



# Queenstown Lakes District Council Procurement Plan

QLDC 2023/26 Reseal Programme

Document development control	
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# Acronyms

The following acronyms are used in this document.

Acronym	Term
RFP	Request for proposal

# Approvals

Approval of the plan

Procurement manager / procurement team leader		
<b>Process type:</b>	Open Tender/Price Quality Method	
<b>Name:</b>	<b>Geoff Mayman</b>	
<b>Position/title:</b>	Commercial and Procurement Manager	
<b>Signature:</b>		<b>Date:</b>

Authority to proceed to tender

Project sponsor		
<b>Approval to:</b>	Go to market and identify the preferred supplier.	
<b>Tender start:</b>	As below	
<b>Contract start:</b>	As Below	
<b>Name:</b>	<b>Ben Greenwood</b>	
<b>Position/title:</b>	Roading Operations and Contracts Manager	
<b>Signature:</b>		<b>Date:</b>

Approval of the budget

Delegated financial authority holder			
Total cost:	\$7.1M GST excl Code code: 0004737 Wak, 0004738 Wan, 0004739 CR Sealed Road Resurfacing		Cost code:
Financial year:	Financial year	Amount	Funding type
	2023/24	\$2.2M	Capex
	2024/25	\$2.4M	Capex
	2025/26	\$2.5M (optional at QLDC discretion)	Capex
Name:	Mike Theelen		
Position/title:	CEO		
Signature:		Date:	
Name:	Glyn Lewers		
Position/title:	Mayor		
Signature:		Date:	

## Approval of the evaluation criteria and methodology

Subject matter expert		
<b>Name:</b>	Ben Greenwood	
<b>Position/title:</b>	Roading Operations and Contracts Manager	
<b>Signature:</b>		<b>Date:</b>

## Approval of the proposed terms and conditions of contract

Legal advisor		
<b>Contract type:</b>	Standard QLDC 3910 Contract	
<b>Contract term:</b>	24 months plus 52 weeks defects period with the potential for another 12 months	
<b>Name:</b>	TBC (will only obtain legal review if a non-standard contract is used)	
<b>Position/title:</b>		
<b>Signature:</b>		<b>Date:</b>

# Background

## Professional Report

- This procurement plan enables the delivery the reseals component of QLDC Forward Works Programme (FWP) produced in 2023 by Meyer Cruden Engineering and QLDC.

## What we are buying and why

- This plan relates to the purchase of physical works for the construction of chipseal, and potentially slurry, cape seal and asphalt resurfacing and minor repairs.
- The key objective of this procurement is undertaking a competitive tender process to secure the services of a supplier for the resurfacing work identified as necessary in the FWP.
- We currently provide these works through an existing contract (held by Downer NZ Ltd) with a completion date of 31-March-2023, and as such a new contract is required to continue delivery of these services.

## Importance to QLDC

- Based on our analysis of supply positioning this procurement is Strategic Critical. It is strategically important to both QLDC and the suppliers.
- This means suppliers will be keen to secure forward work as soon as possible for the upcoming season(s).
- The main strategy to address this focuses on going to tender early in the financial year to obtain the best rates, and offering a contract that includes two years plus a third optional year based on performance.

## Market analysis

### The supply market

- The key local suppliers are Fulton Hogan and Downer NZ Ltd. Their market share is approximately 50/50 across Southland and Otago. There are smaller tier two contractors that deliver smaller similar works such as JCL and Benchmark.
- Several other large suppliers such as HEB, Corde, Isaac Construction and Fletcher have expressed interest in the past but have not made any significant impact in the market.
- The key buyers and their influence on the market (demand) are QLDC, other local government organisations, and Waka Kotahi. Both key Suppliers are keen to secure further workload in the area from the key buyers. In addition, the extent of private development works has put a strain on sealing resource in recent years.
- Competition is primarily based on Price and Delivery Service.
- The degree of competition is reasonably healthy.
- Pricing methodologies include winning work to complement existing contracts and ensuring a full workload for sealing crews for the season. Price is heavily influenced by forward workload for the season for suppliers' sealing crews.
- In summary, the current market includes two major local suppliers keen to secure further workload along with other major suppliers from outside the region who can complete the work. There are several medium sized companies who also have the technical ability to undertake the work but would be unlikely to tender due to the size and extent of the works.
- The likely impacts that this procurement will have on the market are limited because the two major players in the market are often responsible for delivery of this contract currently.
- One exception to the above is the Slurry work where only a single supplier exists in the South Island, being Fulton Hogan. The scope of Slurry sealing is minor such that it would not justify the administration cost as its own contract, nor be an attractive package to put out to tender. For these reasons, QLDC may seek to engage them directly as a Nominated Subcontractor as defined in NZS3910, operating under the main Supplier.

### QLDC's value as a customer

- The value of the QLDC's business and in particular the attractiveness of the resurfacing work have been assessed.
- The resurfacing contract is seen as Core Business.
- This means the supplier can be expected to be motivated to meet the buyer's requests, e.g. responding to efficiency improvements or reducing the environmental impact of a procurement, and provides a high-level of service in order to retain the business.

### Power and dependency

- An assessment of the levels of power and dependency between the QLDC and potential suppliers has been undertaken. This shows that the buyer and supplier are interdependent.
- This means that there is a strong commitment to the successful delivery of the works by both parties.
- Through the use of a non-price attributes assessment we will seek information on the suppliers proposed team and methodology for delivery.

### Desired supplier relationship

- Given the proposed length of the contract, the level of desired trust and communication with the supplier, and the approach to managing risk, QLDC will seek a Closer Tactical relationship with the supplier.
- QLDC will seek a supplier who is invested in the local area and is interested in fostering a long-term relationship.

## Requirements and costs

### Our requirements

- In summary we need to procure a Supplier to undertake the resurfacing works.
- A detailed statement of our requirements is contained in *Appendix 1*.

### Key dates

- We require the contract to commence by July 2023.
- We estimate that the sourcing of the supplier and contract negotiations will take 2 months.
- This means that the tender must be initiated by 1<sup>st</sup> May 2023.

### Estimated costs

An estimate of the total cost over the whole-of-life of the contract, exclusive of GST is \$7.1M

Financial Year	Wakatipu and Glenorchy Queenstown Road (former SPR route)	Wanaka	Crown Range (former SPR route)	Total
23/24	Breakdowns by ward TBC with QLDC finance			2,200,000
24/25				2,400,000
25/26 (optional)				2,500,000

## Key stakeholders

### Internal stakeholders

The key internal stakeholders are:

#### Internal stakeholders' roles and level of engagement

Role	Characteristics	Stakeholders
<b>Responsible</b>	The person or people responsible for undertaking the procurement.	Simon Mason
<b>Accountable</b>	The person or people that have authority to make decisions and are accountable for the outcomes.	Ben Greenwood
<b>Supportive</b>	The person or people that do the real work.	Ben Greenwood, Sonia Day, Meyer Cruden team
<b>Informed</b>	The person, people or group, groups that need to be kept informed of key actions and results, but are not involved in decision-making or delivery.	Maintenance and Ops Team Strategy and Asset Planning Team Waka Kotahi Rep

### External stakeholders

The key external stakeholders are:

#### External stakeholders' roles and level of engagement

Role	Characteristics	Stakeholders
Responsible	The person or people responsible for undertaking the procurement.	Meyer Cruden

### Communications

- QLDC will communicate with internal stakeholders by providing a copy of the procurement plan and draft tender document for review and comment
- QLDC will communicate with external stakeholders by providing the draft procurement plan for comment.

## Tendering process

### Type of tender

- There is currently no All-of-Government, syndicated or other collaborative contract which can meet this requirement. Other approaches to market, including collaboration, that were considered are in addition to the Roding Maintenance Contract, however the value is considered too high to be a variation, and they (Downer NZ Ltd) are expected to submit a tender for this work in an open market environment.
- The recommended approach to market is an open tender administered through GETS.
- The reason for this recommendation is that it allows a wide range of known contractors the opportunity to price for the work.

- This approach to market fits with the QLDC's procurement policies, the *Government rules of sourcing*, the New Zealand Government's procurement principles and the Waka Kotah Procurement Manual.

## Market engagement

- The contract opportunity will be advertised on GETS.

## Evaluation team

A cross-functional team will be involved in the evaluation of bids and recommending the preferred supplier.

### Non-voting members

Role	Name	Organisation
<b>Legal advisor:</b>	In house QLDC (if required)	QLDC

### Voting members

Representative/s	Name	Organisation
<b>Contract Manager:</b>	Ben Greenwood	QLDC
<b>Tender Chair</b>	Giulio Chapman – Olla	Meyer Cruden
<b>Project Lead/Waka Kotahi qualified tender evaluator</b>	Mark Cruden	Meyer Cruden

## Proposed timeline

The proposed timeline for the procurement is as follows.

### Indicative timeline

Action	Indicative date
<b>Pre-procurement</b>	
Procurement plan approved	14/6/23
Tender documents developed	21/4/23
Tender documents approved	28/4/23
<b>Tender</b>	
Tender advertised on GETS	16/6/23
Last date for supplier questions	30/6/23
Last date for QLDC to answer questions	7/7/23
Tender closing date	13/7/23
<b>Evaluation</b>	
Panel confidentiality and conflict of interest declarations signed	17/7/23
Evaluation panel meets	19/7/23
Panel minutes and recommendation	28/7/23
Recommendation accepted/denied	4/8/23
<b>Post-evaluation</b>	
Advise bidders of outcome	4/8/23



Action	Indicative date
Debrief unsuccessful suppliers	As requested
Contract start date	4/8/23

## Evaluation methodology

### Evaluation method

- The evaluation model that will be used is the Waka Kotahi Price Quality Method.
- Price will be weighted at 70%

### Evaluation criteria and weightings

Each supplier must meet the all of the following pre-conditions before its bid will be considered for evaluation on its merits. The pre-conditions are conceptual, and the specifics will be developed alongside the tender documentation.

#### Preconditions

1.	Evidence of Insurance
2.	One of the three track record projects must show experience that is similar in complexity and scope to this project i.e., Chipseal Design, contract value
3.	Sitewise Green Accredited pre-qualification system as a minimum (or similar approved at QLDC sole discretion)

Having met all the preconditions, qualifying bids will be evaluated on their merits using the following evaluation criteria and weightings.

#### Evaluation criteria

STAGE 1 NON-PRICE ATTRIBUTES	WEIGHTING (%)
Health & Safety Management Systems	Pass / Fail
Relevant Experience and Track Record	10%
Relevant Skills	10%
Methodology (including programme)	10%
<b>TOTAL</b>	<b>30%</b>

The panel will use the following rating scale to evaluate suppliers' bids against the criteria.

#### Rating scale

90, 95 or 100	Demonstrates exceptional compliance or ability to convey exceptional provision of the requirement
75, 80 or 85	Requirements are fully covered in all material aspects
60, 65 or 70	Requirements are adequately covered
50 or 55	Adequate, with some deficiencies that are not likely to have any adverse effect
40 or 45	Barely adequate and would need considerable improvement in this attribute, if selected
35 or less	Total non-compliance or inability to convey provision of the requirement

#### Innovation

QLDC will not accept alternative proposals.

#### Due diligence

The following verification matrix will be used as part of the evaluation and due diligence process.

The table shows how elements of the criteria will be verified by the panel.

#### Verification table

Evaluation and due diligence options	Criteria		
	Fit for purpose	Ability to deliver	Value for money
Written offer/tender documents	✓	✓	✓
Buyer clarifications of offer	✓	✓	✓
Reference checks	✓	✓	✓
Accepts proposed contract conditions		✓	

## Contract type

- The short listed supplier will be offered a contract for services based on QLDC's standard terms and conditions, this is based on NZS 3910.
- The proposed contract term is two years with the option for an additional third year based on Contractor performance measured against Key Performance Indicators (KPI's). Draft KPIs are shown in table 1 below, and will be finalised prior to upload to GETS. Similar KPIs have a history of being used successfully on past reseal contracts to guide and measure performance towards objectives important to QLDC.
- The final KPIs will be agreed collaboratively with the preferred supplier during the tender process.

No	Key Area of delivery	KPI	Intent of KPI	AnnualTarget	Actual Result
1	Safety/Customer Service	Average Traffic Management Audit Score (Audits by the Principal and/or the Engineer will be completed at least once a month during the contract period)	<i>To ensure that TTM is managed safely and efficiently over the course of the Contract</i>	<25(acceptable)	
2	Safety	No. of Traffic Management Audit Scores >25 (needs improvement or site is dangerous)	<i>To ensure that TTM does not present an immediate high risk to safety</i>	Max of 2	
3	Customer Service	No. of public complaints received by QLDC relating to the Reseal Contractor	<i>To ensure that the Contractor is proactively engaging with the public and completing the works in accordance with the Specifications</i>	Max of 5	
4	Quality	% of sites that have had second coat line marking and at least two sweeps within the contract specification timeframe (Between 1 week and 4 weeks following initial sweep and line marking)	<i>To ensure compliance with the fundamental Contract requirements</i> <i>To ensure sites are left safe and nuisance free</i>	95%	
5	Quality	Surfacing Defects not identified and notified by Contractor and only identified by Engineer or Principal	<i>To ensure that the Contractor is proactively managing quality assurance by checking sites at initial completion and regularly thereafter</i> <i>To encourage open and honest comms during the Contract</i>	Max of 3	
6	Quality	Initial response to requests for information and/or action (request by email and/or NTC's), Initial response within 2 working days of receiving the request.	<i>To ensure timely proactive attention to any contract issues.</i>	95% of initial responses within 2 working days	
7	Financial	No. of Variations included in the monthly claims without being raised, valued and approved in advance (excludes minor area changes <5%)	<i>To ensure that the Contractor is proactively managing the Contract and communicating regularly with the Engineer</i>	Max of 3	

8	Timing	All sites complete by Contract Due Date for Completion	<i>To ensure compliance with the fundamental Contract requirements</i>  <i>To avoid compromising seal coat life by sealing in adverse weather</i>	P/F	
9	Quality	No of errors in claim submitted via RAMM Contractor during the contract period (e.g., inaccurate areas, wrong route positions, incorrect treatments etc.)	<i>To avoid unnecessary rework at progress and final claim time by all parties</i> <i>To ensure that sites are being measured and checked in advance to inform the monthly claim submission</i> <i>To ensure accurate as built information is supplied in real time</i>	Max of 5	

- The timeframes for delivery are 9 months from award for the 2023/24 work.
- Payment will be based on the supplier's successful completion of milestones as detailed in the contract.
- Variations to contract will be in writing and signed by both parties. Variations involving an increase in price must only be made within the limit of the financial authority.

### Managing implementation

- The responsibility for managing delivery under the contract and supplier relationship will pass to the Meyers Cruden MSQA delivery team and the QLDC operations team.

## Risk management

Overall, this procurement is deemed to be medium risk based on the following items: -

- Key risks have been assessed against the risk framework detailed in *Appendix 1*. They have been assessed based on likelihood (L) and consequence (C).
- The key for the following risk tables is:
  - likelihood (L): R = rare U = unlikely P = possible L = likely A = almost certain
  - consequence (C): N = negligible L = low M = moderate H = high E = extreme.

### Key risks in the procurement process

Risk	L	C	Rating	Mitigation action	Responsible
• No tenders are submitted	U	L	Low	Engage with Industry before releasing tender	Project Manager
• Only a single tender is submitted	P	M	Medium	Engage with industry and get the tender out asap	Project Manager

**Key risks in delivering the contract**

Risk	L	C	Rating	Mitigation action	Responsible
<ul style="list-style-type: none"> <li>Delivery is delayed meaning that the schedule of works is not completed or is delivered in colder temperatures</li> </ul>	U	L	Low	Ensure sufficient time is provided in documents for delivery and delivery is a KPI	Delivery Team
<ul style="list-style-type: none"> <li>Poor Community feedback from process</li> </ul>	P	M	Medium	Ensure Delivery Manager is proactive with consultation and reviewing materials before release. QLDC must own the process	Delivery Team
<ul style="list-style-type: none"> <li>Damage to private property</li> </ul>	P	M	Medium	Agree methodology in advance	Delivery Team
<ul style="list-style-type: none"> <li>Health and Safety Incident happens on site</li> </ul>	L	H	High	Only contractors with appropriate qualifications and track record are selected for the tender	TET and Delivery Team
<ul style="list-style-type: none"> <li>Seals do not perform as expected</li> </ul>	L	H	High	Ensure a robust review process is undertaken of proposed design and supervision undertaken	Delivery Team

It is essential that the QLDC demonstrates ethics and integrity in its procurements. This means:

- acting fairly, impartially, and with integrity
- being accountable and transparent
- being trustworthy and acting lawfully
- managing conflicts of interest
- protecting the supplier's commercially sensitive and confidential information.

Probity in this procurement will be managed by:

- ensuring compliance with the QLDC's code of conduct
- ensuring that financial authority for the procurement is approved before proceeding to tender
- ensuring everyone involved in the process signs a confidentiality agreement and declares any actual, potential or perceived conflict of interest
- identifying and effectively managing all conflicts of interest
- ensuring that all bids are opened at the same time and witnessed
- numbering copies of suppliers' tenders and returning them to the panel chair once the tender process ends
- retaining one copy of each supplier's tender and destroying the remaining copies once the tender process ends
- treating all suppliers equally and fairly
- providing each supplier with a comprehensive debrief at the end of the tender process.

## Contract delivery

- The responsibility for managing delivery under the contract and supplier relationship will pass to the Meyer Cruden delivery team and QLDC Operations team.

## Contract completion

### End of term

At the end of the original contract, there will be an option to extend the contract by +1 years, subject to good performance by the supplier and continued best value-for-money over the whole-of-life being delivered, and at QLDC's sole discretion.

## **Appendix 1: Draft contract document (Bound separately)**

## Appendix 2: Risk register

Key risks have been assessed using this risk analysis framework.

LIKELIHOOD of risk happening	Almost certain	amber	amber	red	red	red
	Likely	yellow	amber	amber	red	red
	Possible	yellow	yellow	amber	amber	red
	Unlikely	green	yellow	yellow	amber	amber
	Rare	green	green	yellow	yellow	amber
		Negligible	Low	Moderate	High	Extreme
CONSEQUENCE if the risk happens						

*Diagram: Risk analysis framework*