



Transformational Change

Road Maintenance in Auckland

14 September 2012

History

- 7 RCA's
- 35 long term contracts
- Varying delivery models, terms and conditions
- All road corridor maintenance and renewals
 - \$300M annual budget
 - 7200km road network
- AT formed Nov 2010 as a CCO.

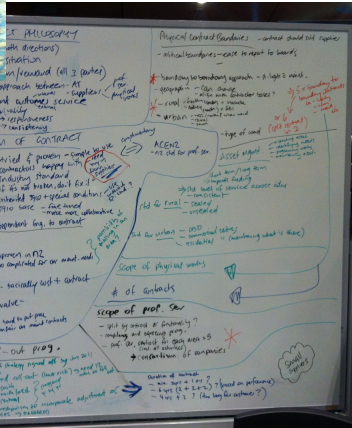
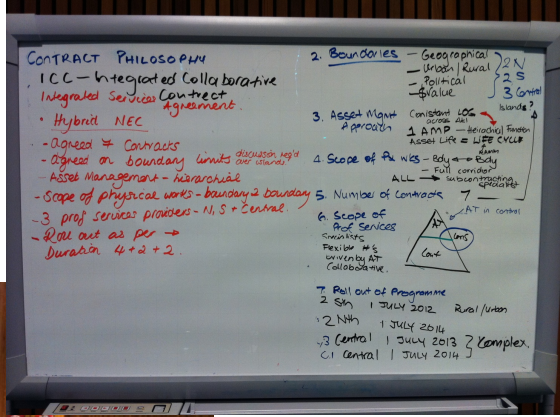
Initial planning

- Need to act as ONE city
- A new organisation with new expectations
- Expected to be more responsive & more innovative
- Staged roll-out of a new contract model
- Industry crying out for simplicity and consistency
- Real opportunity for change.

What we wanted

- Innovative, industry leading contracts
- Alignment with AT's responsibilities (i.e. total corridor management)
- Maximise efficiency and value-for-money
- A sustainable competitive contracting industry
- Maximising use of local resources
- Active collaboration.

Workshops ...



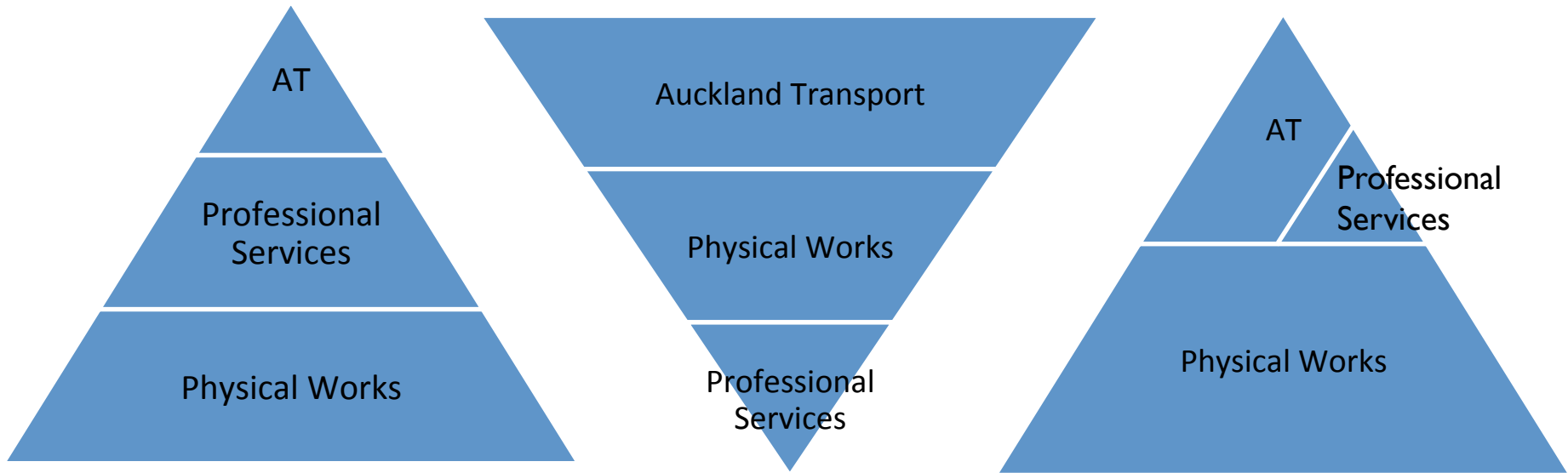
Thinking Differently



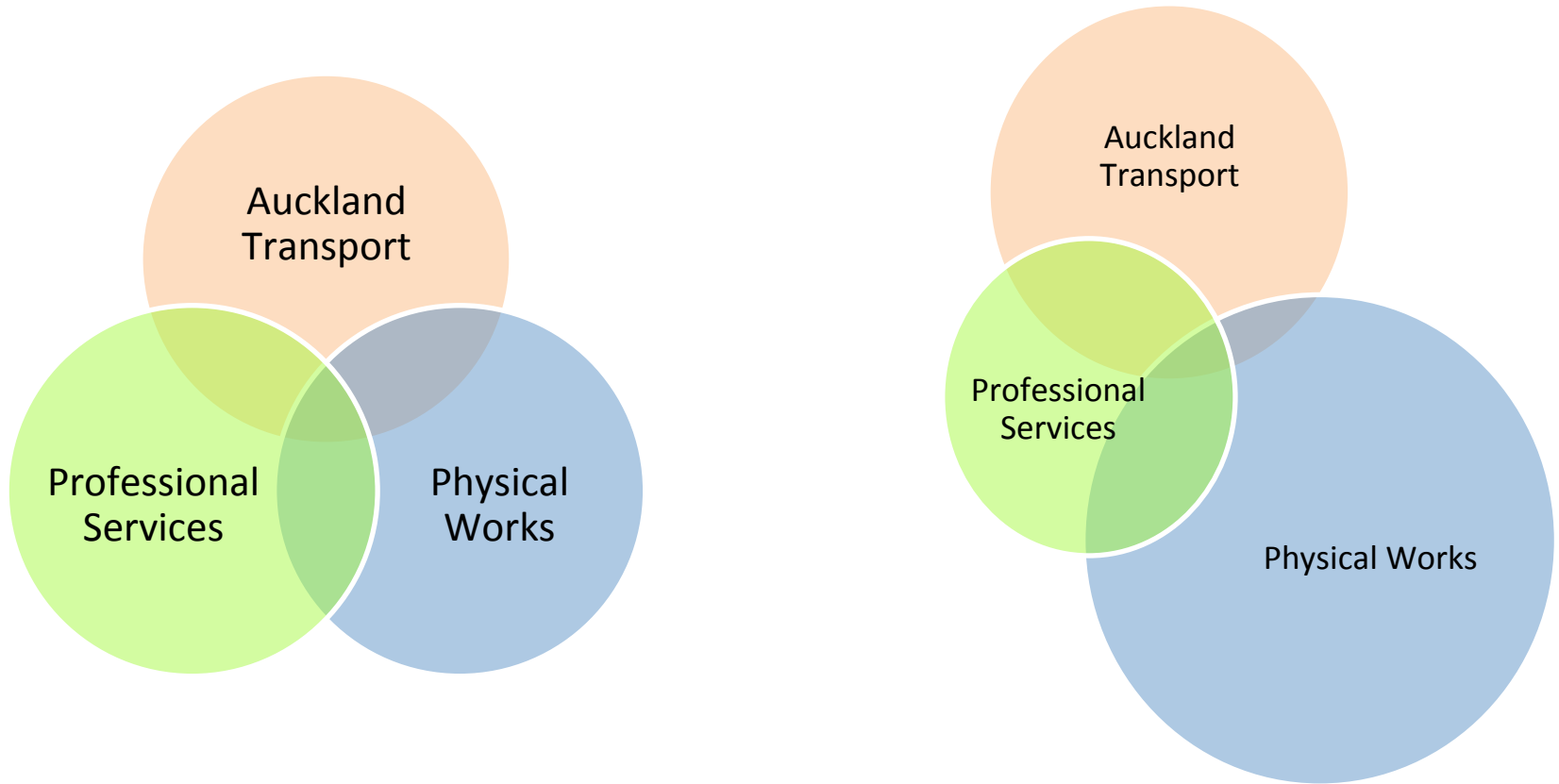
Contract options

- Traditional (3910)
- Alliance
- NEC
- Hybrid Collaborative
- A variety of the above
- Others

Design Exercise



Design Exercise



Outcome of workshops

Issues	Summary of Group Findings		
	Group One	Group Two	Group Three
Preferred Contract Form	NZS3910	NZS3910 Hybrid	NEC Hybrid
Contract Philosophy/Culture	Collaborative/Partnering	Collaborative	
Boundary Philosophy	Urban/Rural/Political	Urban/Rural/Political	Urban/Rural/Political
Number of Contracts/Assets	6	7	7
Contract Areas Suggested	Rural – South+Waiheke; North+GBI: Urban – Central 2; North, West	Na	North 2; South 2; Central 3; Islands ?
Asset Management Approach	-	Proactive + ECI	-
Scope of Physical Works	Boundary to Boundary Head Contracts which include specialist and preferred subcontractors	Boundary to Boundary Head Contracts which include specialist and preferred subcontractors	Boundary to Boundary Head Contracts which include specialist and preferred subcontractors
Standalone Contracts	Streetlights and Energy Supply	Streetlights and Energy Supply	Nil
Role of Professional Services	1 contract per area, each contract a consortia	Same model as Central?	Imbedded in AT and Physical Works
Roll Out Programme	From 2012, south; central, north	From 2012; south; central; north; central	From 2012; south; central; north; central
Contract Terms	Minimum 3+1+1 or 2+2+2	Na	4+2+2
Other Preferences	Independent Engineer to Contract	Align Specs, Capex and Opex	Integration, consistency

Objectives

- Simplicity and consistency
- Creating a sustainable contracting environment

We will achieve this through:

- Integrated and proactive maintenance activities
- Delivering value for money
- A new level of customer service
- Keeping safe
- Collaborative partnerships



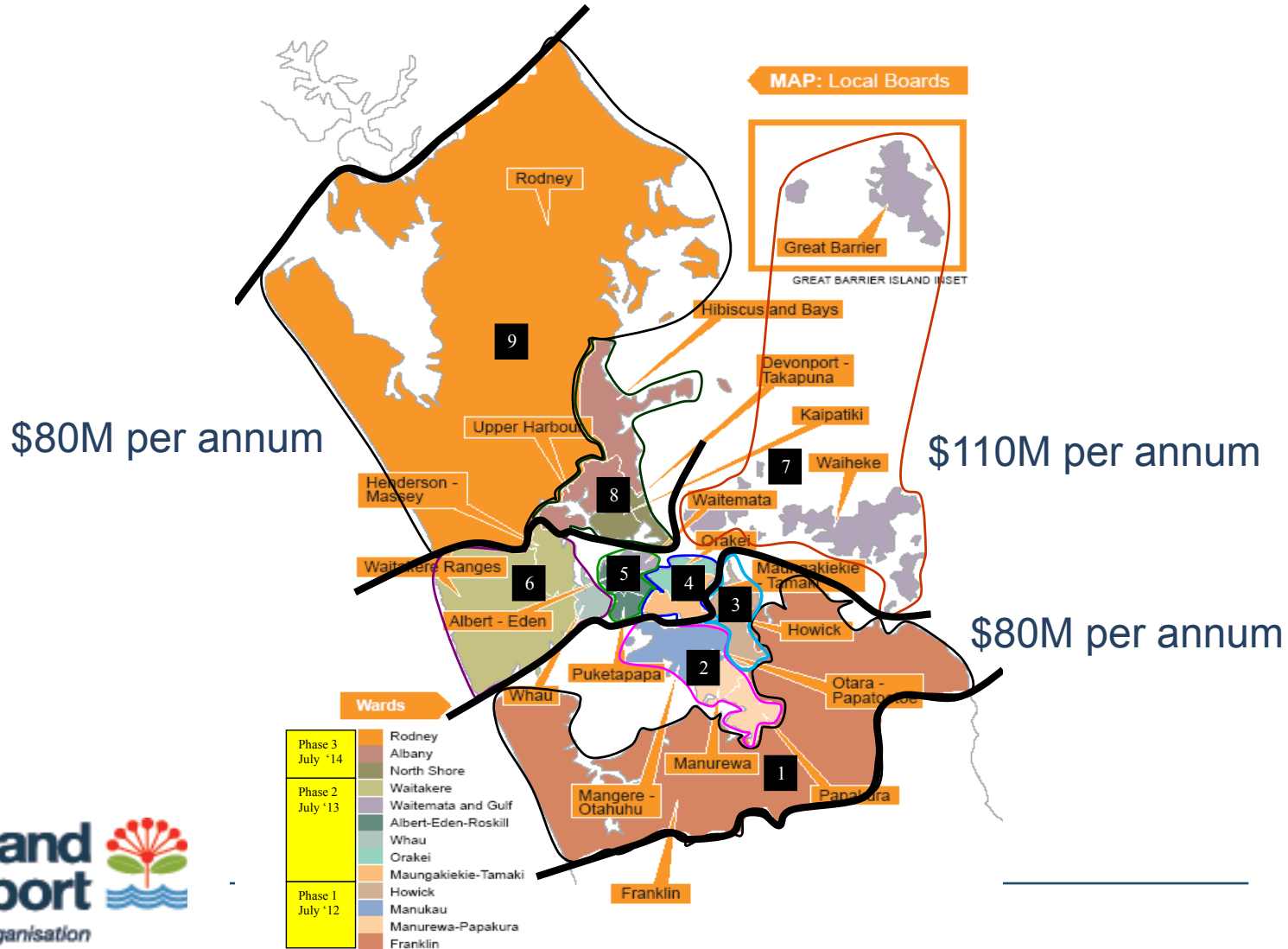
Scorecard

	Yes	No
Sustainable competitive contracting environment		
Simplicity		
Collaboration		
Allows for integration of Stormwater, Parks etc		
Value for Money		
Defendable/sensible		
AT in control		
Fiscally responsible (subsidy etc)		

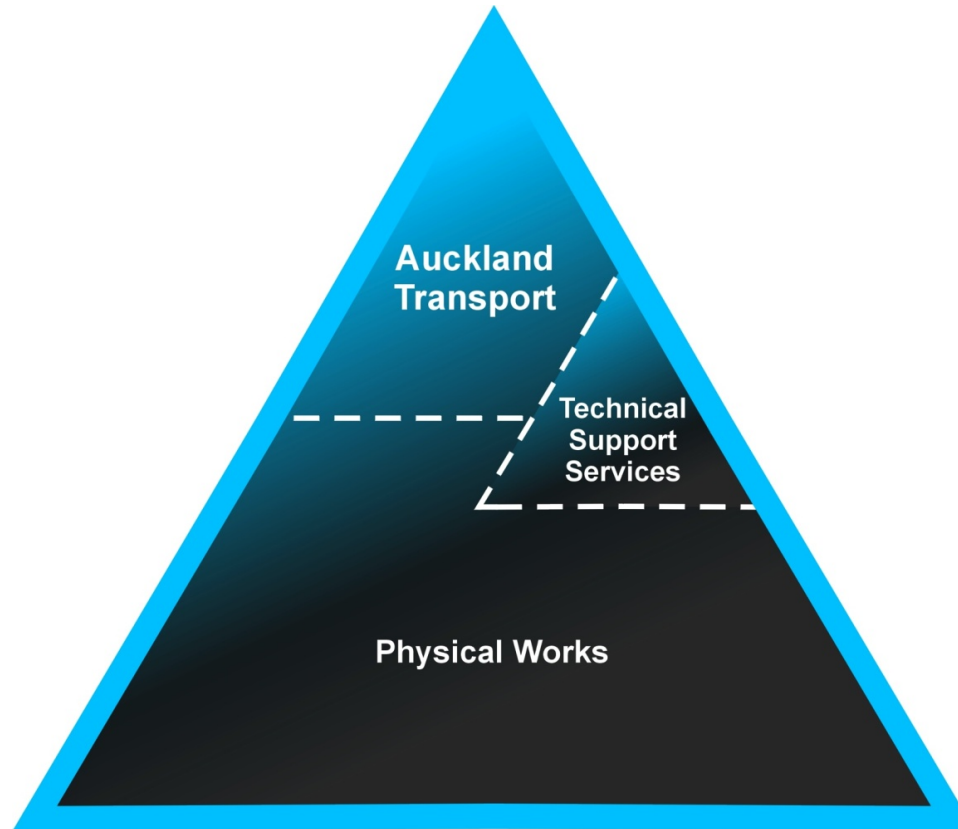
Contract Model

Contract Form	NZS3910 (+ some collaborative improvements)
Contract Philosophy/Culture	Collaborative - using a Contract Volume dedicated to the “Way we work together”
Boundary Philosophy	Urban/Rural/Community
Number of Contracts/Areas	<ul style="list-style-type: none"> • 9 Road Maintenance • 2 Street lighting maintenance • 3 Technical Support Service Panels
Contract Areas	See the following map
Asset Management Approach	Boundary to Boundary
Scope of Physical Works	Head Contracts with agreed Subcontractors
Timetable – Physical Works	South 2012 / Central & West 2013 / North 2014
Contract Terms	4+2+2
Technical Support Services	3 Preferred Supplier Panels – all set up in early 2012

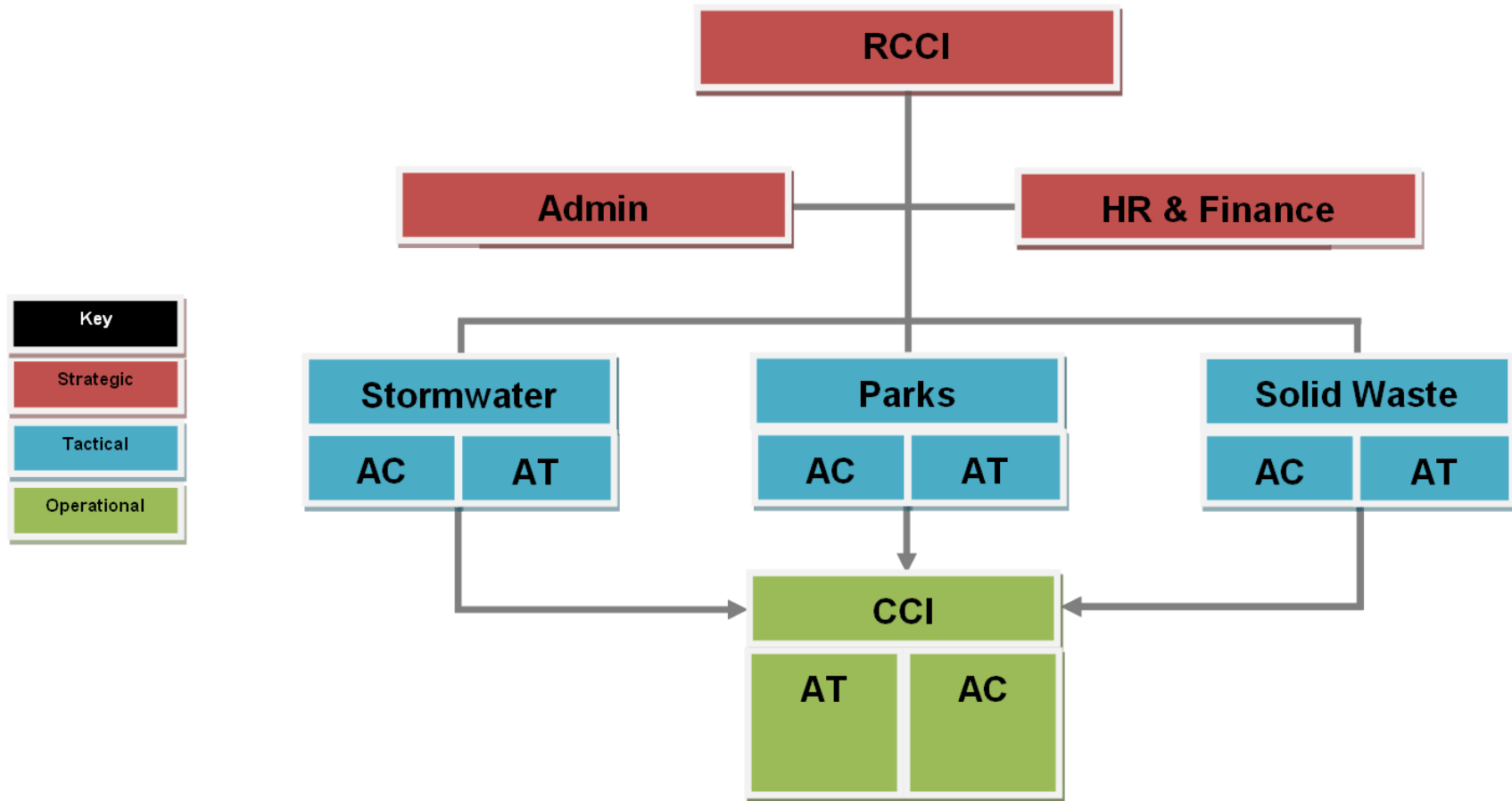
Boundaries



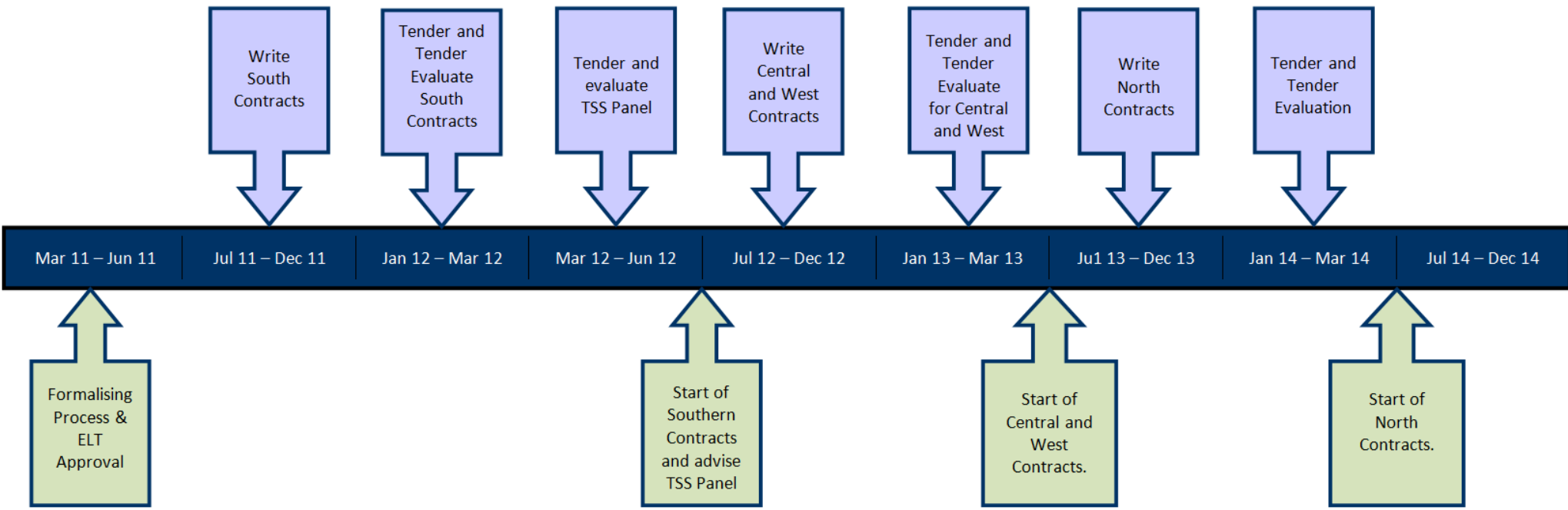
RCM Delivery Model



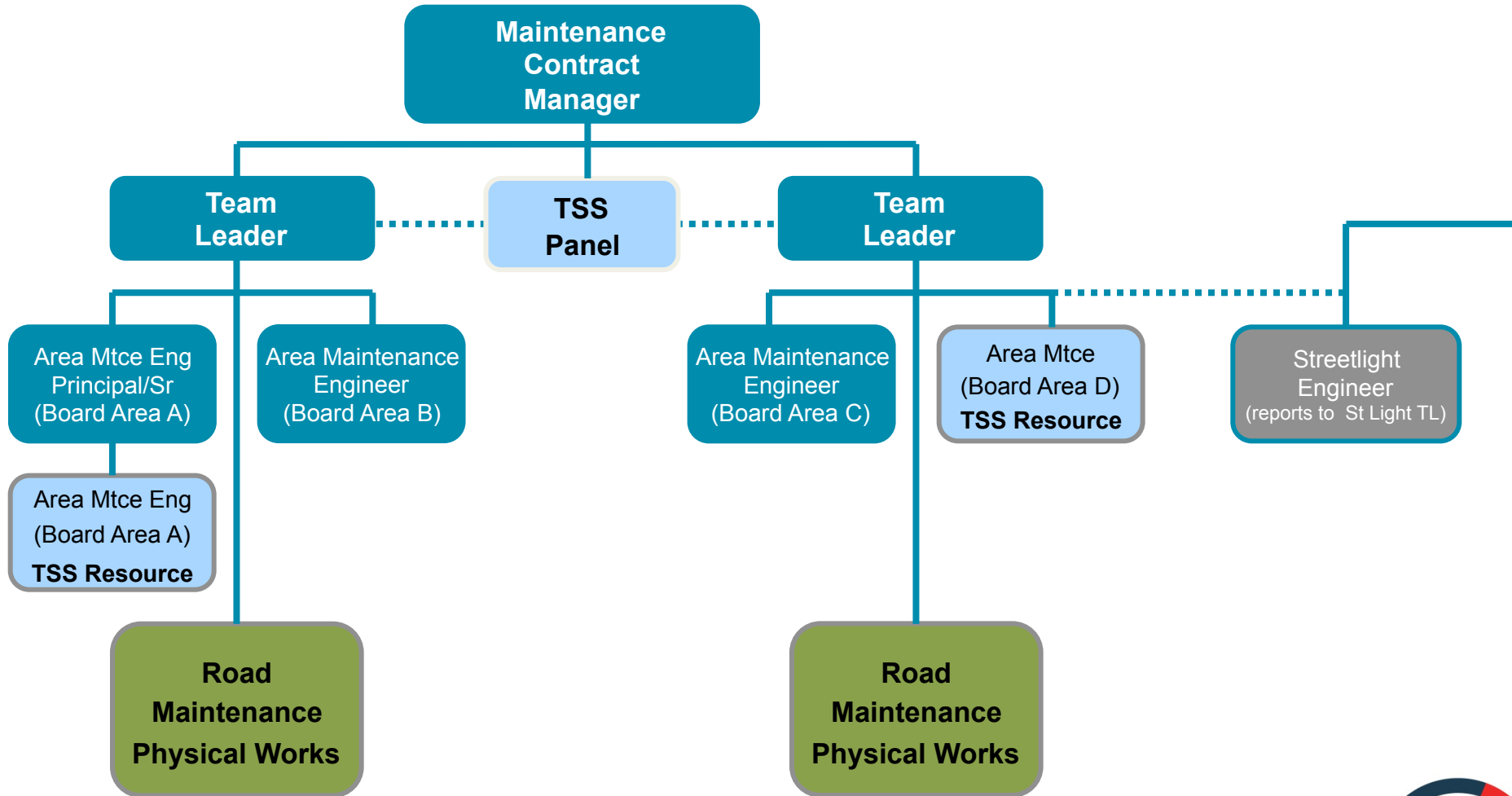
Road Corridor Contract Integration




Rollout Timeline



RCM Structure



RCM Accountability Matrix

	AT	TSS	PW
STRATEGIC			
TACTICAL			
OPERATIONAL			



= Prime Responsibility

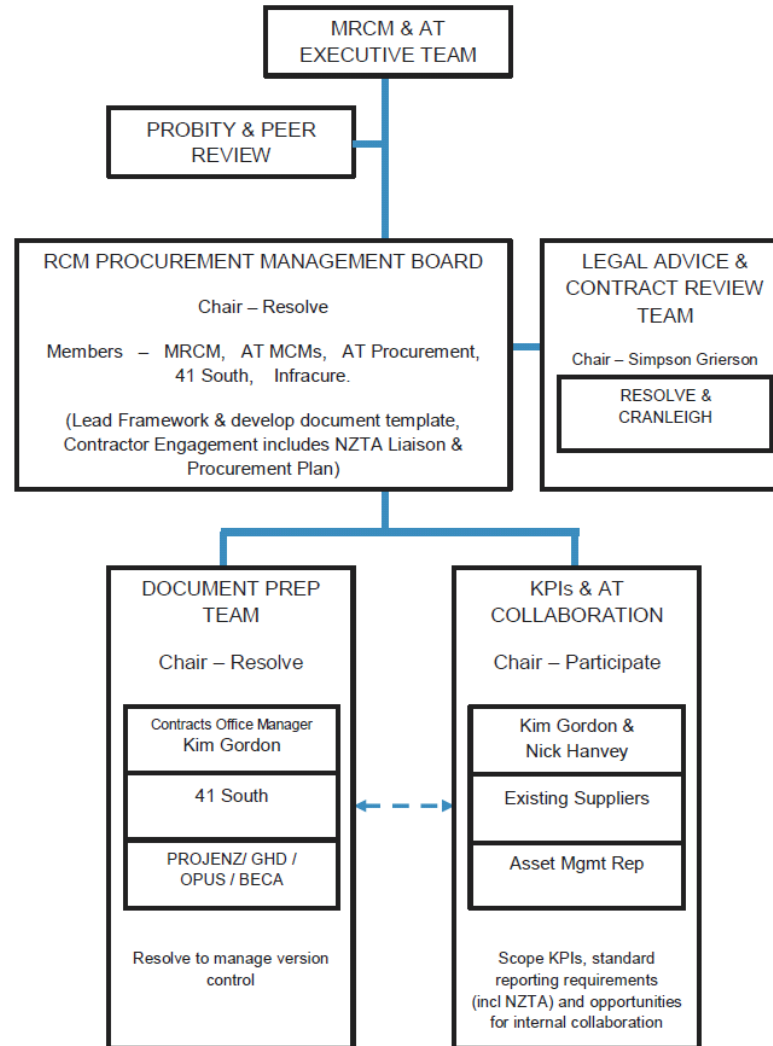


= Dynamic Collaboration

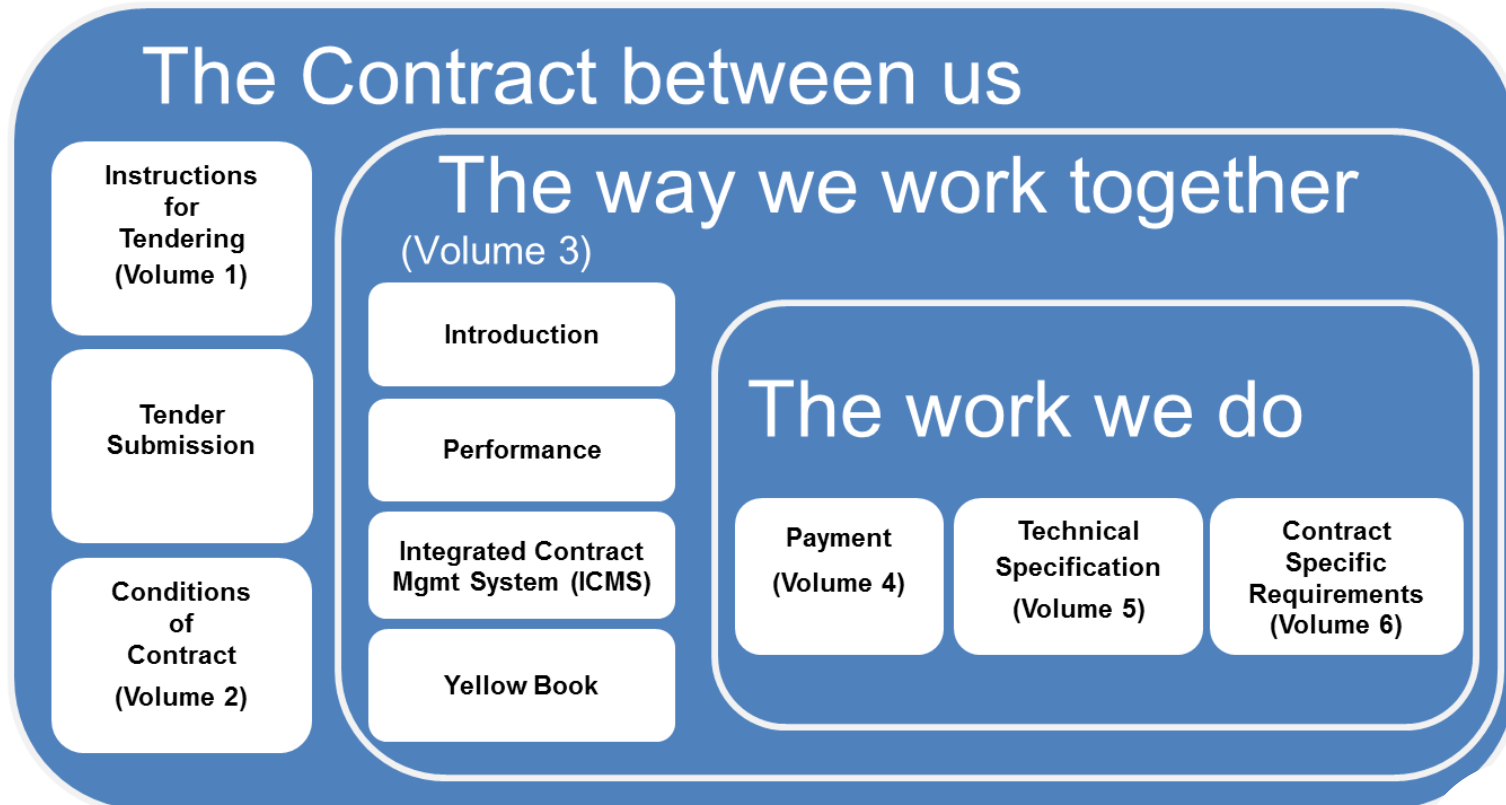


= Input / Support

Contract Prep Structure



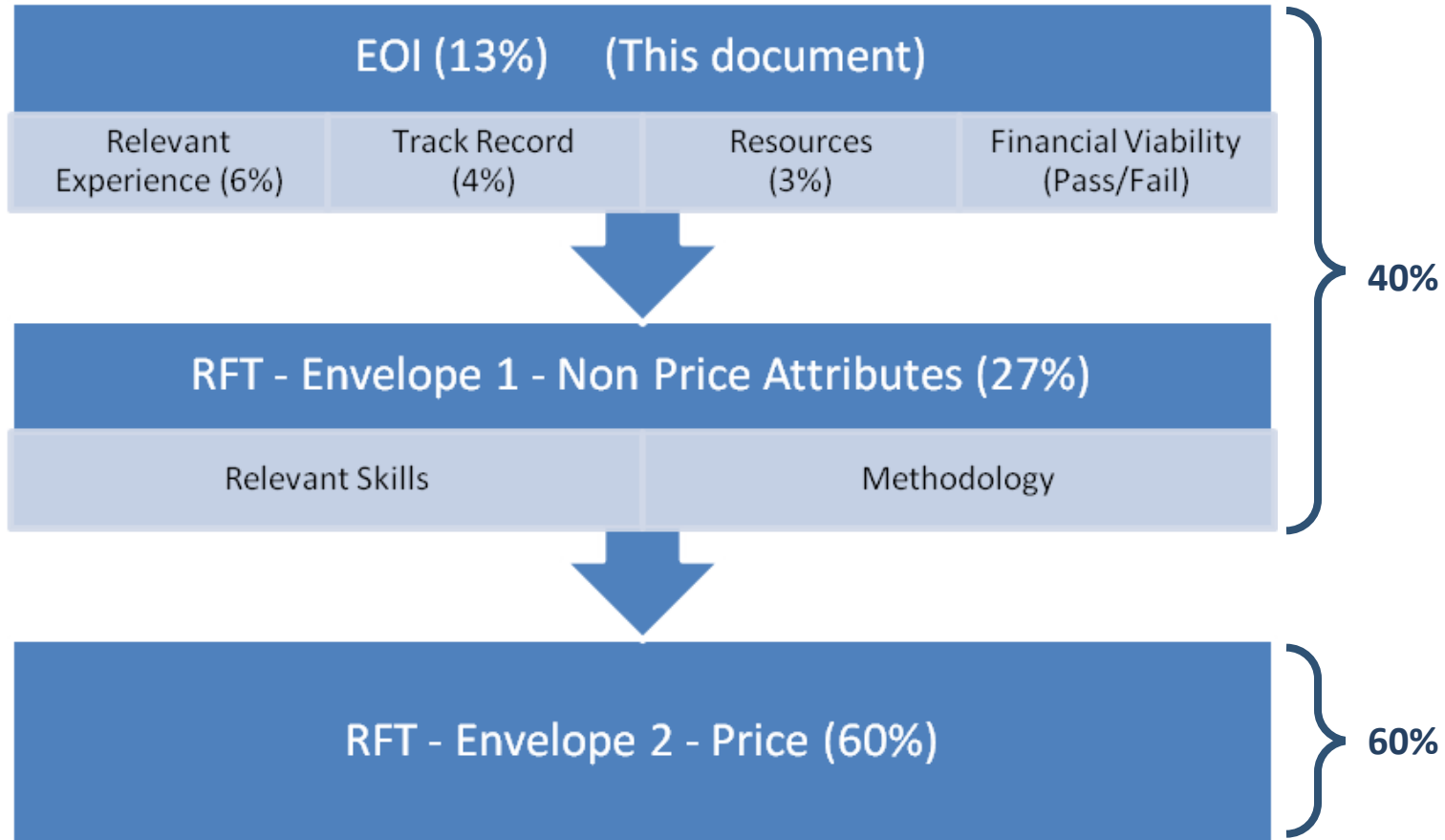
Contract Outline



Tender Methodology

- Price Quality Method
- Two stage process
 - Tenderers will be shortlisted through an EOI process
 - Scores carried through to RFT
 - Price/non-price weighting 60:40
- Note:
 - Dual Legal Council – Simpson Grierson & Kensington Swan
 - Real time Probity Audit – McHale Group

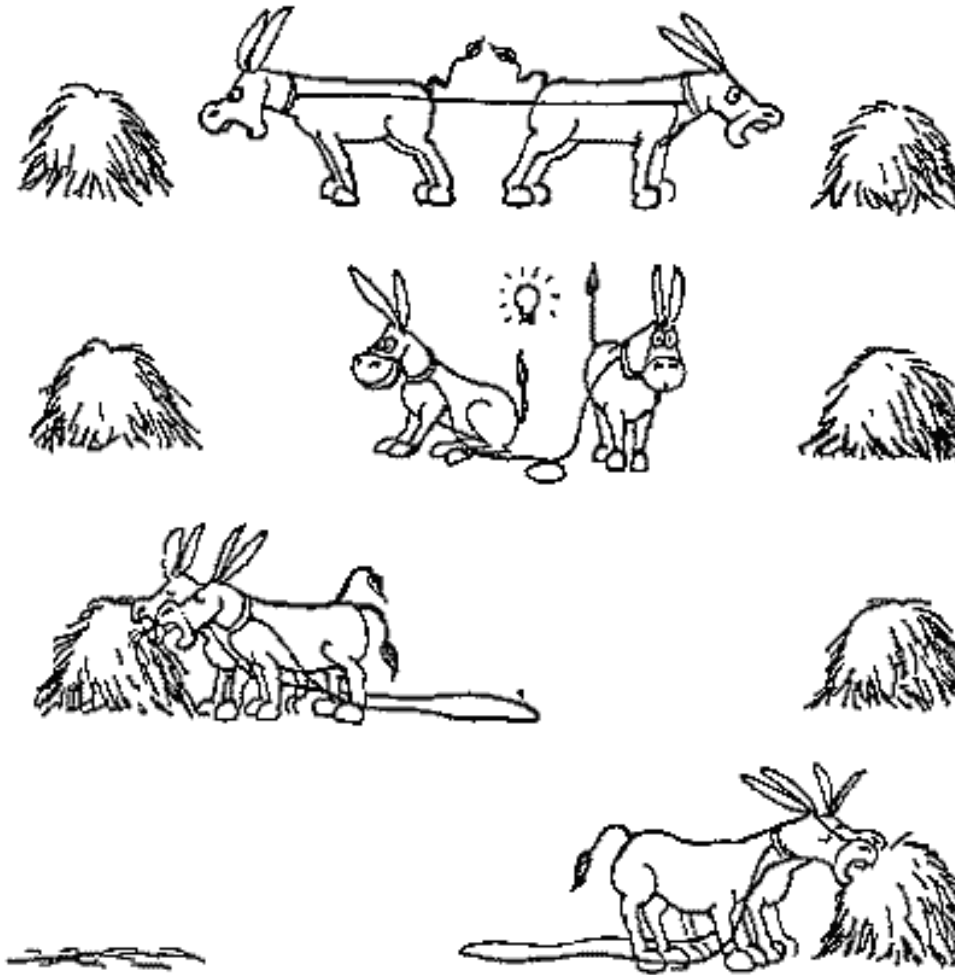
Tender Methodology



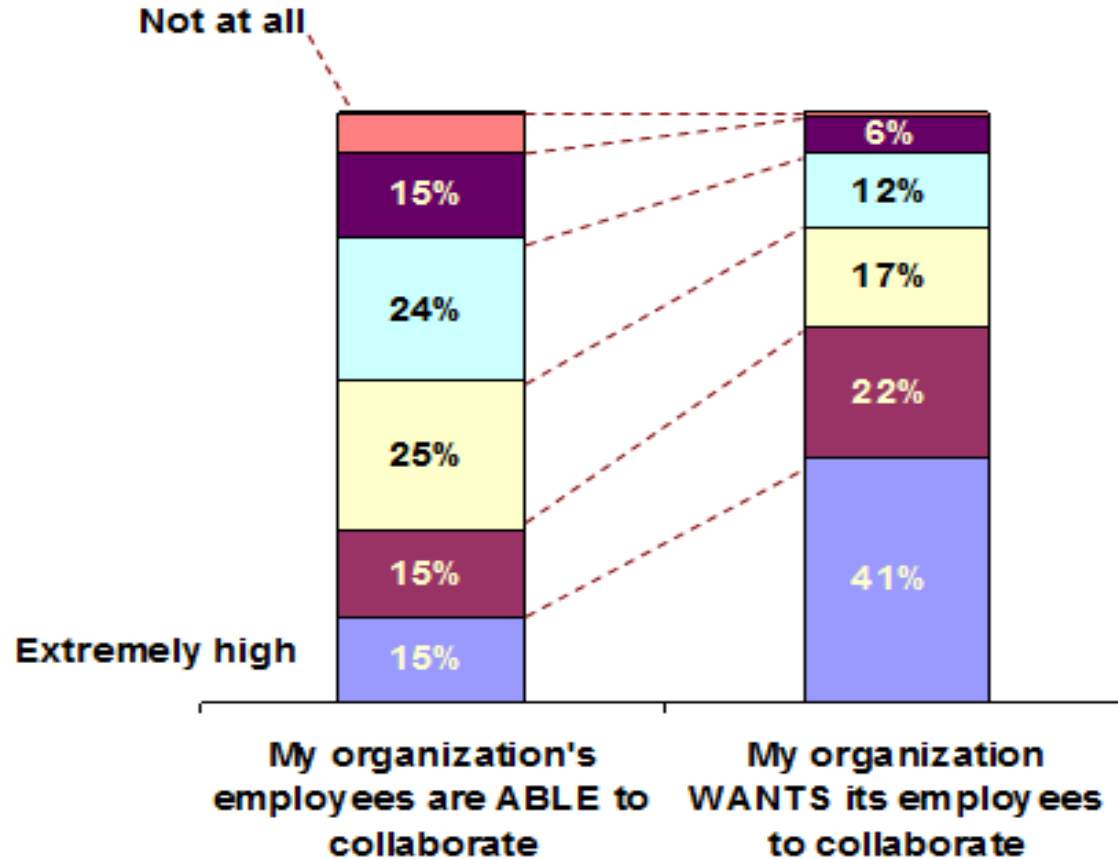
Collaborative Success

- Industry engagement and buy-in
- Working to shared objectives and in the best interests of Auckland and New Zealand
- AT needs its service providers ‘on the same page’
- Internal collaboration is critical for all parties
- Collaborative behaviours will be encouraged and rewarded.

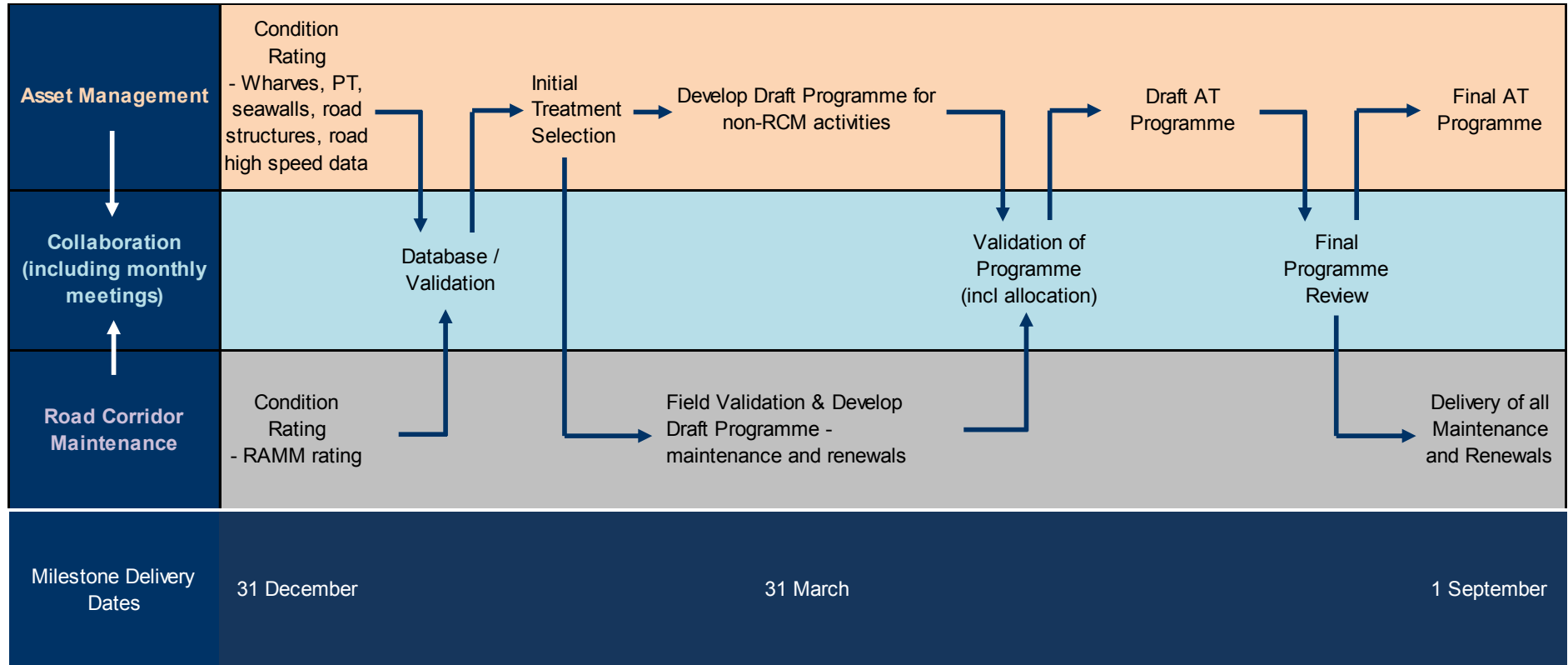
Why we collaborate?



Can we collaborate?



AM and RCM Collaboration

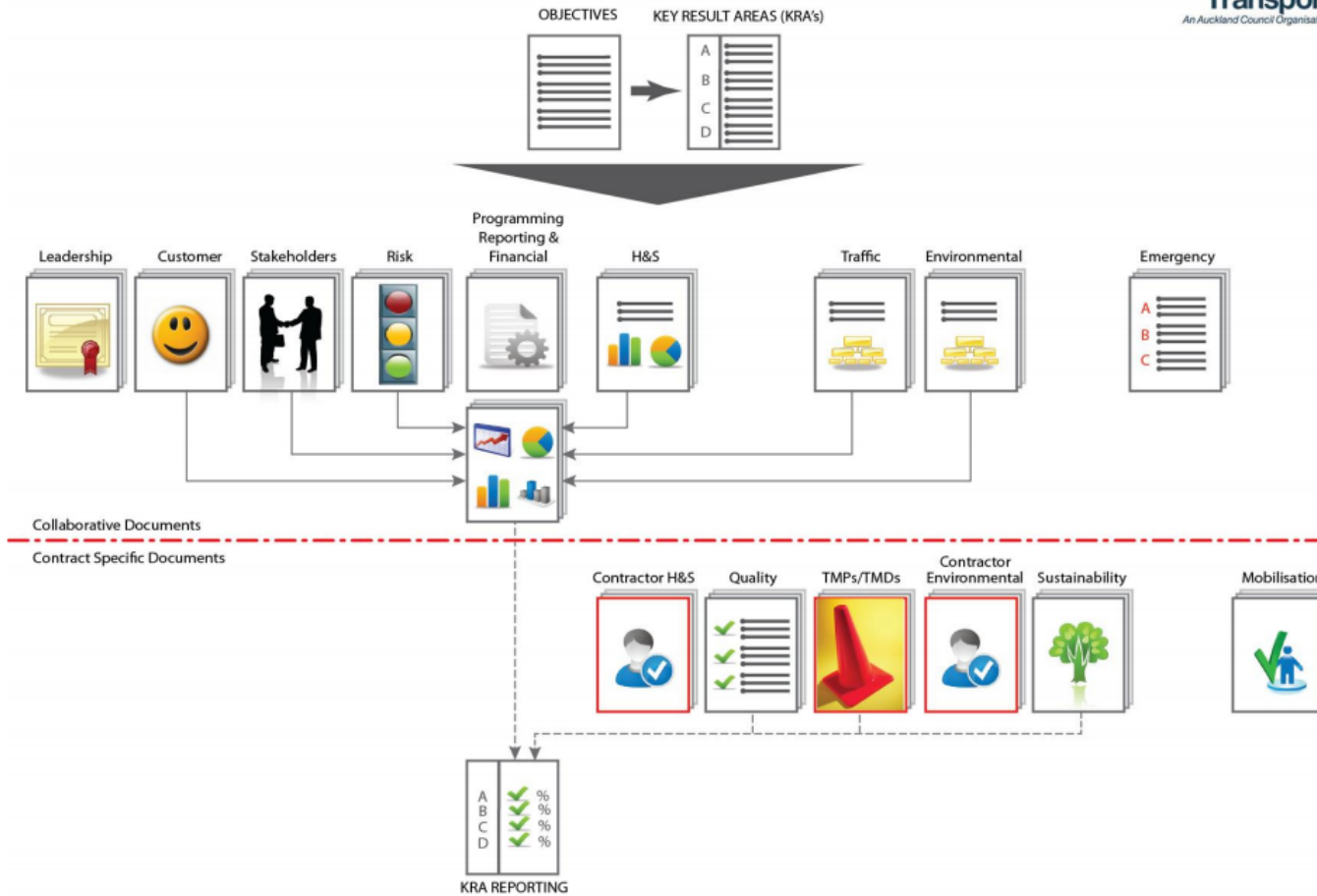


Performance and Reward

- Performance Scorecard - KPIs
 - Collaborative approach to Continuous Improvement
 - Openly reported across all contracts
 - Recalibrated to encourage 'breakthrough' performance
- Rewards – 40:40:20 rule
 - 40% of Renewals work included in contracts
 - 40% of Renewals awarded based on performance
 - Minimum of 20% of Renewals will go to open tender

ICMS

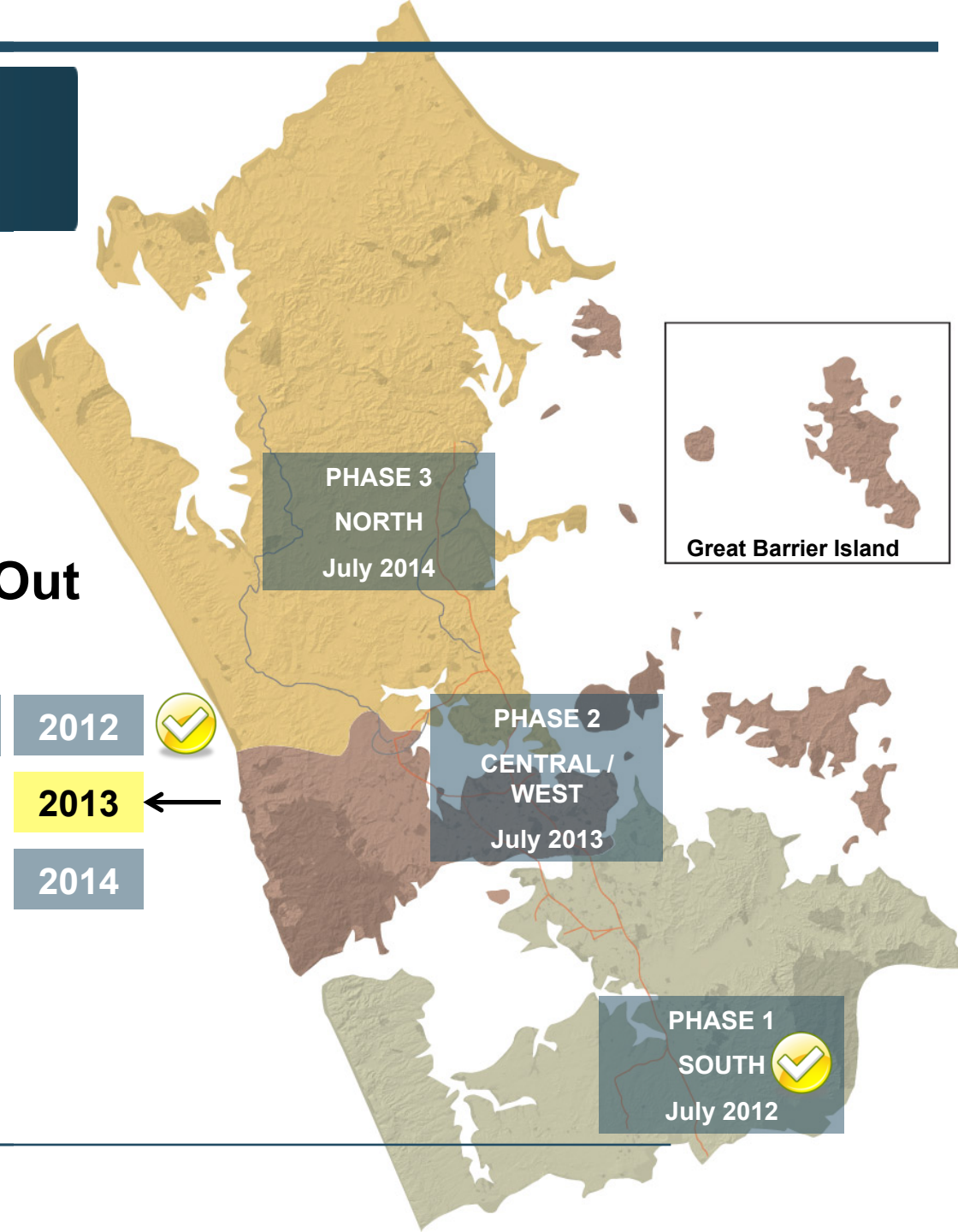
Auckland South Maintenance Contracts - ICMS Map



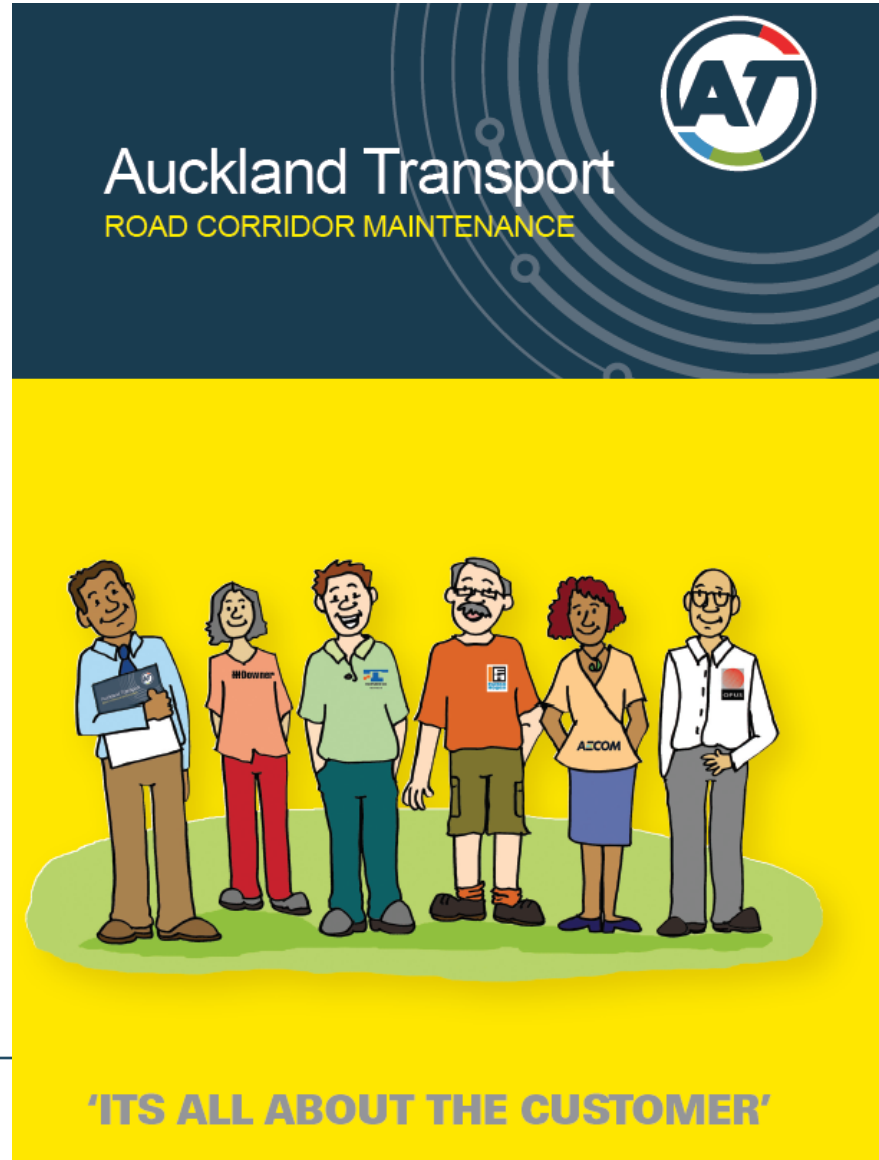
Progress

Physical Works Contract Roll Out

PHASE 1: South (awarded)	3 Contracts	2012	✓
→ PHASE 2: Central / West	4 Contracts	2013	←
PHASE 3: North	3 Contracts	2014	



Yellow Book





INTEGRATED PROACTIVE MAINTENANCE ACTIVITIES

One team, one network, one outcome

We deliver work in a collaborative way, involving other network operators to achieve multiple outcomes. We can clearly show the 'dig-once' philosophy is working. We proactively plan mutually beneficial projects. Reporting is timely, informative, well-presented and it helps us deliver a 'best for network' approach.

- Dig once, dual planning
- Take pride in our work
- Bring together the right team, with the right gear and right approach
- Coordinate ideas and ways of working
- Plan and have a Plan B



VALUE FOR MONEY

Make every dollar count

We look for innovations and initiatives that ensure a quality spend. We plan our projects and programmes wisely within the budgets allowed. We consistently achieve high quality outcomes, and 'value for money' is a key driver.

- Do the job right; no rework
- Think ahead; look for new ways of doing the job better
- Do what's best for the network
- Spend it like it's yours
- Put in the hard yards



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