



ASSETS AND SERVICES COMMITTEE

AGENDA – 20 March 2019

The meeting will be held in the Supper Room, Waihinga Centre and will commence at 11:00am. The meeting will be held in public (except for any items specifically noted in the agenda as being for public exclusion).

Membership of the Committee

Councillors Brian Jephson (Chair), Lee Carter, Pam Colenso, Colin Olds, Colin Wright, Mike Gray, Lisa Cornelissen, Robyn Ramsden, Leigh Hay, Raihania Tipoki.

Open Section

- A1. Apologies
- A2. Conflicts of interest
- A3. Public participation
As per standing order 14.17 no debate or decisions will be made at the meeting on issues raised during the forum unless related to items already on the agenda.
- A4. Actions from public participation
- A5. Extraordinary business
 - Discussion on meeting protocol, standing orders and reporting expectations
- A6. Notices of motion

B. Information and Verbal Reports from Infrastructure and Services Group Manager and Staff

- B1. Interim Infrastructure and Services Group Report (to be tabled)
- B2. 17A Contract for Parks and Reserves (to be tabled)
- B3. Transport Services Delivery Review Report

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ASSETS AND SERVICES COMMITTEE

20 MARCH 2019

AGENDA ITEM B3

TRANSPORT SERVICES DELIVERY REPORT

Purpose of Report

To inform the Committee of the process undertaken for the transport service delivery review and current activities.

Recommendations

Officers recommend that the Committee:

1. *Receive the Transport Services Delivery Report.*

1. Executive Summary

This Service Delivery Review (SDR) Guide will help consultants and council staff members who completing the Transport SDR for Carterton and South Wairarapa District councils.

The service SDR is to be done in compliance with Section 17A Delivery of services, Local Government act 2002: inserted, on 8 August 2014.

A local authority must review the cost-effectiveness of current arrangements for meeting the needs of communities within its district or region for good-quality local infrastructure, local public services, and performance of regulatory functions.

Subject to subsection (3), a review under subsection (1) must be undertaken—

(a) in conjunction with consideration of any significant change to relevant service levels; and

(b) within 2 years before the expiry of any contract or other binding agreement relating to the delivery of that infrastructure, service, or regulatory function; and

(c) at such other times as the local authority considers desirable, but not later than 6 years following the last review under subsection (1).

The roading contract for SWDC and CDC expires in July 2019 and the councils require a comprehensive review of the delivery of service across the councils' transport and related contracts.

2. Background

The review was done across both councils (SWDC/CDC) due to the close working relationship between both, the concurrent contract expiry and the desire to harness efficiencies.

A large body of work has been completed over the past 10 years on the efficiencies of collaboration across the Wairarapa as part of the Wellington and Wairarapa Amalgamation reviews, which has concluded in a referendum to retain the status quo. As well as the work being finalised in the individual councils' infrastructure strategies, asset management plans and LTPs.

Efficiencies and standardised services have been delivered in the joint council contract for solid waste, street lighting, Library services as well as reseals, area wide rehabilitation contracts and footpath renewal/rehabilitation.

The current Rooding contract was let as three standardised contracts (including Masterton District Council) where discounts were given for the councils where all three councils contracts were let to the same contractor. After three years some of this discount was reduced due to the efficiencies not being attained by the contractor.

As part of this process in Transport SDR sustainability and future maturity in shared services needs to be taken into account. Shared services activities to date have often been in response to a particular problem, and operational arrangements conducted on an informal basis through regional serendipity. As relationships have matured, so have the number of shared services activities.

3. Discussion

3.1 The Services to be reviewed

The services to be reviewed are the transport services within the councils.

They include:

- Road maintenance contracts
- Network Services (in house)
- Professional services contracts/services
- Capital Rooding contracts including
 - Bridges
 - Area wide Rehabilitation
 - Reseals
 - Footpath renewals
- Street lighting contracts
- Revaluation contracts/services
- Street cleaning contracts/Services

3.2 The process

The local government legislation requires a broad range of service delivery options to be assessed, many of which are likely to not be applicable to councils of this size or service complexity, or will be outside the scope of NZTA Co-Funding arrangements.

While all options need to be considered, where options are not applicable these need to be identified and discounted from the outset allowing for greater analysis of practical options and collaborative models.

At present there are several differing collaborative transport delivery models such as Tairāwhiti Roads, RATA (Road Asset Technical Accord), NTA (Northland Transport Alliance and Milford alliance to name a few. These have all shown efficiencies and have different strengths and weaknesses to them. The SDR needs to take these forms of options into account when reviewing the councils SDR options.

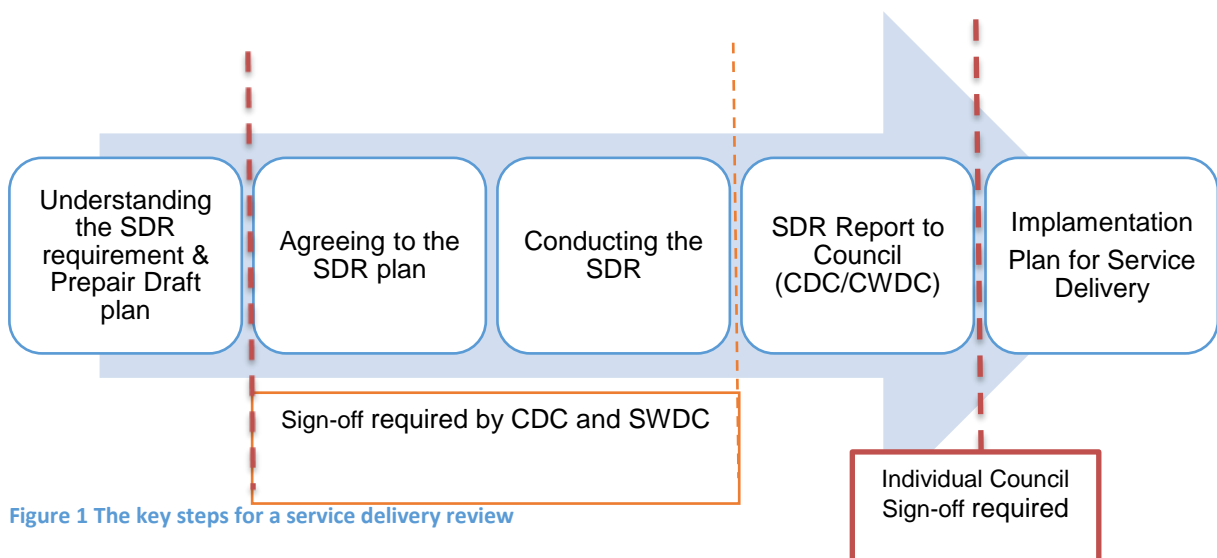


Figure 1 The key steps for a service delivery review

3.3 Outcomes

The outcomes are;

Prepare a SDR report that includes but is not exclusive to the following.

1. Review existing relevant documentation from the amalgamation reports, LGNZ, DIA, NZTA and the councils for service delivery options.
2. Engage with DoC, NZTA, the Councils and transport stakeholders for input into options. (early April 2018)
3. Review and exclude options where infeasible under desktop analysis. (20th May 2018)
4. Produce a 17A report to the councils on the feasibility of delivery options. With preferred options for detailed review. (1th May 2018)

5. Produce a final 17A SDR report on the preferred options including implementation options where differing from the status quo (22nd June 2018)

The deliverable of point 4 is 17A (4) of the Act. A high-level review of the legislated options to be reviewed.

A review under subsection (1) must consider options for the governance, funding, and delivery of infrastructure, services, and regulatory functions, including, but not limited to, the following options:

(a) responsibility for governance, funding, and delivery is exercised by the local authority:

(b) responsibility for governance and funding is exercised by the local authority, and responsibility for delivery is exercised by—

(i) a council-controlled organisation of the local authority; or

(ii) a council-controlled organisation in which the local authority is one of several shareholders; or

(iii) another local authority; or

(iv) another person or agency:

(c) responsibility for governance and funding is delegated to a joint committee or other shared governance arrangement, and responsibility for delivery is exercised by an entity or a person listed in paragraph (b)(i) to (iv).

Point 5 is a detailed review of the delivery models. Where collaborative, shared service or alliances; a frame work for governance needs inclusion to cover how subsection 5 of section 17A is delivered.

(a) the required service levels; and

(b) the performance measures and targets to be used to assess compliance with the required service levels; and

(c) how performance is to be assessed and reported; and

(d) how the costs of delivery are to be met; and

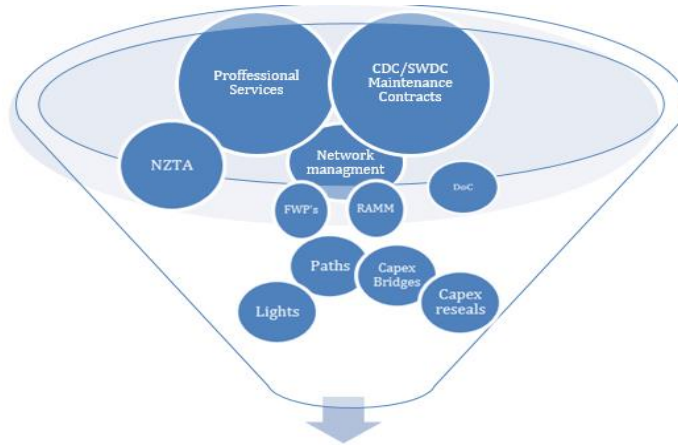
(e) how any risks are to be managed; and

(f) what penalties for non-performance may be applied; and

(g) how accountability is to be enforced.

The approach to be taken is the consideration of the three major services, being that of the delivery of maintenance contracts, professional services and network management for the council's land transport functions. Consideration will need to be given to including Masterton District Council in any future shared service arrangements. Historically the three Councils have only had two contractors and two consultancies tender for professional services and maintenance contracts.

And in the delivery of those services; where the options for peripheral services, stakeholders and partners are aligned. The Identified stakeholders of DoC and NZTA are as shown below and where other services are reviewed they are don so for alignment in delivery under the predominant Transport three services.



3.4 Interactive Tender Process

The interactive process was designed to enable the client and contractor to learn about each other and through this be sure of the culture and spirit of the contract not just the nuts and bolts of delivery.

- I. An industry briefing meeting will be held with each Tenderer. It is expected by the Joint Principals that attendees will take a positive approach to this meeting and provide feedback and comment on the Request for Tender and discuss any matters of interest openly and participate in the discussions that occur.
- II. One individual interactive meeting will be held throughout the tender period between individual Tenderers and the Joint Principals, which will be confidential, informal and non-contractual.
- III. The aim of the interactive tender process is to resolve issues that may prevent the Tenderers from developing a Conforming Tender that will be consistent with the objectives and concepts of the Contract. The interactive tender process will also be used to address any anomalies, ambiguities, errors or omissions identified in the Tender Documents.
- IV. Tenderers shall submit to the Joint Principals their proposed agenda at least five working days in advance of the individual interactive meeting. This requirement is to allow a structured and meaningful meeting to take place. The Tenderer will chair the individual interactive meetings, for which 2 hours will be set aside.
- V. All meetings will be held at CDC offices. The Joint Principals will involve technical advisors as required at the interactive meetings. The CDC/SWDC will consider any alternative dates proposed by the Tenderers, subject to the availability of the TET.
- VI. Matters to be discussed between the Joint Principals and Tenderers during this interactive process shall be at the discretion of the Tenderer and confirmed on the agenda provided in advance.

- VII. Matters not to be discussed between the Principal and Tenderers during this interactive process shall include promotional material relating to the Tenderer or the Tenderer's key support companies.
- VIII. The Principal and their advisors will treat all information submitted or discussed in the interactive process as "Commercial in Confidence".

4. Conclusion

The process has been one of many iterations. Looking at 3 councils and then 2 councils, the inclusion of DoC roads and bundling value into the contract to enable the best prices to be sought with the Best delivery.

5. Appendices

Appendix 1 – Multi-party funding agreement (MPFA) between Carterton District Council and South Wairarapa District Council

Contact Officer: Mark Allingham, Group Manager Infrastructure and Services

**Appendix 1 – Multi-party
funding agreement (MPFA)
between Carterton District
Council and South Wairarapa
District Council**



Multi-party funding agreement (MPFA)

between

Carterton District Council

and

South Wairarapa District Council

in respect of Road Network Maintenance



1.0 Parties

- 1.1 Carterton District Council (CDC) a territorial authority under the Local Government Act 2002.
- 1.2 South Wairarapa District Council (SWDC) a territorial authority under the Local Government Act 2002.

2.0 Recitals

- 2.1 The NZTA's *Planning, programming and funding manual* stipulates that multi-party activities involving more than one road controlling authority receiving financial assistance for the activity is conditional on the parties entering into a formal funding agreement.
- 2.2 CDC and SWDC, road controlling authorities involved in the Road Network Maintenance and receiving the NZTA's financial assistance for those activities, have agreed to enter into a formal funding agreement and wish to record the terms of that agreement.

3.0 Scope

- 3.1 The scope works included will be the main Road Network Maintenance contract, extended to incorporate a broader range of roading activities. Some of these will be provisional and subject to performance considerations during the life of the contract. Others will be separately tendered to test the market pricing and to give opportunities to other suppliers not involved in the main road network maintenance. The scope of work included within the road network maintenance contract includes:
 - General pavement maintenance
 - Routine maintenance including pothole repair, drain clearing, litter and detritus removal, vegetation control, traffic signs and services
 - Pavement marking
 - Pre-reseal repairs
 - Reseals
 - Street lighting
 - Footpaths
 - Minor bridge repair works
 - Emergency works (first response)
- 3.2 In addition a proportion of the renewals including kerb and channel, rehabilitation and area wide treatment works, low cost low risk and safety improvements may be included within the scope of the works at the discretion of the District Council's and subject to the on-going performance of the Contractor and the value for money they offer.



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- 3.3 Professional services needed to provide specialist inputs and assist with the management and surveillance of the physical works contracts will be separately tendered, with a joint Principals approach taken.
 - 3.4 Any changes in scope will be agreed in writing by both parties.

4.0 Background

- 4.1 Under the previous road network maintenance contract, both CDC and SWDC worked together informally through coordinating their respective contracts with a single contractor for the completion of the main road network maintenance works.
- 4.2 No formal agreement between CDC and SWDC has previously been put in place describing the roles and responsibilities associated with these road maintenance services.
- 4.3 A strong relationship has been built between the respective roading teams, and the opportunity to further evolve this into a more complete shared services arrangement is now being explored.
- 4.4 Both CDC and SWDC are looking to formalise this arrangement to ensure they continue get the maximum efficiencies from a single coordinated contract.
- 4.5 In addition to the main road network maintenance services, the scope of the works will be extended to include other road maintenance related activities, such as renewal and reseal works, with further activities also included subject to ongoing performance.
- 4.6 Attempts to also include Masterton DC (MDC) within this agreement have recently been rejected. Regardless it is recognised that there is a need to continue to work closely with MDC and their suppliers to ensure that best value for money is obtained for all three Wairarapa Councils.

5.0 Intent

- 5.1 The intent of this MPFA is to establish a commitment from each party to work in partnership to create a joint Principal and management structure delivering cost efficiencies for the benefit of both parties.
- 5.2 The intent of this MPFA is that the parties:
 - a. agree and commit to a funding approach that will ensure the interests of both parties are protected.
 - b. apply necessary resources to achieve the goals of the MPFA and use their best endeavours to enable the efficient delivery of the works and services individually or collectively.

6.0 Timeframes

- 6.1 The agreed time frames as at 28 January 2019 are:



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- a. foundation workshop completed by [XX] of [XX] 20[XX]
 - b. the organisation structure and roles and responsibilities for the joint client organisation be agreed, formed and signed off by [XX] of [XX] 20[XX], and
 - c. other programme milestones to be added or amended as agreed between the parties.

7.0 Goals

7.1 The goals of the respective parties are:

- a. To deliver road maintenance works and services across the two district council's road network as effectively and efficiently as possible
- b. act expeditiously on the opportunities created under the enacted Land Transport Management Act 2003
- c. work together as a joint partners, on any consultation undertaken with the community under the enacted Land Transport Management Act 2003
- d. take a flexible attitude to the project scope particularly where a narrow view would reduce the financial effectiveness of the project
- e. look for efficiency gains in working on other projects, in the area at the same time in parallel
- f. develop an effective joint communications programme with the community regarding

8.0 Principles

8.1 The principles relating to the agreement are that:

- 8.1.1 an effective working relationship between the parties be formalised
- 8.1.2 to be effective the parties must commit suitable and available resources to complete the necessary work
- 8.1.3 the parties must work together collaboratively, in an open and transparent way, and act in good faith in meeting their responsibilities
- 8.1.4 each party commits to consider, investigate and resolve issues as they arise in a manner that maintains the integrity and professionalism of each agency
- 8.1.5 the parties commit to the sharing of information as is necessary to maximise the opportunity for the MPFA goals to be delivered (It is recognised that from time to time, information may need to remain confidential or is subject to legal privilege and cannot be exchanged)
- 8.1.6 nothing in this agreement will prevent the individual parties adhering to their respective governance processes
- 8.1.7 each party will exercise it's respective statutory powers having regard to the intentions of the parties in entering this agreement.



9.0 Project planning and programming

- 9.1 The works completed will be In accordance with the respective CDC and SWDC Land Transport Plans.

10.0 Project funding and costs

- 10.1 The total cost of the Road Network Maintenance services is provisionally estimated to be \$XXX,XXX.XX per annum and includes, the cost of professional services, physical works and approved contract variations.
- 10.2 The general cost share philosophy agreed is that costs will accrue proportionally to the parties to which the costs relate.
- 10.3 Based on the forecast expenditure, project funding contributions will be met as follows:

CDC	\$XXX,XXX.XX (excl GST)
SWDC	\$XXX,XXX.XX (excl GST)
Total	\$XXX,XXX.XX (excl GST)

- 10.4 Each party will be responsible for securing their own contribution, be it from NZTA, or their own funding sources.
- 10.5 Each party will be responsible for their own internal administration costs.
- 10.6 Joint costs incurred by external service providers will be paid 50% by the CDC and 50% by SWDC, or as appropriate given the proportional inputs relating to the respective council network.
- 10.7 As it is the intention to enter into contracts for works and services as joint principals, the parties will be contractually bound to make payments in accordance with the requirements of these contracts.

11.0 Risk liability

- 11.1 Any costs, associated with the occurrence of risks or contractual liability directly attributable to the road network of one or other of the parties, shall lie with that party.
- 11.2 Where risks or contractual liability cannot be readily apportioned to the respective party's road networks, then the associated costs will be equally shared between the parties.

12.0 Client's Representative

- 12.1 The client's representative and/or Engineer to Contract as defined in the general conditions to the contract documents associated with the associated work and services is:

[Name]

[Title]

[Postal Address]



Phone: [Telephone number]

Email:

- 12.2 It is recognised that client’s representative / engineer to contract has responsibility for the overall management including the management of any professional services providers. All management will be undertaken in accordance with the contract documents for the respect contracts.
- 12.3 The Client’s Representative shall arrange for the generation of invoices and forward to CDC and SWDC for approval and payment on a monthly basis during the progress of the work.
- 12.4 Where any amount expressed in this MPFA is stated to exclude GST, GST shall be added to any invoice entered by one party to the other where it is payable.
- 12.5 This MPFA does not and is not intended to offer any benefit or create any obligation enforceable any person not a party to this MPFA.
- 12.6 The Client’s Representative shall keep both CDC and SWDC fully informed of progress throughout the period this MPFA is in operation.

13.0 Delegations

- 13.1 The Chief Executive Officer of each party has the ultimate delegated authority under this agreement.
- 13.2 The Chief Executive Officer of each party has delegated the case management of the relationship between the parties as noted below.
- 13.3 The following persons are authorised to make decisions on behalf of their organisations

Name	Organisation	Delegation
Chief Executive	CDC SWDC	Material decisions with a financial impact of \$x or greater, and dispute resolution under this agreement.
Dave Gittings Mark Allingham	CDC SWDC	Relationship Case Management and Governance, and agreement of variations or decisions with a financial impact less than \$x. Signoff of PACE scores and decisions associated with contract tenure extension.
Client’s Representative / Engineer to Contract		Complete duties as assigned by the contracts.
Engineers Representative(s)	CDC SWDC	Undertake duties as delegated by the Engineer to Contract.

14.0 Change reporting



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- 14.1 Each party, as it may affect them, may make requests for changes to the project funding as and when necessary.
 - 14.2 Changes in funding will be made as a review request and updated in this MPFA.

15.0 Act in good faith

- 15.1 The parties agree that they will act in good faith in meeting their responsibilities under this agreement and in resolving differences in opinion.
- 15.2 Each party will endeavour to keep their organisation and the members of the other parties advised of issues that may affect one party as a result of the activities by the other.

16.0 Termination

- 16.1 This **MPFA** is conditional upon the following:
 - 16.1.1 If either party cannot obtain funds for the construction then the party unable to seek the necessary funds can terminate this **MPFA**. The costs for work up to that time shall be met by the respective parties.
 - 16.1.2 If tenders received exceed estimates for construction and either party is unable to obtain the necessary funds, then the MPFA can be terminated. The costs for work up to that time shall be met by the respective parties.
 - 16.1.3 If project costs exceed funding during construction and either party is unable to obtain the necessary additional funds then the MPFA can be terminated. The costs for work up to that time shall be met by the respective parties
- 16.2 Unless extended by mutual agreement, this **MPFA** will terminate upon completion of the 2019 Road Network Maintenance contract.
- 16.3 This **MPFA** can be amended or extended from time to time, at the instigation of any party subject to mutual agreement.
- 16.4 The **MPFA** can be terminated prior to project completion by the written agreement of the parties to the **MPFA**. If termination occurs under this clause, three months written notice is required to the other party. There will be a reconciliation of costs and liabilities under any associated contracts for which the parties are joint principals, which will be apportioned in accordance with liability of each party.

17.0 Protection of parties' separate interests

- 17.1 CDC and / or SWDC reserve the right to defer or terminate the works for any reason following consultation with the other party. Any external costs incurred by each party up to deferment or termination will rest with that party.
- 17.2 The contract documents require that the Network Maintenance Consultant or other professional services providers consults with and gives consideration to the requirements of both parties particularly in regard to aspects for which parties have responsibility under



this **MPFA**. Such consultation is required to ensure the works and services are undertaken fully in accordance with CDC and SWDC's requirements. Where CDC and/or SWDC's requirements conflict with the contract documents, NZTA's requirements, or other requirements in relation to the project, the consultant is required to refer the matter to the project manager and provide for further consultation with both CDC and SWDC.

18.0 Invalidity

- 18.1 If any part of this **MPFA** or the application to any person or circumstance is or becomes invalid or unenforceable the remaining terms, covenants and conditions shall not be affected thereby and such terms covenants and conditions of these presents shall be valid and enforceable to the fullest extent permitted by law.

19.0 Limitations

- 19.1 The parties recognise that this agreement shall not take precedence over each organisation's respective obligations to statute, established internally or government/land transport funding policies.

20.0 Conflicts

- 20.1 Any conflicts as to the meaning, intent or obligations of the parties under this agreement shall be dealt with in accordance with the protocols set out in the MOU.

21.0 Disputes

- 21.1 All differences and disputes between the parties concerning this MPFA shall be dealt with as follows:
- g. The parties shall meet and discuss in good faith any dispute between them arising out of this **MPFA**.
 - h. If the discussions referred to in (a) above fails to be resolved within **30** days of first being raised in writing, the issues shall be elevated to a meeting between the Chief Executives or their nominees to reach an agreed position.
 - i. If the discussions referred to in (a) and (b) above fail to resolve the relevant dispute within **60** days of first being raised in writing, either party may (by written notice to the other party) require that the dispute be submitted for mediation by a single mediator agreed between the parties. In the event of any such submission to mediation:
 - the mediator shall be deemed to be not acting as an expert or as an arbitrator
 - the mediator shall determine the procedure and timetable for the mediation, and
 - the cost of the mediation shall be shared equally between the parties.



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- j. Neither party may issue any legal proceedings (other than for urgent interlocutory relief), in respect of any such dispute, unless that party has first taken all reasonable steps to comply with clauses (a) and (b) above.

22.0 Interest Payments

- 22.1 Should the respective parties not pay any monies due under contract within timeframes required by such contracts, then any interest or penalty payments due will be the sole responsibility of that party.

23.0 Publicity

- 23.1 Notwithstanding the right for the media to report on any public meeting, all parties, prior to release, will agree to any media release.



24.0 Signing

Signed for Carterton District Council by:

Jane Davies

Chief Executive

in the presence of:

Signed for South Wairarapa by:

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Chief Executive

in the presence of:

Name:

Name:

Occupation:

Occupation:

Address:

Address:

Name:

Name:

Occupation:

Occupation:

Address:

Address:



25.0 Changes

25.1 The following register shall record all changes made to the MPFA:

Reference	Description of change	Documentation

Annexure 1: Special agreement(s)

The following register shall record all special agreement(s) entered into by the parties:

Reference	Description of special agreement	Documentation