

**To** Regional Manager Planning and Investment - Auckland Northland

**Supported By** Peter Casey, *Peter Casey*

**From** Geoffrey Mansell/Martin Taylor

**Date** 18 December 2013

**Subject** Proposal to extend NZ Transport Agency endorsement of the Whangarei, Kaipara and Far North District Councils Procurement Strategies.

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**Purpose**

1. This memo seeks to address LTMA procurement issues for the three Northland District Councils. The request is to extend the currency of Transport Agency endorsement of the Whangarei (WDC), Kaipara (KDC) and Far North District (FNDC) Councils, procurement strategies.

**Recommendations**

2. That the Regional Manager Planning and Investment - Auckland Northland
  - a. **Approve** under LTMA s25 exercising the delegated authority to extend the currency of the Whangarei (WDC), Kaipara (KDC) and Far North District (FNDC) Council's long term, programme wide procurement strategies beyond the three year maximum permitted by the rule to a maximum of five years. For the purposes of clarity that is to 1 October 2015. Subject to the following condition:
    1. That the three Northland District Councils or their future local government entity provide to the NZ Transport Agency Northland Regional Office by July 2015 their amended Procurement Strategies. The amended strategies are to incorporate the requirements and recommendations of the Road maintenance task force and Regional Executive Group recommendations.

**Delegation instrument**

3. The Chief Executive has delegated authority (approval dated 18 Oct 2013 attached) to Regional Managers Planning & Investment to endorse amendments to procurement strategies and grant approvals under LTMA sections 25 and 26 providing the matters are minor and low risk and do not impact on a spend greater than \$30m<sup>1</sup>. The Whangarei (WDC), Kaipara (KDC) and Far North District(FNDC) total annual spend is individually under \$30m (now that the Lower Hatea Bridge has been completed) and I consider the above recommended approvals and the endorsement to be minor and low risk.
4. All three Council's do not plan to establish any significant new contracts during the period that we recommend that the current strategy's currency be extended.
5. We will advise WDC, KDC & FNDC that extension of the currency of the strategy is conditional on there being no major changes in procurement arrangements and that the July 2015 timetable for

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<sup>1</sup> NLTP Advisory Group Memo "Managing procurement strategy endorsement and procurement procedure approvals" Author: Bernie Cuttance, dated 7 October 2014.

submitting a revised procurement strategy for NZTA endorsement will be adhered to. This is to give NZTA time to receive the appropriate documentation, review and consider prior to endorsement.

**Rationale for recommending extension of the currency of the current strategies**

6. The current procurement strategies for each of these local authorities remain fit for purpose. The fact that no significant new procurement is planned during the two year period of the extension and that most activity will be procured during the extension through existing term service contracts, which have termination dates beyond the two years, is relevant. Considering that Northland is about to go through a process of considering options for its future local government no purpose would be served by separate reviews of the current individual local authority procurement strategies at this time. The efforts of the staff involved would be better directed at working together to find the best future approach to procurement for all.
  
7. The Northland local authority staff with whom we have discussed this proposal have agreed that they will work together, and with the Transport Agency's state highways team, over this two year extension period to seek out the best long term procurement strategy for the region. P&I staff have reminded those involved of our willingness to assist wherever we can.

Appendix 1

**11 Dec 2013: WDC Email (Devine/Taylor) Request for Procurement Strategy timeframe Extension**

**From:** Jeffrey Devine [<mailto:jeffreyd@wdc.govt.nz>]  
**Sent:** Wednesday, 11 December 2013 11:50 a.m.  
**To:** Martin Taylor  
**Subject:** FW: WDC Procurement Strategy - Extension

Hi Martin

As discussed on Thursday last week, the Whangarei District Council (WDC) is requesting an extension to its current NZTA-endorsed Procurement Strategy for another 2 year period (to October 2015).

This extension is being requested, in conjunction with the other Northland Councils, so that the impacts of the potential for Northland to have one unitary authority and the potential for combined maintenance contracts with HNO can be properly investigated. The Northland unitary authority (if it proceeds) is likely to be in place by June 2015. This also ties in with the June 2015 date when the HNO maintenance contracts expire. A two year extension of WDC's current Procurement Strategy will cover these periods.

During the period of the proposed 2 year extension, WDC only has one major project which is likely to proceed this being the \$8M Mill/Nixon Upgrade. Other projects likely to be tendered during this period include bridge replacements, walking and cycling projects and minor upgrade and streetlight and traffic signal maintenance contracts. The attached tables provide further information on the expected projects to be tendered within the 2 year extension period.

WDC's major road network contracts were let in June 2012 and the first 3 year term will expire in July 2015. This ties in with the end of proposed extension to the Procurement Strategy.

WDC tenders during the period of the 2 year extension will be tendered using NZTA approved procedures.

Can you please confirm that NZTA endorse the extension of WDC's Procurement Strategy to October 2015.

**Jeff Devine**

**Roading Manager** | Whangarei District Council

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**Encl attached tables provide further information on the expected projects to be tendered within the 2 year extension period.**

## Appendix 2

5 Dec 2013: KDC Email (Van Zyl/Taylor) Request for Procurement Strategy timeframe Extension

**From:** Henri Van Zyl [mailto:hvanzyl@kaipara.govt.nz]

**Sent:** Thursday, 5 December 2013 1:51 p.m.

**To:** Martin Taylor

**Subject:** KDC Procurement Strategy

Hi Martin

Please review or comment on the content of the email below.

I will then send it to you once I have received your comments.

Thanks

Henri

Hi Martin

As discussed on the teleconference today 5/12/2013.

We do hereby ask for the extension of our current procurement strategy for 2 years upto October 2015.

The main reasoning for this, is that by then the Northland local government decision would have been made and by then we as a Northland collective will be in a better position to amend or adjust the procurement strategy for the wider area.

Regards,

**Henri van Zyl**

PMP, CPEng, IntPE(NZ), B.Eng (Civil), MBL

Roading Manager



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## Appendix 3

### 16 Dec 2013: FNDC Email (Shadbolt/Taylor) Request for Procurement Strategy timeframe Extension

**From:** Allan Shadbolt [mailto:Allan.Shadbolt@fndc.govt.nz]

**Sent:** Monday, 16 December 2013 2:24 p.m.

**To:** Martin Taylor

**Cc:** James Brooks; 'Derek Bon'; Cushla Jordan

**Subject:** Procurement Strategy / Agreement renewal.

Hi Martin

The following are some notes for your consideration regarding the NZTA/FNDC procurement agreement.

### Far North District Council Procurement Strategy 2010 – 2013, for Activities Funded through the National Land Transport Program.

The Far North District Council Procurement Strategy 2010 – 2013 for Activities Funded through the National Land Transport Program was developed to meet NZTA requirements for the three year period ending October 2013. The strategy is now due for review.

It is proposed that the existing Strategy period be extended for two years until October 2015.

The Local Government Commission has released a proposal to amalgamate the three northland district councils and the Northland Regional Council into one unitary authority. Submissions on the proposal close 14<sup>th</sup> February 2014 and will be followed with public hearings. If there is sufficient support, the proposal is to prepare a final plan and call elections for the new authority in October 2015.

The three district councils have aligned their Road Maintenance Contracts to finish their first term in June 2015. This will allow for timing of shared services to coincide with the new unitary authority should that go ahead

Both Far North District Council and Whangarei District Council have bought their professional services in-house by setting up business units to manage their roading. Sharing of services can proceed in some form or other whether the unitary authority happens or not. There is already some collaboration between the three councils – one example is the Forestry Traffic management strategy another is the sharing of costs to set up a Northland wide Safety Net mapping program.

Current major FNDC contracts are:

Contract	Term	Earliest Completion Date	Latest Completion Date	Comments
7/12/100. North Area Road Network Maintenance and Management 2012 - 2015	3+1+1	June 2015	June 2017	
7/12/101. East Area Road Network Maintenance and Management 2012 - 2015	3+1+1	June 2015	June 2017	

7/12/102. West Area Road Network Maintenance and Management 2012 - 2015	3+1+1	June 2015	June 2017	
7/13/194. Ramm Road condition rating survey	0.6	June 2014	N/A	
7/13/195 Ramm Road Condition Roughness Survey 2012 - 2013	0.6	June 2014	N/A	
7/13/200. Hokianga Harbour Ferry management				Documentation being prepared.

Except for the contracts table above the general content and intent of the existing Procurement Strategy remains unchanged.

Regards

Allan

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Infrastructure and Asset Management  
Far North District Council  
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## Appendix 4

### Minutes of NLTP Advisory Group Monday 14 October 2013 Chews Lane 4.07, Wellington

**Attendees:** Dave Brash (Chair), Barbara Tebbs , Bob Alkema, David Silvester, Douglas Robertson, Murray Riley, Heather Benwood, Kim Burton-Wood, Lynley Hutton

**Via VC:** Peter Casey, Mark Yaxley, Robert Brodnax, Bruce Richards, Lyndon Hammond, Rosalie Orr

**Apologies:**

#### 2.1 UPDATE ON NLTP & NLTP CASH FLOWS

The acting GM Planning & Investment

- a **received** a verbal update on the NLTP cash flow situation.

#### 3.1 NZTA SH2 (TAURANGA) NORTHERN CORRIDOR SAFE SYSTEM PROJECT - INVESTIGATION FUNDING

The GM Planning & Investment:

- a **approved** \$1.06 million from N funds for the investigation of Stage 1 of NZTA's SH2 [Tauranga] Northern Corridor Safe System project;
- b **approved** \$2.56 million from N funds for the investigation of Stages 2 and 3 of NZTA's SH2 [Tauranga] Northern Corridor Safe System project subject to, as a condition precedent, a review of the scope of works and package economics before commencement of the investigation phase;
- c **requested** the Planning and Investment Manager to convey to HNO his expectations relating to addressing, as part of the investigation, wider integration, collaboration and network issues that have been raised in this assessment, including the high risks of the timeframe for the proposed Tauranga Northern Link and Katikati bypass;
- d **noted** that the construction cost for the SH2 Northern Corridor Safe System project is estimated at \$58.76 million (\$16.4 million for Stage 1), the 95<sup>th</sup> percentile cost is estimated at \$71 million and the 5<sup>th</sup> percentile at \$47 million;
- e **noted** that the outcome of this investment is expected to be a significant improvement in collective risk along the corridor as measured by changes to the KiwiRAP classification;
- f **agreed** that the condition precedent for Stages 2 and 3 of the project can be closed out by the P & I Regional Manager, Waikato/Bay of Plenty.
- g **noted** that the reasons for its decision are set out in Attachment 1, that the profile for the activity has been assessed as HMH, and funding can be accommodated with HNO's approved allocation.

3.2 THE NZ TRANSPORT AGENCY /AUCKLAND TRANSPORT EAST WEST LINK BUSINESS CASE UPDATE

The GM Planning & Investment:

- a **supported** the Strategic Business case for East West Link (note, there is no funding consequence of supporting the Strategic Business case which passed this "gate" more than six months ago).
- b **noted** the process undertaken for the East West Link investigations to date and the challenges that have been experienced.
- c **noted** that the project proceeded to the Programme Business Case without passing through a formal gateway as the funding for this stage is being provided by Auckland Transport and HNO operational overheads.
- d **noted** that the Advisory Group will consider the signals required around the Programme Business Case at a future meeting.
- e **noted** that a further report will be provided once the draft Programme Business Case is completed and has been reviewed in late 2013. This is scheduled to be presented to the NZTA Board in January 2014.

3.3 MANAGING PROCUREMENT STRATEGY ENDORSEMENT AND PROCUREMENT PROCEDURE APPROVAL

The GM Planning & Investment:

- a **supported** the proposed amendments to the delegation instruments affecting procurement related delegations from the Chief Executive to the Group Manager Planning and Investment and from the Group Manager Planning and Investment to staff; and
- b **agreed** the amendments to the rules and guidelines in the Procurement manual section 10.4 Procurement strategies discussed in this memo, and supports further development in discussion with the Planning and Investment regional and national office staff affected, prior to seeking final agreement to publish the changes from the NLTP Advisory Group.

Approved:

  
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**Group Manager Planning & Investment**

Date:

18/10/2013  
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