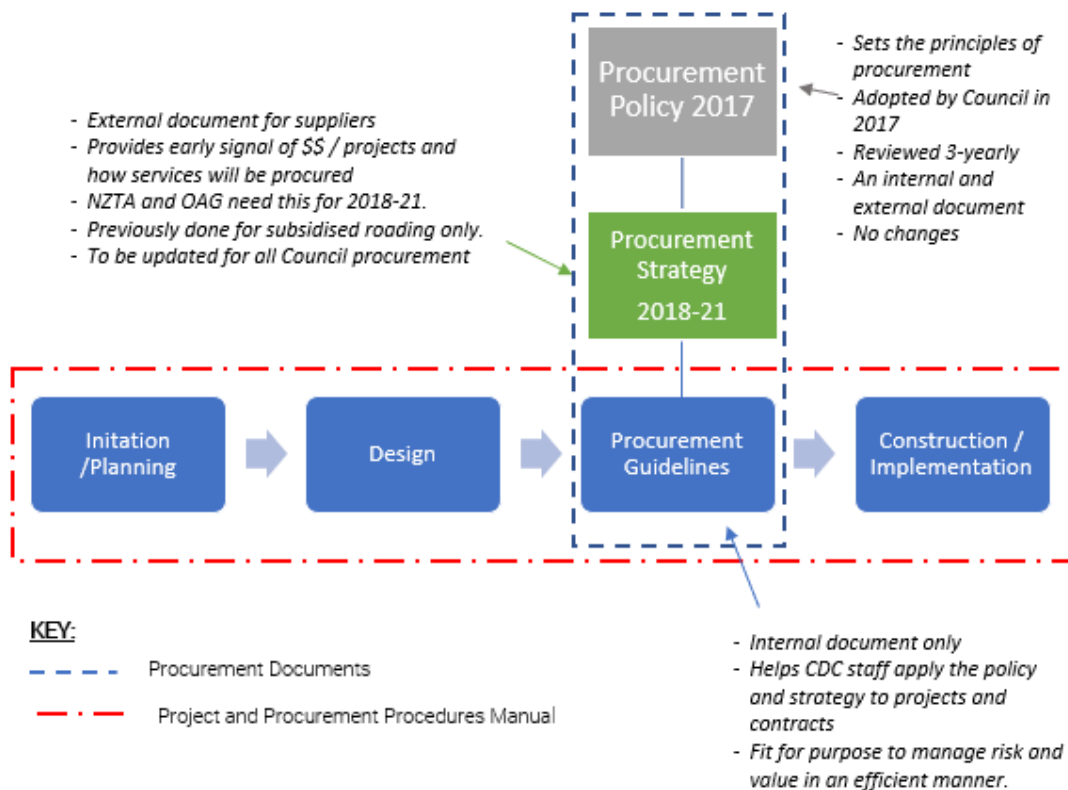
Significant changes have been made to this strategy from the 2015 version.

- **An updated Procurement Policy** - In 2017, CDC adopted a revised procurement policy. The changes were aimed at enhancing the capability of CDC to deliver good value through adoption of good practise. The Policy also creates better alignment with the Government Rules of Procurement.

- **Project Management and Procurement Procedures** – Enhancement and formalisation of internal project management and procurement procedures to provide effective delivery projects.
- **All of Council** – As indicated, this procurement strategy now encompasses all of the activities delivered by ‘Service Delivery’ instead of just Roading. The purpose is to enhance and streamline the procurement of services amidst a substantial programme of works.

Figure 1 illustrates the layout of the procurement documents and where this strategy fits into the broader suite. A set of project and procurement procedures have also been developed for internal use only to further aid Council staff in the sourcing and delivery of projects.

Figure 1 The layout of new and updated documents aimed at delivering our principles of procurement. Note that the specific guidelines for procurement are contained in the newly developed Project and Procurement Procedures Manual.



2 STRATEGIC OBJECTIVES AND OUTCOMES

2.1 OUR DESIRED COMMUNITY OUTCOMES

Clutha District Council (CDC) provides services to a resident population of 17,500. In doing so, it spends circa \$45m each year. Much of the goods, services and physical works is sourced external from the organisation on the



open market. Being a significant buyer of services in the marketplace and a public entity, also means CDC have a responsibility to practice good procurement.

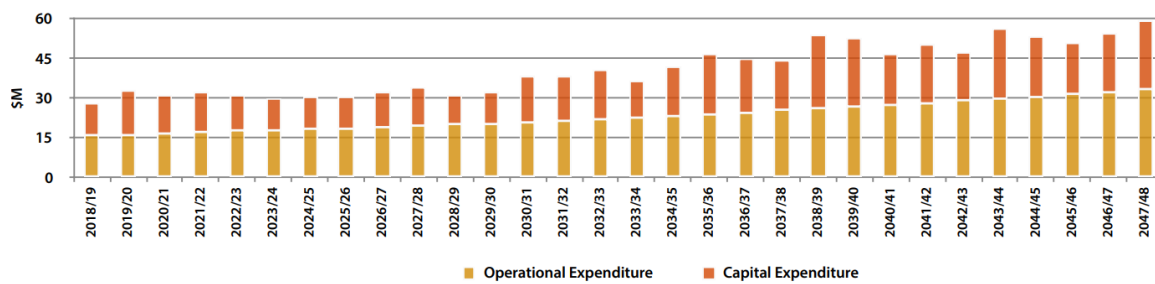
Council’s overall goals (community outcomes) are illustrated at right. All Council expenditure is planned and funded to contribute to the wellbeing of the community. Council’s activities are planned and scoped on what the community needs and desires and what it can afford. The specific aims of each activity and the planned expenditure are detailed in APPENDIX A – WHAT WE ARE AIMING FOR.

2.1.1 THE WORK WE HAVE PLANNED

Like many other Councils throughout New Zealand, Clutha District Council (CDC) is undergoing a significant period of sustained investment in its services. Much of this investment relates to the maintenance and / or replacement of infrastructure but also includes other services.

The budgeted 10-year spend on services in the 2018-28 Long Term Plan is close to \$300m. This is a significant increase from previous periods. The 10-year total projected in the 2012-22 LTP was \$139m).

30-year horizon for both capital and operating expenditure 2018/48 - \$M



2.2 OUR GUIDING PRINCIPLES OF PROCUREMENT

Being a significant buyer of services in the open marketplace, and a public entity, also requires CDC and its co-funders to deliver to the principles of government sourcing. Our 2017 Procurement Policy now aligns these principles, with the inclusion of our existing 'Buy Local' principle.

<p>PLAN AND MANAGE</p> <ul style="list-style-type: none"> ✓ Identify the need and then plan how best to procure it. ✓ Clarify Councils role in the process, including the benefits to the broader community. ✓ The right mix of skills and experience. ✓ Involve suppliers early – let suppliers know what is needed and keep talking. 	<p>FOR GREAT RESULTS</p> <ul style="list-style-type: none"> ✓ Take the time to understand the market and the Councils effect on it. Be open to new ideas and solutions. ✓ Choose the right process – proportional to the size, complexity and any risks involved. ✓ Encourage e-business (for example, tenders sent by email).
<p>BE FAIR TO ALL SUPPLIERS</p> <ul style="list-style-type: none"> ✓ Create competition and encourage capable suppliers to respond. ✓ Give local suppliers a full and fair opportunity to compete. ✓ Use the All of Government Contract as a sourcing method, where appropriate. ✓ Make it easy for all suppliers (small to large) to do business with the Council. 	<p>ALL SUPPLIERS</p> <ul style="list-style-type: none"> ✓ Be open to subcontracting opportunities in big projects. ✓ Clearly explain how the Council will assess suppliers' proposals – so the suppliers know what to focus on. ✓ Talk to unsuccessful suppliers so the suppliers can learn and know how to improve next time.
<p>GET THE RIGHT SUPPLIER</p> <ul style="list-style-type: none"> ✓ Be clear about what the need is and fair in how suppliers are assessed – don't string suppliers along. ✓ Choose the right supplier who can deliver what is required, at a fair price and on time. ✓ Build demanding, but fair and productive relationships with suppliers. 	<p>RIGHT SUPPLIER</p> <ul style="list-style-type: none"> ✓ Make it worthwhile for suppliers – encourage suppliers to deliver great results. ✓ Identify relevant risks and get the right team member to manage them.
<p>GET THE BEST DEAL FOR EVERYONE</p> <ul style="list-style-type: none"> ✓ Get best "value for money" – account for all costs and benefits over the lifetime of the goods or services. ✓ Make balanced sustainable decisions – consider the social, environmental and economic effects of the contract. ✓ Encourage and be receptive to new ideas and ways of doing things – don't be too prescriptive. 	<p>DEAL FOR EVERYONE</p> <ul style="list-style-type: none"> ✓ Take calculated risks and reward new ideas. ✓ Have clear performance measures – monitor and manage to make sure the Council get great results. ✓ Work together with suppliers to make ongoing savings and improvements. ✓ It's more than just agreeing the contract – be accountable for the results.
<p>PLAY BY THE RULES</p> <ul style="list-style-type: none"> ✓ Be accountable, transparent and reasonable. ✓ Make sure everyone involved in the process acts responsibly, lawfully and with integrity. 	<p>THE RULES</p> <ul style="list-style-type: none"> ✓ Stay impartial – identify and manage conflicts of interest. ✓ Protect suppliers' commercially sensitive information and intellectual property.
<p>BUY LOCAL</p> <ul style="list-style-type: none"> ✓ Encourage the procurement from suppliers within the Clutha District, where "value for money" is better achieved by providers from inside of the region. ✓ Buy Local is no longer applied. Rather, the application of Broader Outcomes that recognise advantages to the Council are considered where of value. 	<p>LOCAL</p> <ul style="list-style-type: none"> ✓ Optimise the procurement from suppliers within the Clutha District in "Attribute Scores" where there are advantages in ease of procurement, terms of delivery, ongoing support, and enabling growth of the supplier market

2.3 INTRODUCING BROADER OUTCOMES THROUGH PROCUREMENT

In October 2019 the Government recognised that its procurement activities offer a unique opportunity to achieve broader cultural, economic, environmental and social outcomes for New Zealand.

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

1. Increasing access for New Zealand Businesses
Agencies must consider how they can create opportunities for New Zealand businesses, including Māori, Pasifika and regional businesses, as well as social enterprises.
2. Construction Skills and Training
The Government is committed to using its procurement to find ways to partner more effectively with the construction sector to grow the size and skills of New Zealand's construction workforce.
3. Improving Conditions for New Zealand Workers
The Government aims to improve conditions for New Zealand workers by requiring agencies to ensure suppliers and their sub-contractors comply with employment standards, and health and safety requirements.
4. Reducing Emissions and Waste
The New Zealand Government is committed to achieving positive environmental outcomes through sustainable procurement by buying low emissions and low waste goods, services and works.

In response to this, CDC will review the principles of its procurement to give greater affect to these outcomes including ensuring that attributes take into account the value added outside the specific contract works.

2.3.1 GUIDING PLANS AND STRATEGIES

Our investment in services is also guided by the strategic documents and plans of CDC, of the NZTA and of Central Government.

- Clutha District Council Infrastructure Strategy
- 30 Year National Infrastructure Plan 2015
- Clutha District Council Activity Management Plans
- Clutha District Council Procurement Policy 2017

2.3.2 2018-28 LONG TERM PLAN AND SUBSEQUENT ANNUAL PLANS

Details about the Council objectives, levels of service, performance measures, performance targets and funding requirements for the next ten years are contained in Section 5 of the [2018-28 Long Term Plan](#).

For each subsequent year of the long-term plan CDC releases an annual plan where significant changes may be identified. Typically, these changes are to reflect more accurate project timings and/or budgetary changes. [Annual Plans](#) are available on the CDC website.

2.3.3 REGIONAL LAND TRANSPORT PLAN

Regional Land Transport Plans (RLTPs) are six-year plans that document the regions' land transport objectives, policies, and measures as well as providing a statement of transport priorities for the region. This contains the transport investment programme for each road controlling authority in the Otago/ Southland area. Each of these programmes gives effect to the wider regional land transport strategy and the overarching national land transport strategy.

2.3.4 GOVERNMENT POLICY STATEMENT ON LAND TRANSPORT 2018/19 – 2027/28

Investment in land transport by CDC and the NZTA are ultimately directed by the government policy statement (GPS) on land transport. The GPS outlines the Government's strategy to guide land transport investment over the next 10 years. It also provides guidance to decision-makers about where the Government will focus resources. The GPS influences decisions on how money from the National Land Transport Fund (the Fund) will be invested across activity classes, such as state highways and public transport. It also guides the NZ Transport Agency and local government on the type of activities that should be included in Regional Land Transport Plans and the National Land Transport Programme.

2.4 REGULATORY AND LEGAL CONTEXT

2.4.1 LAND TRANSPORT MANAGEMENT ACT

This strategy is required by the NZTA as part of meeting the requirements of S25 of the Land Transport Management Act 2003. The NZTA Procurement Manual acts as a guideline for Clutha's procurement of financially assisted roading activities.

2.4.2 LOCAL GOVERNMENT ACT

Local Authorities are now under an obligation to review the appropriateness of current arrangements for meeting community needs for good quality infrastructure, local public services and local regulation and ensuring that the Service Delivery Reviews required under Section 17A of the Local Government Act are carried out within statutory timeframes.

It has been initially assessed that any reviews under 17A should not drastically affect this strategy as it has been based on MBIE and NZTA recommendations and requirements for financially assisted and other works.

2.4.3 GOVERNMENT RULES OF PROCUREMENT

The Government Rules of Procurement are the government's standards of good practice for government procurement. The Rules are a flexible framework designed to help agencies to make balanced procurement decisions. CDC use these rules to develop its overarching policy on Procurement; specifically, to adhere to the five principles of government procurement.



Our Procurement Programme

3 OUR PROCUREMENT PROGRAMME

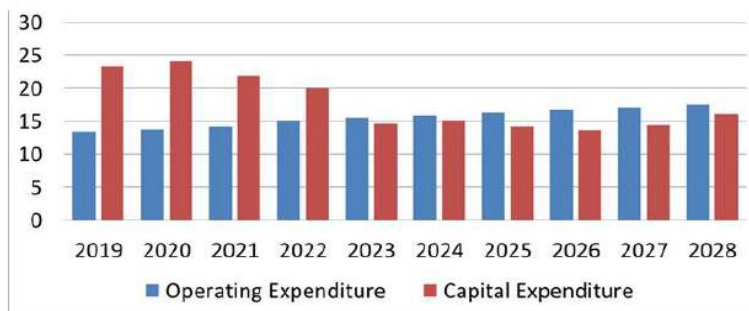
A summary of our core infrastructure investment is provided below.

Figure 2 Summary of operating and capital expenditures planned. Source CDC 2018-28 Long Term Plan

Total Rates and Total Operating Revenues - \$M



Operating and Capital Expenditure - \$M



The projected 10 year spend between 2018-28 for Service Delivery (infrastructure only), is \$213m comprising 250 projects of varying size and complexity. Of particular context is;

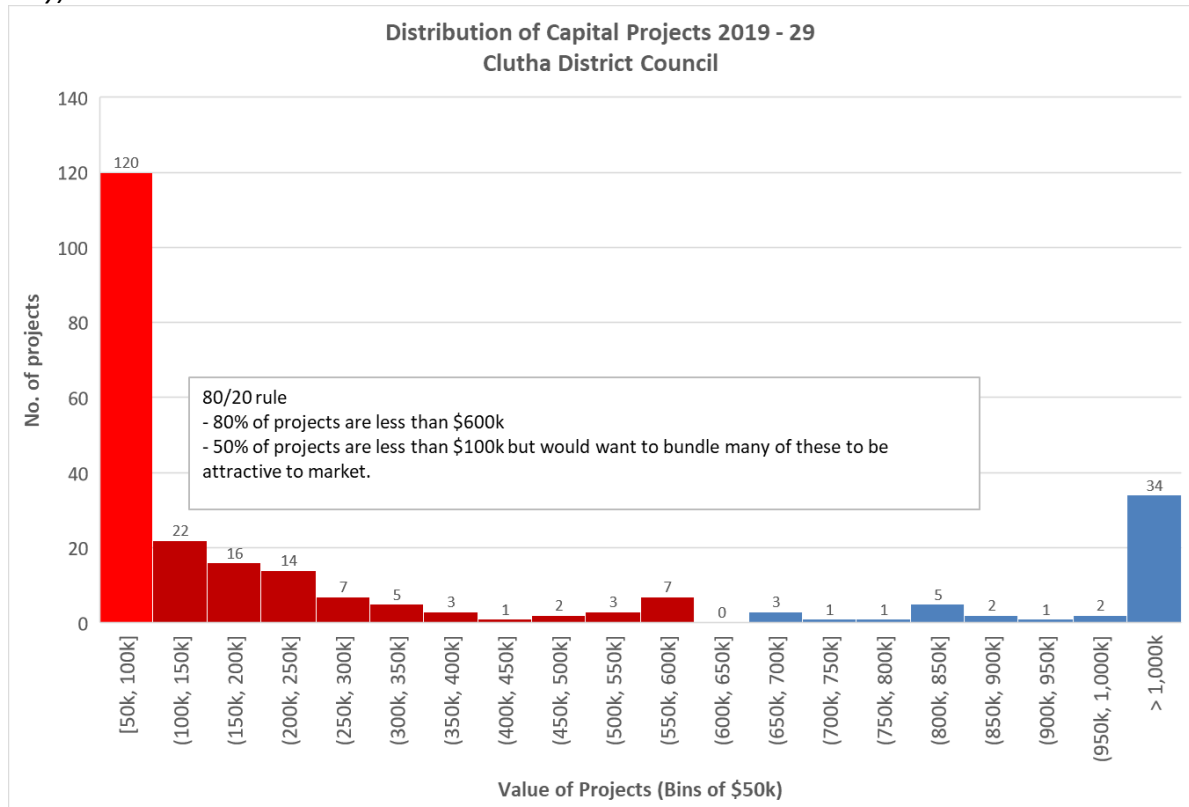
- 80% of CDC's physical works projects are less than \$600k in value (charted in red below).
- 50% of all projects are comparatively minor, at less than \$100k each. Clutha will look to 'bundle' these together to attract suppliers and / or incorporate these into existing maintenance contracts where beneficial.
- Furthermore, CDC recognise the need to further develop its local supplier base to enable delivery of these projects.
- Under NZTA rules:
 - Anything less than \$100k can be directly appointed.



Our Procurement Programme

- Projects between \$100k and \$200k¹ can be done through an approved 'closed' tendering process. This requires a set of pre-approved suppliers or specifically approved whom can bid on projects.
- CDC will be investigating lifting their closed tendering threshold in order to enhance the efficiency and delivery of the physical works programme ahead of the 2021 Long Term Plan.

Figure 2 The number and value of projects planned for the 2018-28 period (Infrastructure only)



3.1 HOW WE PROCURE

The most appropriate delivery model depends on the scale and complexity of the project or activity to be procured. The delivery models considered are:

- Staged
- Design and Build
- Shared Risk
- Partnering
- Supplier Panel

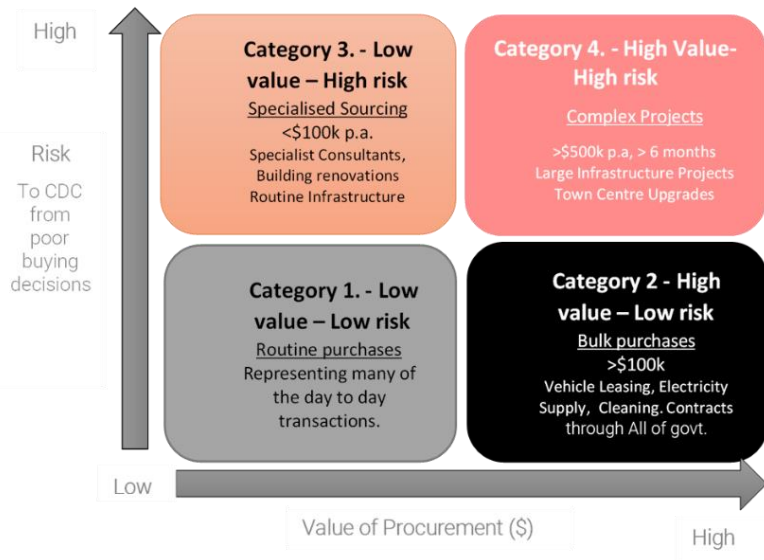
¹ CDC have agreed to lift this to \$300k through its financial delegations register as at Dec 2019. NZTA must also approve this approach.



Our Procurement Programme

The delivery model appropriate for the majority of activities is a staged model. This model requires projects and activities to be well defined, low risk and with an easily defined scope before the project is committed for tender. The majority of our workload fits this model. In instances where it does not, i.e. high value and high-risk projects with poorly defined outcomes, then a specific procurement plan will be established and communicated to the market.

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 throughout the lifecycle of the asset. 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.



Overall, this 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 this strategy is for it to remain flexible enough in order to adapt to rapid changes in political and economic environments whilst adhering to fundamental principles of procurement.

The following table summarises the procurement options and thresholds being considered in the updated procurement strategy. If approved, we will distribute this to market as an early signal of intent:

Contract \$ Value	\$0 to \$25k	\$25k - \$100k	\$100k to \$300k	>\$300k
Preferred Supplier or 3 Quotes	✓	✓	X	X
Closed Tender	✓	✓	✓	X
Open Tender	✓	✓	✓	✓
Approved Procurement Plan (High risk, High Value Projects)	✓	✓	✓	✓



Our Procurement Programme

3.1.1 OPEN TENDERING

An open tender is a preferred way to promote open and effective competition throughout the procurement process. However, the cost of the process (including advertising, providing documents and evaluating tenders) should be proportionate to the benefits received.

3.1.2 CLOSED TENDERING (PROPOSED FOR POST 2021)

The following are the guiding principles in which a closed tendering process must adhere to. A closed tender is when a selected number of pre-qualified suppliers are invited to submit offers. This method of tendering can be used when:

- there are issues of confidentiality;
- a limited number of suppliers are known to have the skill and capability to supply;
- the cost of open tendering is greater than the value that will be derived from the process.

NB: Closed tenders must still involve a competitive process. This is a two-step process outlined below.

Step 1 - Pre-Qualification

To bid for work within closed tendering, suppliers will go through a standing (always open) pre-qualification process. Suppliers will need to demonstrate compliance (PASS/FAIL) against a set of essential criteria. Pre-qualification will be segmented into specialist areas of supply such as transport, 3-Waters, IT etc.

Step 2 - Proposals

Once approved, a minimum of three willing and able suppliers are invited to participate in a competitive tender, using a supplier selection method. The contest will be limited to price plus non-price attribute information specific to the proposed engagement/ project. i.e. Not to attributes that have already been assessed and 'passed' by the approved organisation when the supplier 'prequalified'. **Please note that this process has been designed by following the NZTA Procurement Guidelines.**

CDC will review the closed tendering process and financial thresholds as part of the upcoming 2021 Long Term Plan. The intent of the review is to better enable the delivery of its service delivery capital works programme.

3.2 CONTRACT TERMS

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 contract performance and a value for money review process.

The Council may consider extending contracts past the 5-year maximum on an individual basis where:

- Prior approval has been given by the NZTA for transport activities
- Evidence of longer terms delivering better value for money including but not limited to a Section 17A service level review or similar.



Our Procurement Programme

The 2019 3-Waters Operation and Maintenance Contract is a 5+3+3 to reflect the investment cost required from a contractor in establishing and bringing the 3-Waters up to the required standards.

3.3 CONTRACT TYPE

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

3.4 BUY LOCAL GUIDELINES²

Council encourages the purchase of goods, services, plant, capital items or other assets to be obtained from providers within the Clutha District or Otago area when possible, when “value for money” is better achieved from providers inside of the District and region.

To preserve the integrity of existing global trade terms the Council no longer offers a “Buy Local” premium of 5% or up to \$5,000 per contract that has a supplier employing local people. Council will develop a revised procurement process that considers broader well-being outcomes

In the interim, Council will consider the following advantages that occur when buy local is an option:

- Ease of procurement
- Encouraging growth in the local market
- Ongoing customer support
- Timing of delivery

3.5 PROCUREMENT PROGRAMME

The maintenance, operation, and management for CDC will be delivered through several contracts. The preferred supplier selection method is “All of Government” followed by “price/quality” (which we refer to as ‘best value’). In most instances and unless there is a reason otherwise, the ‘best value’ approach will use a 70/30 price/quality ratio. Lowest Price Conforming, LPC, is used on individual contracts where appropriate and one off or specialist low cost maintenance activities are procured individually.

The following tables show significant contracts from the current CDC procurement that are tendered on a rolling programme and how they are presently procured:

3.6 SIGNIFICANT ROADING CONTRACTS

Contract No.	Description	Supplier Value Start Date – Completion Date	Delivery Model Supplier Selection Method
756	Roading Maintenance	South Roads Value \$8.32m/ annum 2017 to 2020 with extensions to 30 June 2022	Tender, Price Quality

² At the time of writing, the government had released the new Rules of Procurement 4th Edition. The next revision of this strategy will review this Buy Local policy to align with the broader outcomes charter.



Our Procurement Programme

Contract No.	Description	Supplier Value Start Date – Completion Date	Delivery Model Supplier Selection Method
773	Sealed Road Resurfacing	Fulton Hogan Value \$2.76m / annum 2018 to 2021	Tender, Price Quality
786	Bridge Minor Maintenance	Andrew Haulage Value \$700k/annum 2018/20	Tender, Price Quality
760	Network Professional Services	Stantec Value \$620k/ annum 2017 to 2020 with extensions to 30 June 2022	Tender, Price Quality

3.7 SIGNIFICANT 3-WATERS CONTRACTS

Contract No.	Description	Supplier Value Start Date – Completion Date	Delivery Model Supplier Selection Method
783	3-Waters Contract and Upgrades Maintenance and Minor	Citycare Value \$4m / annum 2019 to 2024 with extensions to 30 June 2030	Tender, Price Quality

3.8 OTHER SIGNIFICANT CONTRACTS

Contract No.	Description	Supplier Value Start Date – Completion Date	Delivery Model Supplier Selection Method
801	Electricity Supply	Meridian Approx. \$1.8m/annum 31/03/2019 to 31/03/2022	All of Government
739	Greenspace Maintenance	South Roads Value Approx. \$850k / annum 2016 to 2019 with extension to 30 June 2012	Tender, Price Quality
670	Solid Waste	Wasteco Value \$880k/annum 2012 to 2017 with extensions to 30 June 2021	Tender, Price Quality
	Facilities Maintenance	On an as required basis	Council Offer of Service
	Insurance	TBC	All of Government, LPC

3.9 SIGNIFICANT CAPITAL PROJECTS 2019/20

The following tables are indicative of the capital expenditure for the 2019/20 financial year and likely future programmes. Contracts will be established for the delivery of this work. The form, size and value of these are under development. Notice of tenders will be given via www.gets.govt.nz.



Our Procurement Programme

Roading	Value
Balclutha Streetscape Stage 2	160,000
341 Low cost low risk roading improvements - bridges	2,058,200
Urban Seal Extensions	1,219,000
NS - Sealing Elizabeth Street Carpark	75,000
214 Sealed road pavement rehabilitation	206,000
341 Low cost low risk improvements - projects	716,000
NS Traffic services (carriageway lighting) renewals 100% NZTA	2,000
215 Structures Component Replacements - AP2019/20 Adjustment	301,000
222 Traffic Services Renewals - AP 2019/20 Adjustment	37,000
Urban Water	
Urban Water Loss Management - Zone Metering of Milton and Balclutha	120,000
Urban Water Milton Water Treatment Plant - Access and Sludge Improvements	317,000
Urban Water Tapanui Backwash Upgrade/Removal	480,000
Urban Water Renewals & Minor Upgrades Urban	190,000
Lawrence - Gabriel's Gully Road Water Pipeline	13,000
Urban Water Network Renewals CF	304,000
Milton pipeline renewals programme	120,000
Milton Pipeline - Main Reservoir AC Line Investigation	20,000
Rural Water	
Stirling WTP - Treatment Upgrade (New Intake Structure)	850,000
North Bruce Water Treatment Plant Upgrade	800,000
Moa Flat Water Treatment Plant Upgrade	675,000
Waitahuna Water Treatment Plant process upgrades and general tidy up	310,000
Glenkenich WTP Renewal	1,800,000
Tuapeka Evans Flat WTP Upgrade	900,000
Richardson North WTP Upgrade & Switchboard Renewal	1,650,000
Balmoral 1- Water Network Upgrades	200,000
Clydevale Pomahaka Small Pipeline Replacement 2019/20	300,000
Balmoral 2 - Priority pipeline renewals	213,000
Glenkenich Pipe Upgrades	180,000
Moa Flat AC pipeline renewals	480,000
Richardson South priority pipeline renewals	470,000
Tuapeka pipeline renewal	560,000
Sewerage Improvements	
Balclutha Sewerage Treatment Plant Upgrade	150,000
Clinton Sewerage Treatment Plant Upgrade	168,000
Waihola Sewerage Treatment Plant Upgrade	739,000
Lawrence Sewer Line Extension - Gabriel's Gully Road	81,000
Sewer Renewals & Minor Upgrades	150,000
Sewerage Removal of Sludge from Oxidation Pond Desludging	530,000
Sewer Network Pipeline Renewals	200,000
Stormwater Improvements	
Stormwater Network Milton Upgrades	91,000



Our Procurement Programme

Stormwater Owaka Waikawa Road Drainage Improvements	65,000
Stormwater Lawrence Drainage Upgrades	230,000
Stormwater Tapanui Paterson's Creek lower catchment improvements	700,000
Stormwater Pounaweia Wratten Road Upgrade	125,000
Solid Waste Improvements	
Mount Coeee Landfill - Stormwater Realignment	675,000
Mount Coeee Landfill - Leachate Curtain - Stage 2	60,000
Community Hall Improvements	
Kaitangata Hall Demolition	85,000



Procurement Environment

4 PROCUREMENT ENVIRONMENT

4.1 PROBLEMS WITH THE CURRENT SITUATION

Given a large amount of project infrastructure spend over the next 30 years, CDC wants to enable a sustainable and competitive marketplace of suppliers to ensure best public value. Clutha District Council is experiencing challenges with its supplier market and will commence better monitoring of procurement ahead of the 2021 – 31 Long-term Plan. CDC are conscious that providing more assurance of work will instil confidence in the market place to invest in systems, people and plant. In turn, this could lead to a more competitive marketplace of suppliers.

4.2 GEOGRAPHIC AND INFRASTRUCTURE CONTEXT

Clutha DC has a significant amount of core infrastructure to maintain serving a comparatively sparse population. The 30-year infrastructure strategy projects significant increases in investment over the long term to maintain this infrastructure. While Clutha district is geographically widespread and sparsely populated rural district it is in proximity to main centres. However, there is increasing scope to undertake a robust review of the competitiveness and capacity of the supplier market. CDC will enhance its monitoring of this ahead of a review as part of the 2021 Long Term Plan.

Summary of Core Infrastructure

CORE INFRASTRUCTURE	VITAL STATISTICS	VALUE (\$M)	REMAINING LIFE*
Roads and footpaths	826km sealed roads 2,091km unsealed roads 239km footpaths 161km surface water channels 401 bridges and bridge culverts	859.4	68%
Water supply (urban and rural)	22 schemes 2,443km or reticulation 17 treatment plants 46 pump stations	57.4	58%
Sewerage	11 schemes 183km of sewers 28 pump stations 1 treatment plant 10 oxidation ponds (5 with Biofiltro) 3 wetlands	37.5	63%
Stormwater	8 systems 84km of pipes 4 pumping stations	10.3	48%
Overall		964.6	60%

* Remaining life is the current value of the assets divided by the replacement cost. This is an estimate of the remaining life our assets have.



Procurement Environment

4.3 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 inefficiency or costs. Striking a balance between effective competition and efficient procurement processes help achieve value for money.

CDC appreciates the influence that the scale of work and its timing has on promoting competition. Work will be packaged with the objective of promoting fairness, economies of scale and administrative efficiencies. The resources available in the marketplace must be weighed against CDC's ability to achieve 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 the quality of work and long-term market and contractor sustainability. These aspects will be considered as part of the procurement and tender evaluation process.

4.4 SUPPLIER MARKET ANALYSIS

It is important that the activities to be procured by CDC matches the level of expertise and capacity available in the marketplace; and that the grouping and size of procurement activities is appropriate for each sector of the market. If not matched, this can lead to under or overpricing and distortions in the allocation of risk.

As an improvement, CDC will undertake direct engagement with the marketplace as part of the 2021-31 Long-term plan process.

4.4.1 PHYSICAL WORKS CONTRACTORS

Clutha aims for a 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. We aim for, on average, at least three national/international suppliers tendering for our major contracts.

Typically, we receive between two to five responses to request for tenders. Increases in investment from CDC is placing more and more pressure on 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. supplier development programmes, direct negotiation with supplier and supplier groups.

CDC have developed a preliminary supplier development process as an improvement item. The sustained investment in infrastructure within the district, region and throughout New Zealand amidst a well document skills shortage, is projected to lead to cost inflation.

4.4.2 PROFESSIONAL SERVICE CONSULTANTS / CONTRACTORS

Clutha takes an "all services" to professional services for its land transport activities.



Procurement Environment

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

CDC will continue to operate an In-house Business Unit for professional services, meeting all NZTA requirements. More information on the in-house capabilities is provided in section 5.1.

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

4.5 UNDERSTANDING THE PROCUREMENT PROGRAMMES OF OTHER BUYERS

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

CDC is receptive to opportunities to combine with other authorities if the goal of best value can be achieved.

Offers have been extended to neighbouring TLA's to join services i.e. Sealed Road Resurfacing contracts, road marking/signs, with no interest for such shared services yet. CDC will continue with street cleaning, streetlight maintenance and pest plant control services for state highways under delegated authority from the NZTA's Highway Network Operations. At this point in time, CDC is not aware of an initiative to develop a Regional Procurement Strategy for Otago/Southland.

4.6 SUPPLIER RELATIONSHIPS

CDC takes an open approach to all existing and future relationships and is open to change as market conditions vary. Small suppliers can gain access to council work by introducing themselves to the Council and discussing the most appropriate way to access opportunities with the Council. CDC encourages new small suppliers to become pre-approved for work through basic processes that cover health and safety issues where necessary assistance may be provided.



Implementing the Procurement Programme

5 IMPLEMENTING THE PROCUREMENT PROGRAMME

5.1 CDC'S CAPABILITY AND CAPACITY TO DELIVER THE PROGRAMME

5.1.1 COUNCIL (IN-HOUSE) ROLES AND RESPONSIBILITIES

The Service Delivery department within CD has responsibility for delivering many of the activities procured. Their functions are within CDC are outlined below.

Strategic and Planning

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.

Capital Projects

Project delivery of capital projects within the CDC Land Transport Programme. Procurement responsibilities includes drafting, reviewing and approving tender documents and tender evaluations.

Maintenance and Operations

Engineer to the maintenance contracts, contract management of general maintenance and operations and traffic services and traffic management. Procurement responsibilities include reviewing tender documents and assist with tender evaluations.

Roading Network Consultants

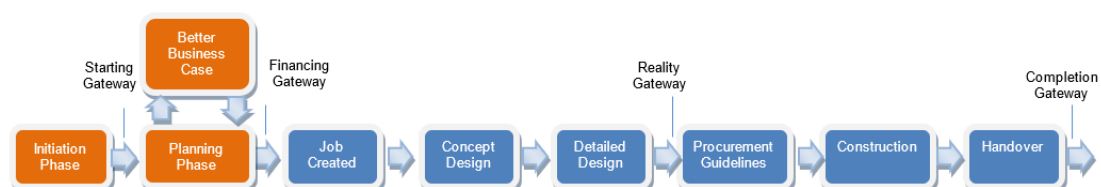
Roading Forward Work Programmes, design and tendering of projects, tender evaluation and recommendation, management and quality assurance of contracts.

5.1.2 DEVELOPMENT NEEDS OF INTERNAL STAFF

Administration of this procurement strategy will require ongoing development of internal staff to remain as good buyers. A more thorough review of internal staff training needs will be undertaken as part of the 2021-31 Long-term plan process.

5.1.3 INTERNAL PROJECT AND PROCUREMENT PROCEDURES

CDC has a delegation's register and a project and procurement procedures manual, which defines staff and committee's delegated spending authority and the processes to initiate and deliver procurement. The methods within these procedures serve to align with this strategy and with the overarching procurement policy, as a means of delivery only.





Implementing the Procurement Programme

5.2 PROCUREMENT RISKS

Implementation of the Procurement Programme will require appropriate mitigation of the following risks by CDC:

- Capacity and competitiveness of the marketplace for physical works contractors and consultants.
- Continued professional development of internal staff to ensure effective delivery of the procurement programme.
- More proactive consideration of procurement during the planning phase of long-term plans and activity management plans.



Implementing the Procurement Programme

5.3 PERFORMANCE OF PROCUREMENT

Good procurement will enhance the efficiency and effectiveness of services delivery and ensure public value. CDC will now monitor and report metrics that measure the performance of its procurement practice. To begin with CDC, has established a small set of performance measures it can use to monitor and improve against.

Table 2 Procurement Performance KPI's. Reported Annually.

	Principles / Outcomes	Measure	Target	Actual 17/18	Actual 18/19	Actual 2019/20
Outcome Delivery – Did we deliver our budget and projects?	Budget delivery	% of total spend delivered externally per year compared to budgeted	100%	53%	61%	67%
	Project Delivery	Total number of projects delivered externally per year compared to budgeted	100%			
Effectiveness – Did we adhere to our procurement principles?	Plan for great results; Be fair to suppliers	As reflected by the average number of suppliers engaging in tenders.	>3			
	Support NZ Business	The % of spend on NZ suppliers	TBC			
	Play by the rules; Get the best deal for everyone; Get the right supplier	Supplier satisfaction survey. (questions)	At least 90%			
Efficiency – Did we source services in a cost-efficient manner?	Bulk purchasing – Category 2 High Value, Low Risk	Proportion of services (by value) sourced through all of government suppliers.	NA			
	Administrative efficiency	% of all purchases (orders) administered through the purchase order system.	60% increasing			



Continuous Improvement

6 CONTINUOUS IMPROVEMENT

As CDC enhance its procurement monitoring and performance, several improvements are al planned.

6.1 A SUSTAINABLE AND COMPETITIVE MARKETPLACE

Clutha DC simply want to be able to deliver public value as efficiently and effectively as possible. Given a large amount of project infrastructure spend over the next 30 years, CDC has a desire to it has a sustainable and competitive marketplace of suppliers to ensure best public value.

Small suppliers (Tier 3) Available to tender on work < \$100k	BARRIER TO ENTRY	Medium suppliers (Tier 2) Available to tender on work > \$100k	Large suppliers (Tier 1) Available to tender on work > \$1m
<ul style="list-style-type: none"> - Limited but specialist resources - Typically seek low risk work - Have a track record for >\$50k - Small service offering 		<ul style="list-style-type: none"> - Need a recent track record >\$100k - Working across TLA's (regionally) - Willing to invest in growth - Specialised services 	<ul style="list-style-type: none"> - Working across TLA's (nationally) - Diverse range and depth of services - Willing to invest in specific projects (Large)
Number in region now? Unknown Desired number?: 6 new		Number in region now? Unknown Desired number: 4 new	Number in region now? 3 Desired number: 4

The broader thinking here is for CDC, and preferably neighbouring Councils, to take more responsibility for the development of the supplier market. Providing more assurance of upcoming work aims to instil confidence in business to invest in systems, people and plant. In turn, this could lead to a more competitive marketplace of suppliers.



7 COMMUNICATIONS

7.1 INTERNAL COMMUNICATION

7.1.1 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 projects and budgets.

7.1.2 INTERNAL MANAGEMENT

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

The Council has In-house Business Units covering all parts of the Council's operations. These work as individual cost centres, some of which are subdivided, e.g. in water supplies, and ensure that costs attributed to works in one area are funded by that area.

For Roading the Council works closely with its co-funder, the NZTA. NZTA is a multi-discipline 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 have made use of each other's contracts for completing works of local interest. The Council works with and reports to the NZTA on funding and policy within statutory timeframes and levels of accuracy.

7.2 EXTERNAL COMMUNICATION

This strategy will be made publicly available via CDC's website. Active engagement with the supplier base needs to improve. Direct engagement with suppliers, particularly physical works suppliers, will take place as part of the 2021-31 Long-term plan process.



APPENDICIES

8 APPENDICIES

APPENDIX A – WHAT WE ARE AIMING FOR?

The tables that follow detail the desired level of service and planned capital expenditure for each activity over the remaining period of the 2018-28 long term plan. This aims to provide suppliers with service context of future works. Note that these amounts exclude operational funded projects and maintenance contracts. The type of procurement contract, its value and delivery method will be updated via this strategy once the procurement approach is known. Budgets beyond 2020 are subject to future Annual and Long -Term Plans (3 yearly). This strategy will be amended with these if necessary.



APPENDICIES

ROADING

Roading is a fundamental core service for Council. We have the third largest local network in the country, and roading accounts for over 40% of expenditure. The roading network provides many important benefits to the community and is vital to enable trade, commerce and personal travel. 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 transportation.



APPENDICIES

Figure 3 Roading Strategic Goal and Levels of Service

WHAT WE'RE AIMING FOR

STRATEGIC GOAL – COUNCIL OUTCOME: ROADING INFRASTRUCTURE THAT SUSTAINABLY SUPPORT THE COMMUNITY AND ECONOMY

ROADS

WHAT WE'RE WORKING TOWARDS (level of service)	HOW WE WILL MEASURE PROGRESS (performance measure)	HOW WE'RE PERFORMING NOW	WHAT WE'RE AIMING FOR			
		2016/17	2018/19	2019/20	2020/21	2022/23 - 2027/28
Provide an effective and sustainable local roading network	Average quality of ride on the sealed road network (as per smooth travel exposure)	97%	≥97%	≥97%	≥97%	≥97%
	Percentage of the sealed local network that is resurfaced*	6.9%	≥6.9%	≥6.9%	≥6.9%	≥6.9%
	% of customer service for roads and footpaths responded to within timeframes	77%	≥95%	≥95%	≥95%	≥95%
Monitor safety and invest in improving the local roading network	Number of fatalities and serious injury crashes	10	≤10	≤10	≤10	≤10
FOOTPATHS						
Provide an effective and sustainable network of footpaths throughout the district	% footpaths that are in good, very good or new/near new condition	90%	≥96.0%	≥97.0%	≥97.5%	100%
BRIDGES						
Provide a safe and economic network of bridges throughout the district	% of bridges on key routes that meet heavy vehicle (50 Max) safety requirements	90.1%	≥90.6%	≥91.4%	≥91.7%	95.0%

* Refers to footpath condition standard ratings, where 1 is poor, 2 is below average, 3 is good, 4 is very good and 5 is new or near new



APPENDICIES

Figure 4 Roading Planned Expenditure 2018-28

WHAT WE ARE PLANNING FOR ROADING*

PROJECT (All in \$000s)	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Renewals										
Unsealed Road Metalling	1,903	1,962	2,023	2,084	2,144	2,204	2,264	2,322	2,380	2,440
Sealed Road Resurfacing	2,527	2,762	2,937	2,821	2,931	3,094	3,145	3,101	3,215	3,301
Drainage Renewals	459	473	488	502	517	531	546	560	574	588
Pavement Rehabilitation	464	206	425	813	800	761	818	771	1,165	1,247
Structure Component Replacement	694	716	738	760	782	804	826	847	869	890
Traffic Services Renewals	253	261	269	277	285	293	301	309	317	325
Bridge Renewals	105	2,624	0	0	0	0	0	0	0	0
Footpath Upgrades	390	402	415	427	440	452	464	476	488	500
Improvements										
Minor improvement Projects	1,725	1,815	1,797	1,770	1,929	2,066	2,096	2,087	2,651	2,590
Balclutha Streetscape Improvements	240	0	240	0	0	0	0	0	0	0
Stirling Footpath View Street	36	0	0	0	0	0	0	0	0	0
Milton Streetscape Improvements	0	50	975	975	0	0	0	0	0	0
Urban Seal Extensions	620	639	659	0	0	0	0	0	0	0
Purchase of Roading Material (Metalling)	1,000	0	0	0	0	0	0	0	0	0

* Equal to or greater than \$20K



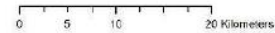
APPENDICIES

WATER SUPPLY

There are 22 water schemes that deliver water to 15 towns and more than 2,000 rural properties throughout the district, providing water for household consumption and stock water. Water is one of our most important assets - our residents, industry, businesses and farms depend on it.

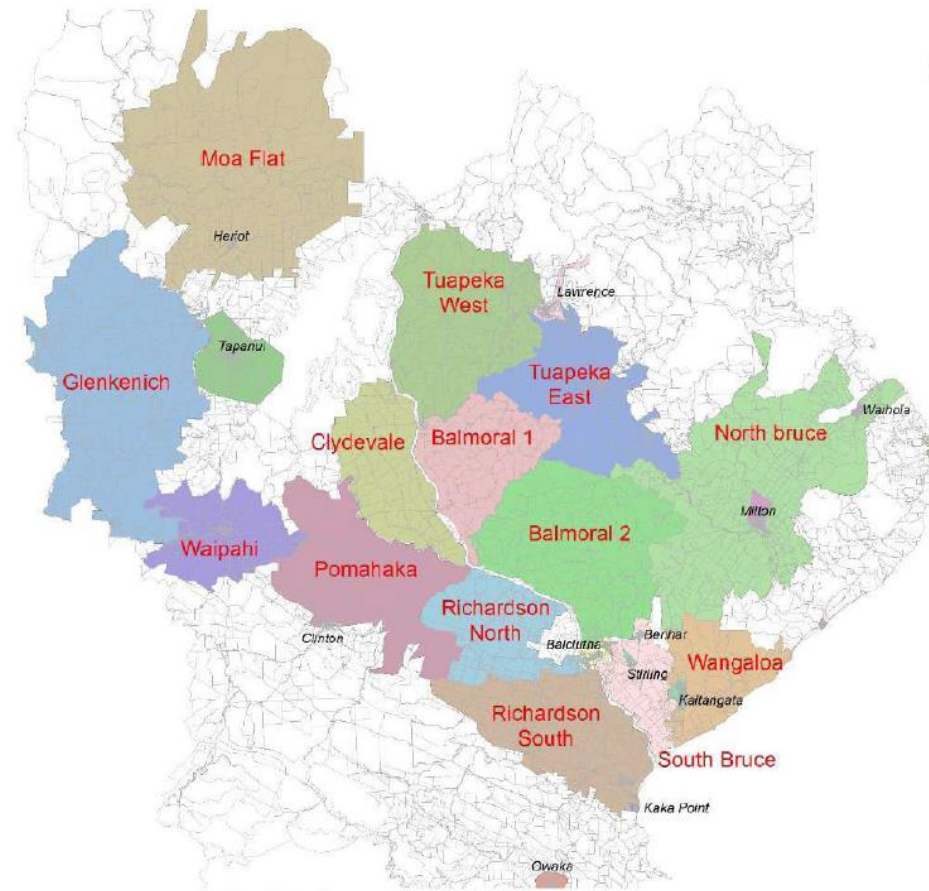
The supply of safe and affordable water provides for public health as well as enabling high levels of productivity and providing security for our District's agriculture-based economy. Water is considered a core service for local government.

CLUTHA DISTRICT COUNCIL-ADMINISTERED WATER SUPPLIES



Legend

Rural Water Schemes
Town Water



Location of Water Schemes for the Clutha District Council



APPENDICIES

Figure 5 Rural Water Supply - Strategic Goal and Levels of Service

WHAT WE'RE AIMING FOR

STRATEGIC GOAL – COUNCIL OUTCOME: RURAL WATER SERVICES THAT SUSTAINABLY SUPPORT THE COMMUNITY AND ECONOMY

WHAT WE'RE WORKING TOWARDS (level of service)	HOW WE WILL MEASURE PROGRESS (performance measure)	HOW WE'RE PERFORMING NOW	WHAT WE'RE AIMING FOR				
		2016/17	2018/19	2019/20	2020/21	2022/23 - 2027/28	
Water from Council rural schemes is safe to drink	Compliance with the NZDW Standards for bacteriological compliance	91%	100%	100%	100%	100%	
	Compliance with the NZDW Standards protozoal compliance	0%	≥50%	≥55%	≥60%	≥65%	
Rural schemes provide a continuous and reliable source of water to consumers	Number of drinking water complaints (requests for service) per 1000 connections about:	Clarity	12	≤12	≤12	≤12	≤12
		Taste	3	≤5	≤5	≤5	≤5
		Odour	1	≤3	≤3	≤3	≤3
		Pressure	177	≤200	≤200	≤200	≤200
		Continuity	178	≤200	≤200	≤200	≤200
		Council's response to any of these issues	14	≤5	≤5	≤5	≤5
Rural schemes are managed efficiently and effectively	Median response time (in hours) from when Council receives notification about a fault or unplanned interruption to its network reticulation system to the time personnel reach the site:	Urgent	2	≤2	≤2	≤2	≤2
		Non-urgent	6	≤8	≤6	≤6	≤6
	Median response time (in hours) from when Council receives notification about a fault or unplanned interruption to its network reticulation system to the time personnel confirm resolution:	Urgent	7	≤12	≤12	≤12	≤12
		Non-urgent	18	≤24	≤24	≤24	≤24

Continues on next page



APPENDICIES

Figure 6 Rural Water Supply Planned Expenditure 2018-28

WHAT WE ARE PLANNING FOR RURAL WATER*

PROJECT (All in \$000s)	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Renewals										
Balmoral 1	90	31	63	49				29		
Balmoral 2	315	152	256	124	22	110				205
Clydevale-Pomahaka	135	344	65	92	142					
Glenkenich	1,151	1,300	37	187		119			155	
Kaitangata	40	1,110	222	27	28	142				
Moa Flat	145		677	701		330		313		
North Bruce	261			168				121		79
Richardson	53	208	64	193	237	33				64
South Bruce	180			173						
Tuapeka West		200	168	146	482	381	392			
Stirling										
Tuapeka East	75	36	237							
Tuapeka Network Physical Works	200									
Wangaloa		95		11				30	31	
Level of service improvements										
Clydevale/Pomahaka Water Treatment Plant Upgrade	297									
Moa Flat Water Treatment Plant Upgrades	245	617								
North Bruce Plant & Treatment Upgrades	598									
South Bruce Reservoir Tank Replacement		21								
Stirling Switchboard & Treatment Upgrades	1,080									
Tuapeka - Evans Flat Treatment Plant Upgrade	50	925								
Waitahuna Treatment Plant Upgrades	75	308								

* Equal to or greater than \$20K



APPENDICIES

Figure 7 Urban Water Supply - Strategic Goal and Levels of Service

WHAT WE'RE AIMING FOR

STRATEGIC GOAL – COUNCIL OUTCOME: URBAN WATER SERVICES THAT SUSTAINABLY SUPPORT THE COMMUNITY AND ECONOMY

WHAT WE'RE WORKING TOWARDS (level of service)	HOW WE WILL MEASURE PROGRESS (performance measure)	HOW WE'RE PERFORMING NOW	WHAT WE'RE AIMING FOR				
		2016/17	2018/19	2019/20	2020/21	2022/23 - 2027/28	
Water from Council urban supplies is safe to drink	Compliance with the NZDW Standards for bacteriological compliance	91%	100%	100%	100%	100%	
	Compliance with the NZDW Standards protozoal compliance	46%	≥50%	≥55%	≥60%	≥70%	
Urban supplies provide a continuous and reliable source of water to consumers	Number of drinking water complaints (Requests for Service) per 1000 connections about:	Clarity	12	≤17	≤17	≤17	≤17
		Taste	1	≤3	≤3	≤3	≤3
		Odour	1	≤2	≤2	≤2	≤2
		Pressure	7	≤5	≤5	≤5	≤5
		Continuity	29	≤30	≤30	≤30	≤30
		Council's response to any of these issues	2	≤5	≤14	≤14	≤13
		Average consumption of drinking water per resident per day (litres per day)	663	≤650	≤650	≤650	≤650
Urban water schemes are managed efficiently and effectively	Median response time (in hours) from when Council receives notification about a fault or unplanned interruption to its network reticulation system to the time personnel reach the site*	Urgent	0.8	1	1	≤1	≤1
		Non-urgent	4	≤6	≤5	≤5	≤5
	Median response time (in hours) from when Council receives notification about a fault or unplanned interruption to its network reticulation system to the time personnel confirm resolution*	Urgent	2	≤2	≤2	≤2	≤2
		Non-urgent	18	≤24	≤24	≤24	≤24
Percentage of real water loss from Council's reticulation system (%)		Not available	≤30%	≤29%	≤28%	≤27%	



APPENDICIES

Figure 8 Urban Water Supply Planned Expenditure 2018-28

WHAT WE ARE PLANNING FOR URBAN WATER*

PROJECT (All in \$000s)	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Renewals										
Pipeline Renewals	365	21	595	459	94	659	421	229	570	716
Condition Assessment of Pipelines and Modelling	20	21		43		45		48		51
Reservoir Assessment and Renewals	20			43	43	45		48		51
Balclutha Cast Iron Mains Renewals	150			216			234			256
Balclutha Water Treatment Plant Renewals					33				62	
Lawrence Water Treatment Plant Backwash Tank Inspection & Renewals			47							
Lawrence ater Treatment Plant Renewals			68		83					
Lawrence Backwash Discharge Consent Renewal						45				
Milton Backwash Discharge Resource Consents Renewal		41								
Level of Service Improvements										
Balclutha Plant Upgrades	60									
Clinton Plant Upgrades			126			148				
Lawrence Plant Upgrades		123								
Owaka Plant Upgrades		21	95							
Tapanui Plant Upgrades	75									
Milton Plant - Access and Sludge Improvements	350									
Commercial Meter Installation	200	206	211							
Urban Water Loss Management - Additional Monitoring	65	62	32							
Urban Water Loss Management - Zone Metering	60	123								
Urban Water Loss Management Strategy	45	20								
Tapanui Backwash Upgrade/Removal	30	463								
Chemical Storage Improvements	65	62	32							
Growth Projects										
Milton to Waihola Pipeline Extension			107	1,639	1,793					

* Equal to or greater than \$20K



APPENDICIES

SEWERAGE

Council protects environmental and public health by collecting, treating and disposing of treated effluent from 14 townships in the district, via 11 sewerage schemes. The safe disposal of sewerage ensures public and environmental health. It also reduces the effects of discharges into the district's environment. This activity is a core function for local government.

Figure 9 Sewerage - Strategic Goal and Levels of Service

WHAT WE'RE AIMING FOR

STRATEGIC GOAL – COUNCIL OUTCOME: WATER SERVICES THAT SUSTAINABLY SUPPORT THE COMMUNITY AND ECONOMY

WHAT WE'RE WORKING TOWARDS (level of service)	HOW WE WILL MEASURE PROGRESS (performance measure)		HOW WE'RE PERFORMING NOW	WHAT WE'RE AIMING FOR				
			2016/17	2018/19	2019/20	2020/21	2022/23 - 2027/28	
Provide sewerage services that effectively collect and dispose of sewage	The number of dry weather sewerage overflows from Council's sewerage system, expressed per 1000 sewerage connections to that sewerage system		0	≤6	≤6	≤6	≤6	
Sewerage schemes are managed efficient and effectively	Median response time (in hours) from when Council receives notification about a sewerage block or other fault, to the time service personnel:	Reach the site (response)	0.64	≤1	≤1	≤1	≤1	
		Confirm resolution of the blockage or other fault (resolution)	1	≤4	≤4	≤4	≤4	
	Number of complaints per 1,000 connections about any of the following:	Sewerage odour	1	≤3	≤3	≤3	≤3	
		Sewerage system faults	7	≤10	≤10	≤10	≤10	
		Sewerage system blockages	1	≤5	≤5	≤5	≤5	
		Council's response to any of these issues	0	≤5	≤5	≤5	≤5	
	Compliance with Council's resource consents for sewerage discharge, measured as number of:	Abatement notices	0	0	0	0	0	
		Infringement notices	1	0	0	0	0	
		Enforcement orders	0	0	0	0	0	
		Convictions	0	0	0	0	0	



APPENDICIES

Figure 10 Sewerage Planned Expenditure 2018-28

WHAT WE ARE PLANNING FOR SEWERAGE*

PROJECT (All in \$000s)	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Renewals										
Balclutha Pump Station Maintenance Programme			60	20			135	15		55
Renewals Programme	99	247	126	115	332	273	123	379	93	128
Pipeline Condition Assessment and Renewals Programme	40	41	42	43	44	45	47	48	50	51
Removal of Sludge from Oxidation Pond/Desludging	95	545	795	502						
Balclutha Sewer Oxidation Pond Desludging	680									
Lawrence Sewer Oxidation Pond Desludging	100									
Kaka Point Sewer Oxidation Pond Desludging		154								
Stirling Sewer Oxidation Pond Desludging		144								
Tapanui Sewer Oxidation Pond Desludging		175								
Improvements										
Balclutha Treatment Upgrade	80	82	1,474	1,662						
Clinton Treatment Upgrade	300									
Waihola Treatment Upgrade	40	720	1,063							
Growth										
Sewer Network Extension - Waihola	35				221		234		248	

* Equal to or greater than \$20K



APPENDICIES

STORMWATER

Council's stormwater drainage networks protect people and properties across many of the district's urban communities from the effects of flooding. Stormwater infrastructure and drainage is an essential means of protecting people and property from flooding during heavy rainfall events. Stormwater drainage is considered to be a core service for local government.

Figure 11 Stormwater - Strategic Goal and Levels of Service

WHAT WE'RE AIMING FOR

STRATEGIC GOAL – COUNCIL OUTCOME: WATER SERVICES THAT SUSTAINABLY SUPPORT THE COMMUNITY AND ECONOMY

WHAT WE'RE WORKING TOWARDS (level of service)	HOW WE WILL MEASURE PROGRESS (performance measure)	HOW WE'RE PERFORMING NOW	WHAT WE'RE AIMING FOR				
		2016/17	2018/19	2019/20	2020/21	2022/23 - 2027/28	
Provide stormwater drainage that protects against the effects of flooding	Flooding events to habitable floors due to overflows from a Council stormwater system (per 1,000 properties)	0	0	0	0	0	
	Number of flooding events that occur in a territorial authority district (i.e. an overflow from a Council stormwater system)	32 ¹	<23	<23	<23	<23	
	Number of complaints about the performance of Council's stormwater systems (per 1,000 connected properties)	1	≤10	≤10	≤10	≤10	
	Median response time (in hours) from when Council receives notification about a flooding event to the time service personal reach the site	4	<4	<4	<4	<4	
	Compliance with Council's resource consents for discharge from stormwater systems, measured by the number of:	Abatement Notices	0	0	0	0	0
		Infringement notices	0	0	0	0	0
		Enforcement orders	0	0	0	0	0
		Successful prosecutions received	0	0	0	0	0

¹ Tapanui had 15 this reporting period due to a very wet spring. The majority of these were related to Paterson Creek and should be reduced with the planned work in this area.



APPENDICIES

Figure 12 Stormwater Planned Expenditure 2018-28

WHAT WE ARE PLANNING FOR STORMWATER*

PROJECT (\$000)	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Renewals										
Renewals Programme				54	221	114	117	301	310	320
Stormwater District-wide Maintenance Consent Update				22						
Lawrence Beaumont Road Culvert Replacement		42								
Lawrence Ross Place - Major Drain Reinstatement Works	35									
Increased Level of Service										
Clinton North St Catchment Upgrade			89							
Lawrence Harrington Place Culvert Replacement / Upgrade		26								
Lawrence Irvine Street Sump Drainage Upgrade		82								
Pounaweia Wratten Rd Stormwater Improvement			132							
Balclutha, Ryrie/Frances St Intersection Improvements				76						
Heriot Roxburgh Street – Main Street Improvements			26							
Milton Springfield Road – Paddock Contour	50									
Milton Dryden Street Bypass Works	10									
Waihola Pipeline installation – Chatham/Greenhithe Street				129						
Waihola, George Street Stormwater Upgrade			126							
Balclutha Baxter Street Pump Station							57	234		
Milton Ajax Street Pump Station								120	248	1,067
Milton Constitution Ave Pipeline	100									
Milton, Helensbrook	31									
Owaka, Waikawa Rd Drainage		67								
Tapanui Paterson's Creek	25	720								
Lawrence, Pladda Street Pipework		87								
Papatowai Alexandra Street			95							

* Equal to or greater than \$20K



APPENDICIES

SOLID WASTE

Management of solid waste is a key contributor to one of Council's key outcomes for a 'sustainable environment that promotes a clean, green image'. Council provides waste management activities to ensure the safe and hygienic disposal of household waste and to ensure that wastes are sustainably managed.

Figure 13 Solid Waste - Strategic Goal and Levels of Service

WHAT WE'RE AIMING FOR

WHAT WE'RE WORKING TOWARDS (level of service)	HOW WE WILL MEASURE PROGRESS (performance measure)	HOW WE'RE PERFORMING NOW	WHAT WE'RE AIMING FOR			
		2016/17	2018/19	2019/20	2020/21	2022/23 - 2027/28
Provide a facility in the district for the disposal of solid waste	Kilogrammes of waste per resident to Mt Cooee landfill (kg)	542	≤510	≤498	≤470	≤439*
Provide waste minimisation services and education	Kilogrammes of waste per resident diverted from Mt Cooee Landfill (kg)	36	≥39	≥37	≥35	≥34**

*We are aiming for less waste per resident to landfill due to waste minimisation education and initiatives, and more waste diverted due to the proposed Mt Cooee Resource Recovery Park (increase in level of service).

**Longer term projected drop due to waste minimisation emphasis on reducing and reusing.



APPENDICIES

Figure 14 Solid Waste Planned Expenditure 2018-28

WHAT WE ARE PLANNING FOR SOLID WASTE*

PROJECT (All in \$000s)	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Resource Recovery Park	20	20	338	356						
Mount Cooe Landfill - Stormwater Realignment	700									
Mount Cooe Landfill - Leachate Curtain - Stage 2		61								
Mt Cooe Operational Consent Extension	100	71	31							

* Equal to or greater than \$20K



APPENDICIES

COMMUNITY SERVICES

Council provides community spaces and facilities throughout the district. These facilities provide for the health and well-being of our communities. The activities in this group ensure that all members of the community have opportunities to access a range of public spaces and facilities that provide for social and cultural wellbeing particularly through physical activities, leisure opportunities and recreation. They also ensure that the district has the facilities and services required to attract and retain residents.

Figure 15 Community Services - Strategic Goal and Levels of Service

WHAT WE'RE AIMING FOR

WHAT WE'RE WORKING TOWARDS (level of service)	HOW WE WILL MEASURE PROGRESS (performance measure)	HOW WE'RE PERFORMING NOW	WHAT WE'RE AIMING FOR			
		2016/17	2018/19	2019/20	2020/21	2022/23 - 2027/28
Operate a network of community facilities throughout the district including library/service/information centres, pools, halls, playgrounds, sportsgrounds, parks and reserves.	Resident satisfaction with community facilities	99%	≥75%	≥76%	≥77%	≥80%
Provide and maintain community housing throughout the district	Occupancy of community housing units	84%	≥95%	≥95%	≥95%	≥100%







APPENDICIES

Figure 16 Community Services – Current Earthquake Status of Council Buildings

Table: Current Earthquake Status of Council buildings

Building	% National Building Standard (note 1)	IEP grade	Planned capital expenditure on earthquake strengthening	
			Amount	Period
Main office at Rosebank Terrace	>100%	A		
Hillend Community Centre	>100%	A		
Balclutha Swimming Pool	65%	C	\$15,000	2018/19
Owaka Memorial Community Centre	40%	C	\$324,500	2025/26
Kaka Point Community Centre	30%	D	\$130,000	2023/24 – 2024/25
Waihola Community Centre	24%	D	\$41,000	2024/25 – 2025/26
Lawrence Service Centre/Library	20%	D	\$80,000	2022/23
Balclutha Information Centre	20%	D	(see note 2)	2018/19 – 2020-21
Balclutha War Memorial Hall (fly tower)	<20%	E	(see note 2)	2018/19 – 2020-21
Milton Service Centre/Library	<20%	E	(see note 3)	To be determined
Clutha Valley Community Centre	14%	E	\$24,000	2022/23 – 2023/24
Tapanui Service Centre/Library	10%	E	\$183,000	2024/25
Balclutha Library (old area)	<10%	E	\$196,000	2026/27
Waitahuna War Memorial Hall	5%	E	\$265,000	2024/25 – 2025/26

	Earthquake 'safe' – Very low risk building
	Earthquake risk – accepted legally but improvement recommended
	Earthquake prone – unacceptable and improvements required
	

Note 1: The IEP grades for some buildings have changed since 2015, due to additional assessment work being undertaken by Beca in 2017. This detailed assessment found that the IEP grade for some buildings is higher than originally thought. However, the table shows that the majority of these Council-owned buildings fall well below the 33% minimum standard.

Note 2: Approximately \$2.1M is budgeted for capital works on the Balclutha War Memorial Hall, between 2018/19 and 2020/21. This work will include earthquake strengthening as part of its scope.

Note 3: Council will investigate ways to future-proof the Milton Service Centre and Library facility. Two main possibilities have been identified - seismic strengthening and refurbishment of the existing building, or creating a new service centre / library facility. Further investigation will be required before a final decision is made, and a process for funding this work would need to be determined through the Long-Term Plan process.



APPENDICIES

Figure 10 Community Services Planned Expenditure 2018-28

WHAT WE ARE PLANNING FOR COMMUNITY SERVICES*

PROJECT (All in \$000s)	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
SERVICE CENTRES & LIBRARIES										
Milton Service Centre Redevelopment				987						
Lawrence Service Centre/Library Renewals & Earthquake Strengthening					183					
Tapanui Service Centre/Library Renewals & Earthquake Strengthening							245			
Balclutha Service Centre/Library Renewals & Earthquake Strengthening								310		
Library Book Renewals						1,244				
SWIMMING POOLS										
Milton Swimming Pool Renewals					93					
Balclutha Pool Renewals					400					
Balclutha Pool Capital Costs & Earthquake Strengthening	769									
PARKS, RESERVES, PLAYGROUNDS & SPORTSGROUNDS										
Balclutha Main Street Watering System	16									
Balclutha Parks & Reserves					998					
Waiholo Parks & Reserves		30								
Kaitangata Parks & Reserves Renewals		20								
Kaitangata Skate Park Stage 2			42							
Lawrence Whitehaven Street Playground Refurbishment		26								
Lawrence Zig Zag Track			52							
Milton Parks & Reserves Reserve Management Plan Additional Work					196					
Owaka Playground Carpark Sealing	15									
Pounaweia Jetty	50									
Balclutha Sportsground Renewals						72				
Cross Recreation Centre improvements	150									

* Equal to or greater than \$20K



APPENDICES
