



Entered by Board Secretary

AGENDA ITEM 22   BOARD DECISION PAPER	
<b>To:</b>	The Board
<b>From:</b>	Alan Wallace
<b>Reviewed:</b>	Murray Burt, Director, Infrastructure & Place Dean Kimpton, Chief Executive
<b>Date:</b>	11 December 2024
<b>Title:</b>	<b>Streetlight Maintenance, Renewals and Capital Works Contracts (FY25/26)</b>

### Aronga / Purpose

- To request approval of the Procurement Strategy for the delivery of Streetlights Maintenance, Renewals and Capital Works Contracts from 1 July 2025;
- To provide an update on the streetlight retrofit programme.

### Tuku mana / Delegation

- Board approval is sought to delegate authority to the Chief Executive to:
  - Initiate procurement (under DFA 2.1); and
  - Award three new Streetlight Contracts from 1 July 2025, with a total value of \$170 million over a 4+1 year term (under DFA 2.4).

### Te tūhunga / Recommendation

That the Auckland Transport Board (board):

- Approves the Procurement Strategy for the delivery of Streetlights Maintenance, Renewals and Capital Works Contracts from 1 July 2025; and

- Delegates authority to the Chief Executive to initiate procurement and enter into three new streetlight contracts from 1 July 2025, with a total value of \$170 million over a 4+1 year term.

### Te whakarāpopototanga matua / Executive summary

- The current streetlight maintenance and renewals contracts reach the end of their term on 30 June 2025. It is proposed to retender this work in January 2025. The new contracts are to commence on 1 July 2025 with a term of 4+1 years.
- The current three contract areas (North, Central and South) are to be retained.
- The new contracts will place emphasis on managing the network using the Central Management System (CMS). Night patrols for example have ceased and the CMS is used to identify faults on the network.
- The new contracts will make provision for carrying out streetlight maintenance and renewals and minor safety improvements. Column replacements will be a significant part of the new contracts.
- The new contracts will provide for a risk-based approach to Temporary Traffic Management (TTM) in accordance with the New Zealand Guide to Temporary Traffic Management (NZGTTM). TTM costs will be included in the scheduled rates, and made visible for reporting to New Zealand Transport Agency Waka Kotahi (NZTA.)
- The Light Emitting Diode (LED) Retrofit programme has replaced 120,000 streetlights, and introduced the CMS, resulting in over \$11 million annual savings (\$4 million reduced lines charges, \$6 million reduced LED wattage, \$1million Profile Dimming via CMS); the Retrofit programme is now largely complete.

### Ngā tuhinga ō mua / Previous deliberations

Date	Report Title	Key Outcomes
Nil	Nil	Nil



Entered by Board Secretary

## Te horopaki / Background

10. There are currently three main maintenance and renewals contracts for North, Central, and South areas, awarded to Omexom, McKay, and Downers respectively. These areas are similar in size and are working well. These contracts expire on 30 June 2025.
11. The North and South areas contain large rural areas dominated by overhead electricity lines. The Central area is urban and uses mainly underground cables.
12. Waiheke Island streetlight maintenance is completed under a separate low value contract negotiated with the Vector maintenance contractor (Northpower) who have a depot on the island and field crews available 24/7. This contract is directly negotiated and not part of this procurement and Board approval.
13. There are 125,000 streetlights across the network with 120,000 now retrofitted to LED and connected to the CMS. The remaining lights fall into three groups.
  - a. Lights that are less than 60 Watts in handrails in walkways, etc. where they cannot easily be connected to the CMS.
  - b. Special decorative lights that will require the column to be replaced at the same time. These lights will be changed to LED when the old light needs maintenance as part of the renewals programme.
  - c. High powered lights that require a design solution, including high mast lights. These lights will be changed to LED when the old light needs maintenance as part of the renewals programme.
14. Using the CMS for electricity billing results in cost savings of approximately \$1 million per annum, although this comes with a requirement for highly accurate data record management by contractors.
15. Regular night patrols are no longer being carried out and lights out are being identified in the CMS.
16. NZGTTM, also known as the “Risk Based Approach” to TTM, will be incorporated into the tender process for the new contracts. The new guide replaces the prescriptive approach used under the incumbent Code of Practice

for Temporary Traffic Management (CoPTMM), allowing more flexibility into the TTM solutions deployed. These contracts are the first opportunity to introduce a risk-based approach into an AT maintenance contract procurement and thereby realise any financial and efficiency benefits attainable through open competitive pricing.

## Te hononga ki te “Statement of Intent 2024-2027”/ Alignment to Statement of Intent 2024–2027

17. This procurement aligns with several key points from the Statement of Intent:
  - a. Improved Safety: The contract aims to enhance road safety by ensuring a high level of service in street lighting, which directly contributes to safer roads.
  - b. Sustainability: The replacement of High Intensity Discharge (HID) luminaires with energy-efficient LED lights supports Auckland’s goal of reducing energy use and carbon emissions.
  - c. Customer Satisfaction: By adopting a proactive approach to identifying faults and reducing response times, the contract aims to improve customer satisfaction and reduce the number of complaints about streetlight outages.
  - d. Cost Efficiency: The LED retrofitting programme and Central Management System (CMS) have reduced maintenance costs and electricity usage, providing better value for money.
  - e. Technological Advancements: The installation and enhanced utilisation of a Central Management System (CMS) will allow for remote monitoring and adjustment of lighting levels, further enhancing efficiency and service quality.
18. These points reflect Auckland Transport’s commitment to improving public confidence through better service delivery and sustainable practices.



Entered by Board Secretary

### Me mōhio koe / What you need to know

19. The following proposals are fully detailed in the attached Streetlights Procurement Strategy.
20. It is proposed that the current three contract areas be unchanged. Contractors will be limited to one contract area. This is:
  - a. To maintain a pool of electrical / lighting contractors in the Auckland region
  - b. To keep each contract at a manageable size
21. It is proposed that each contract have a term of 4+1 years with a start date of 1 July 2025. This term is proposed as a balance between:
  - a. Allowing contractors to obtain better pricing for longer term fixed overhead costs such as depots and bucket trucks
  - b. Competitive tension
  - c. Having contracts that are sufficiently recent to best represent evolving requirements on the network.
22. The new contracts will place emphasis on accurate data management as this is a requirement for using the CMS for electricity billing.
23. The new contracts will use the CMS for identification and management of faults on the lighting network.
24. The total cost of the retrofit programme was \$96.2 million with subsidies of \$66.8 million leaving the AT share of \$29.4 million. Annual savings are \$11 million made up of \$4 million reduced lines charges, \$6 million reduced LED wattage, and \$1 million from Profile Dimming via CMS. Profile Dimming refers to dimming streetlights late at night when traffic volumes are low.
25. Consideration has been given to incorporate the streetlight maintenance and renewals work into the road maintenance or field devices contracts. The competencies/disciplines required for the street light network are specialised and they operate in a regulated electrical environment, therefore it would not be an appropriate fit to combine these contracts.

26. The new contracts will use NZGTTM.
27. It is proposed that TTM costs be included in the scheduled rates, to maintain competitive tension on suppliers to keep these costs to the minimum necessary.
28. It is proposed that the contractor note the embedded cost of temporary traffic management for each scheduled activity in the rates table to enable reporting to NZTA via the Road Efficiency Group.

### Ngā ritenga-ā-pūtea me ngā rauemi / Financial and resource impacts

29. The estimated value of the work is \$136 million over four years. This comprises \$106 million for maintenance and renewals and \$30 million for minor safety projects funded by the minor safety programme. An additional \$34 million is estimated for the fifth year right of renewal.
30. Street lighting maintenance and renewals are funded in the Long Term Plan and receive subsidy from NZTA.

### Ka whaiwhakaaro ki te Tiakanga Taiao / Climate change and sustainability considerations

31. The retrofit programme has resulted in annual savings of \$11million per year, made up of \$4 million reduced lines charges, \$6 million reduced LED wattage, and \$1 million from Profile Dimming via CMS. These savings reduce CO2 emissions by 4,600 tonnes per year.

### Ngā whakaaweawe atu anō / Other impacts

Relationship	Consulted Y/N	Views and Perspectives Received
Māori	Yes: <input type="checkbox"/> No: <input checked="" type="checkbox"/>	No impacts considered relevant/necessary for consultation



Entered by Board Secretary

Elected members	Yes: <input type="checkbox"/> No: <input checked="" type="checkbox"/>	No impacts considered relevant/necessary for consultation
Council Controlled Organisations	Yes: <input type="checkbox"/> No: <input checked="" type="checkbox"/>	No impacts considered relevant/necessary for consultation




### Ā muri ake nei / Next steps

32. To call for tenders on 13 January 2025.

### Te whakapiringa / Attachment

Attachment #	Description
1.	Procurement Strategy – Streetlight Maintenance, Renewals and Capital Works Contracts (753-25-257-RM)

### Te pou whenua tuhinga / Document ownership

Submitted by	Recommended by	Approved for submission
Alan Wallace <b>GM Road Asset Maintenance &amp; Renewals</b>	Murray Burt <b>Director Infrastructure &amp; Place</b>	Dean Kimpton <b>Chief Executive</b>
		



# Attachment 1

Procurement Strategy

Streetlight Maintenance, Renewals and Capital Works  
Contracts

753-25-257-RM

06 November 2024

## Table of Contents

Table of Contents .....	2
1. Endorsement and Approval.....	3
2. Executive Summary .....	4
3. Background.....	5
3.1. Streetlight MRC Works Contract Objectives .....	6
3.2. Summary of the current Streetlights MRC Works Contracts.....	8
3.3. Internal stakeholder & current supplier feedback.....	10
4. Options for future delivery of Streetlights MRC Works services .....	11
4.1. Do Nothing .....	11
4.2. Alternative options.....	11
4.3. Establish new MRC Works contracts, replacing the current .....	11
Recommended Option.....	12
4.4. Supplier market impact.....	12
5. Proposed Scope of Future work .....	12
5.1. Estimated Streetlights MRC Works Spend .....	13
5.2. Scope Limitations .....	13
6. Proposed Procurement approach .....	13
6.1. Supplier Selection Method – Options Analysis .....	14
AT Lowest Price Conforming Method (ATLPC) .....	14
AT Price Quality Method (ATPQM) .....	14
AT Quality Based Method (AT QBM) .....	14
Recommendation.....	15
6.2. Broader Outcomes and Sustainability.....	15
6.3. Sourcing Strategy.....	15
Procurement Timing.....	16
Evaluation method .....	16
7. Contract Management .....	17
7.1. Secondary procurement (Maintenance, Renewals and Capital Works) .....	17
7.2. Council Group and other Government Agency Syndication.....	17
7.3. Streetlight MRC Works Supplier Management .....	17
7.4. Supplier Performance Management .....	17
7.5. Annual Cost Escalation .....	18
7.6. Contract set up .....	18
8. Risks .....	18

# 1. Endorsement and Approval

The purpose of this Procurement Strategy is to seek endorsement and approval to establish new Streetlight Maintenance, Renewals and Capital Works Contracts (Streetlight MRC Works Contracts) covering all of the Auckland region to replace the current contracts which expire on 30 June 2025. Due to the overall value of the new contracts, AT Board approval will be required for this Procurement Strategy.


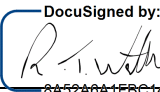
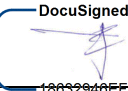

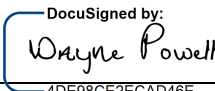
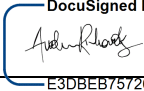


**The new Streetlight MRC Works Contracts will commence 1 July 2025.**

**Recommendation:**

It is recommended that this Procurement Strategy is approved, allowing Auckland Transport to seek market proposals to procure and establish three new Streetlight MRC Works Contracts to provide for all streetlight maintenance, renewal and capital requirements in the Auckland region, excluding Waiheke Island, as per the proposed Scope of Works detailed in Section 5.

It is recommended that the Chief Executive is delegated the authority to approve the Procurement Plan, Evaluation Report, execute the Contracts and approve any variations within the Streetlight MRC Works Contracts for a term of 4+1 years to a value of \$170 million.

This Procurement Strategy was reviewed, endorsed and approved as below:

Name/ Title	Role	Signature	Date
Ben Cullen, Principal Streetlight Engineer	Author		07 November 2024
Tim Watton, ITS Maintenance Manager	Review		07 November 2024
John Blower, Finance Business Partner	Endorsement		07 November 2024
George Joseph, Senior Procurement Manager (Infrastructure and Place)	Review		07 November 2024
Wayne Powell, Manager Probity, Risk and Assurance	Endorsement		07 November 2024
Andy Richards, Group Manager Procurement	Endorsement		07 November 2024
Alan Wallace, Group Manager Road Asset Maintenance and Renewals	Endorsement		8 November 2024
Murray Burt, Director Infrastructure & Place	Recommended		8 November 2024
Dean Kimpton, Chief Executive	Approval		

In signing this Strategy signatories acknowledge that they have no conflict of interest to declare with respect to this procurement. If a conflict or perceived conflict exists, an [Online Procurement Confidentiality and COI Declaration](#) must be completed.

## 2. Executive Summary

This Procurement Strategy seeks approval to establish three new Streetlight Maintenance, Renewals and Capital Works Contracts “**Streetlight MRC Works Contracts**” for AT covering the Auckland region and commencing 1 July 2025. The new contracts will replace the current three contracts for the Auckland Region which expire on 30 June 2025, having reached their maximum 4+1+1 year term.

The new Streetlight MRC Works Contracts will cover all maintenance and renewal and minor capital works requirements for the AT street lighting asset base. Works will be allocated on a geographical basis to three separate Suppliers using the current contract boundaries which are partly based on lines company (Vector and Counties Energy) areas of demarcation which have worked well to date for AT.

The estimated annual spend for the three Streetlight MRC Works Contracts is ~\$11.3 million each, and \$34 million total per annum. The term of the new contracts is proposed as 4 years initial with a 1 year right of extension – a maximum term of 5 years. Waiheke Island has a directly appointed contract to the incumbent Vector supplier (Northpower), who is the only practicable supplier on the island. This contract is not covered in this Procurement Strategy.

Procurement of the Streetlight MRC Works Contracts is crucial for the successful management of Streetlights across the Auckland region and ensuring value for money with the Infrastructure & Place "Better/Faster/Cheaper" strategy for Auckland. It is recommended to keep the current geographic areas and physical boundaries of North, Central and South with Suppliers only able to win one contract area to maintain supplier diversity and mitigate delivery risk. The new contracts will be procured by open market Request for Proposal “RFP” and we expect keen competition with at least 5 providers who can supply services, potentially more with consortia of medium to smaller size suppliers or international suppliers.

The current Streetlight MRC Works contracts have worked successfully to deliver AT maintenance, renewal and capital works requirements; implementing new contracts will build on and improve the current practice for Auckland. The current contracts prioritised retrofitting new LED lights to replace the old High-Intensity Discharge (HID) lights; this programme is substantially complete and is achieving annual savings of \$11M per year based on current electricity rates (\$4M reduced lines charges, \$6M reduced LED wattage, \$1M Profile Dimming via the Central Management System [CMS]), and a reduction of 4,600 tonnes of CO2 per year. The Auckland streetlight network has 125,000 street lights with 120,000 connected to the CMS and grows on average 2,000-3,000 lights per annum. The current contracts have delivered on a considerable minor capital works programme for various streetlights improvements around Auckland, with those works accounting for around 45% of total spend over the last 4 years.

The new contracts from July 2025 onwards will focus on managing maintenance on the network using the Central Management System (CMS), implementation of the New Zealand Guide to Temporary Traffic Management (NZGTTM), and an accelerated programme of lighting column replacements. The contracts will also serve as a vehicle for delivery of capital works from Minor Safety Projects and other related Infrastructure and Place Division projects providing their own funding. It is anticipated this work will reduce from recent levels.

This Procurement Strategy requires Chief Executive endorsement and AT Board approval with the Streetlight MRC Works Contracts proposed total procurement value of \$136 million for the initial 4-year term, plus estimated \$34M for the right of renewal (1-year extension) for a total 5-year committed contract value of \$170M; NZTA endorsement is not required as previously confirmed by NZTA.



### 3. Background

The three Streetlight Maintenance, Renewals and Capital Works Contracts come to the end of their 6-year term (4+1+1) on 30 June 2025, following award in 2019. The Auckland region is currently divided into 3 contract areas and these same contract areas are proposed for the future Streetlight contracts: North, Central, and South. These contracts are proposed for open market Request for Proposal (RFP) from this Procurement Strategy.

Waiheke Island will be a direct appointment, negotiated contract with Northpower (Vector contracted Supplier for Waiheke Island) as the only practicable Supplier and approval is not covered in this Procurement Strategy. Northpower have a depot and field crews on Waiheke Island and there is now a low value of AT works needed on the island, with the LED rollout complete.

The existing Streetlight contracts have prioritised retrofitting the old High Intensity Discharge (HID) lights to new LED lights. This programme is substantially complete and is achieving annual savings of \$11M per year (\$4M reduced lines charges, \$6M reduced electricity consumption due to lower LED wattage, \$1M through late-night dimming via CMS), and with a reduction of 4,600 tonnes of CO2 per year.

The new Streetlight contracts going forward from July 2025 will focus on managing the network using the CMS, more efficient traffic management with the risk-based approach from NZGTTM and a programme of light pole replacements for end-of-life assets.

The following table sets out the contract areas together with the number of lights and estimated expenditure (Engineers Estimate “EE”).

<b>Contract name</b>	Street light maintenance, renewals and minor capital work <b>NORTH</b>	Street light maintenance, renewals and minor capital work <b>CENTRAL</b>	Street light maintenance, renewals and minor capital work <b>SOUTH</b>	<b>Totals</b>
<b>Number of lights</b>	~47,000	~36,000	~42,000	<b>~125,000</b>
<b>Number of lights on CMS</b>	~45,000	~35,000	~40,000	<b>~120,000</b>
<b>Estimated pole renewals required (per year)</b>	650	650	650	<b>1950</b>
<b>Contract value (4 years) Engineer’s Estimate</b>	51M	44M	41M	<b>136M</b>
<i>Spend since 2019 (6 years) – Initial Contract</i>	<i>30.6M</i>	<i>27.6M</i>	<i>28.0M</i>	<i>86.2M</i>
<i>Spend since 2019 (6 years) – Variations</i>	<i>30.9M</i>	<i>32.5M</i>	<i>31.0M</i>	<i>94.4M</i>
<b>Total Spend to date (6 years)</b>	<b>61.5M</b>	<b>60.1M</b>	<b>59.0M</b>	<b>180.6M</b>

The current main contract areas (North, Central, South) are demarcated to align to lines company connection points to the Transpower grid. This corresponds to 3 separate supplier’s areas, which retains supplier diversity and mitigates delivery risk if one of the suppliers does not perform adequately. The contract spend is approximately the same for each contract area and the geographic boundaries are setup in the Road Asset Maintenance and Management (RAMM) system and CMS which will allow for a consistent contract handover and efficient administration.

Day/night rates - it is agreed that having one rate would make the administration of the contract much simpler. There are little savings to AT in carrying out works at night because while traffic management costs may be less, staff will be paid a higher rate. It should be left to the supplier to decide what work needs to be carried out at night vs daytime hours.

The new contracts will make provision for regular maintenance and renewals, minor capital improvements and pole renewals. A clause will be included in the new contracts to allow AT, at its sole discretion, to add additional services to the scope of services where such services are related to the scope of works.

The contracts will be procured by open Request for Proposal (RFP) obtaining fixed rates for specified tasks together with a fixed annual management fee covering on-site overheads per contract area.

Minor Safety Capital Improvements will be awarded to any of the AT approved suppliers. These will be separately funded and, if agreed, managed by a variation through these contracts.

## Streetlight MRC Works Contract Objectives

The primary objective of the new Streetlight MRC Works Contracts is to provide “Better / Faster / Cheaper” service delivery, principally for AT Regional and Local requirements. This will be achieved through:

- a. **Adoption of the New Zealand Guide to Temporary Traffic Management (NZGTTM)**  
 NZGTTM also known as the “Risk Based Approach” to TTM will be incorporated into the procurement process for the new contracts. The new Guide replaces the prescriptive approach used under the incumbent Code of Practice for Temporary Traffic Management (CoPTMM), allowing flexibility into the TTM solutions deployed. These contracts are the first opportunity to introduce a risk-based approach into an AT maintenance contract procurement and thereby realise any financial and efficiency benefits attainable through open competitive pricing.

It is AT’s expectation that the extent of temporary traffic management (and associated costs) will be the minimum necessary to ensure the safety of those working at our work sites and the general public. It is not AT’s intention that safety be compromised but that unnecessary cost, process and requirements be avoided or minimised as much as is reasonably possible (‘Just the right amount of TTM’). It is recognised that much of the work that we undertake through these street light maintenance contracts is on low volume, low speed roads and that street light assets are in most cases located off the road carriageway on the roadside berm. We expect our suppliers will take a practical and risk-based approach in determining the temporary traffic management required to carry out the works so as to come up with innovative solutions that are suitable for the specific location and the road environment. In particular, on low volume roads (‘P’ roads) it is our expectation that in most situations the necessary temporary traffic management will be able to be deployed and carried out by the work crew undertaking the lighting work avoiding the need for the provision of additional specialist TTM crews.

To assess the understanding of these requirements, AT will require provision of generic traffic management plans by the participants for a number of common situations so as to ensure our expectations and those of our potential suppliers are aligned. In addition, AT will require a full cost build-up of a number of the submitted rates so AT can understand the embedded cost of temporary traffic management and report to NZTA via the Road Efficiency Group reporting function. It is recognised that there will be higher risk environments that will require the provision of a greater level of resource and it is our intention that in these situations that a collaborative and open book approach be taken to agree and implement the temporary traffic management solution.

- b. **Use of the CMS as a tool to improve maintenance and renewals activity management.**  
 CMS hardware was included in the rollout of the LED-retrofit which is substantially complete, with the accompanying software bundle of managed services being procured in parallel and now in operation by AT and AT’s SL contractors. The first objective of the CMS rollout was to facilitate Profile Dimming, which refers to the technical and regulatory process by which LED luminaires can be dimmed by the CMS at times of low traffic volumes and the energy consumption reductions realised as cost savings in accordance with an Electricity Authority approved profile. This is complete with first electricity savings delivered in September 2023, saving AT ~\$1M annually in electricity costs. However, the untapped potential of the CMS is in its utility to offer near-real-time visibility of operational status of the lighting network, rendering it an effective fault-finding tool. AT has progressively improved competence and capability of both inhouse staff and contractors to access “fault-finding” functionality in the CMS, to the extent that these functions can be formally recognised in the new contracts and maintenance activities related to them.

As-yet unutilised CMS functionality, contractor maintenance actions, and anticipated network benefits achievable in the new contracts are tabled as follows:

CMS Functionality	Contract Adjustments	Network Benefits
“Digital Patrols” – CMS refresh of light operation status suburb-by-suburb	Deletion of night patrols	Reduced costs through lower scope Detailed luminaire outage knowledge reducing reliance on customer calls Improved network uptime Improved safety – staff not working nights
Near-real-time visibility of faults and associated contractor dispatches by Contractors and AT Contract Managers	Maintenance activities generated by and KPIs measured against automated CMS reports	Reduced costs through more clustered maintenance Fewer unrecognised network defects Enhanced quality assurance Improved network uptime
In-depth visibility of luminaire data history (e.g. power, wattage, current)	Contractor fault cause analysis utilises CMS data history	Improved capture of luminaires with historic defects still warrantable under 10-year LED retrofit warranty Improved cost recovery Improved hardware (e.g. certain luminaire makes exhibiting signs of early failure removed from Approved List)

- c. **Addressing the infrastructure deficit of aging octagonal steel columns nearing end of life.**

AT’s street lights are mounted on a variety of support structures. 70% are installed on AT-owned lighting columns, of which octagonal folded steel columns make up the vast majority (91% of all AT-owned columns). With the significant investment AT has made in the LED retrofit and CMS installation over the last 10 years, there has been a corresponding underspend in renewals of aging steel columns. Older columns are most susceptible to accelerated aging, as AT made significant specification improvements which extended expected column life from 25 years to 50 years in 2013. Galvanised steel columns manufactured prior to 2002-03 did not have an extra protective coating applied to the inground section of the column, and the majority made in the 1990s had a thinner base section (2mm thick). With the thinner base section and without additional column base protective coating, these columns have an effective design life of 25 years. The combination of age, thin section, and inadequate corrosion protection in a large proportion of the asset

base poses a growing risk of unassisted column failures. In the North region, there have been 42 such failures in the contract to date.

Light Support Structure	Number of Assets	% of Assets
AT-owned column (steel octagonal)	81,703	63%
AT-owned support (other)	8,289	7%
Vector power pole	36,241	28%
Chorus telephone pole	1,450	1%
Counties Energy power pole	704	>1%
Other	619	>1%
TOTAL	129,006	

Asset condition data in RAMM shows most columns being noted as being in average or above condition. However, these condition ratings have not been kept up to date because field crews were heavily engaged on the LED retrofit programme. Condition ratings were put on hold in 2014 as AT did not have sufficient budget or contractor resource to undertake column replacements.

	Excellent	Good	Average	Poor	Very Poor	Unknown	Total
North	8%	7%	23%	0%	0%	0%	38%
Central	6%	6%	9%	0%	0%	0%	22%
South	12%	4%	23%	1%	0%	0%	40%
TOTAL	26%	16%	55%	1%	1%	0%	100%

AT commissioned a report from an independent consultant into the aging column issue. The report recommends a replacement programme of 2,000 columns per year across the network. This represents a significant increase in investment over current levels.

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Columns Renewed	228	396	1,001	732	521	403	285	492	1,154	333

Replacing the backlog of poor condition lighting columns will be a key focus in the new contracts.

- d. **Providing efficient contracts for AT with fixed rates for most tasks (circa 80%) using AT approved hardware and with a fixed monthly management fee.** The new contracts pricing will be obtained through competitive RFP with specialist electrical network contractors; actual contract spend can be scaled up or down depending on approved budgets – for maintenance, renewals or capital works.

Historically AT has found that if we use a separate contractor to do capital works, the overall costs increase due to lower standards, poor or complete lack of handover and lack of continuity between build and maintain.

## Summary of the current Streetlights MRC Works Contracts

There are currently 4 Streetlight Maintenance, Renewal and Capital Works contracts in operation and at the end of term including extensions by 30 June 2025.

Summary of the current contract			
Contract Start	1 July 2019		
Contract Term	4+1+1 years		
Contract End	30 June 2025		
Form of Contract	NZS3917:2013		
Key Services	Streetlight Maintenance, Renewals and related Capital Works		
Total contract value post award. The Mix is around 55% maintenance and renewals, 45% Capital works with numerous works orders from safety and minor works programmes over the last 4 years	Contract	FY23/24	Total value since award (1 July 2019)
	North	\$9.8M	\$61.5M
	Central	\$8.1M	\$60.1M
	South	\$9.8M	\$59.0M
	Totals	\$27.7M	\$180.6M
Suppliers	North – Electrix (t/a Omexom) Central – McKay Contractors South – Downer New Zealand Ltd Waiheke Island – Northpower		
Work allocation	Based on defined geographic area/boundaries Capital Works – RFQ to applicable Supplier utilising maintenance and renewals contracted rates where applicable.		



## Internal stakeholder & current supplier feedback

Internal Stakeholder discussions and meetings with the current 3 main suppliers have concluded that continuing the current contract structure and geographic areas (i.e. 3 main contracts of similar values) provides a good structure to AT and maintains a competitive supplier market with some alternate options if a supplier does not perform. Keeping three contract areas will allow AT to optimise administrative costs and have focussed supplier relationships with forward planning for maintenance and renewals. A partnership approach with the successful suppliers will foster collaboration, drive innovation and achieve AT sustainability goals and organisational strategic objectives. The comprehensive procurement schedule of quantities will provide cost certainty and allow for comparison between suppliers to ensure value for money; NZGTTM should lower costs in some situations where currently TTM can be up to 50% of an individual service order cost.

The Streetlights contracts have operated as the vehicle for capital works carried out by the Minor Safety Works team, adding significant value to the contracts in the current term. Budget for Minor Safety Works is likely to be reduced within the current NLTP, which we estimate will reduce the works spend via these contracts from \$15M annually to up to \$6M per annum. There is potential for the Auckland Council Group to make use of these contracts where applicable which may provide additional capital spend.

We expect some input costs to deliver the services under this contract have increased over the years (beyond the current contracts pricing with annual escalation applied). Various cost element requirements (amount of works) will reduce due to AT's capital investments over the years, including the comprehensive LED replacement programme, and this will reduce maintenance costs. A competitive procurement will provide the opportunity to identify the best pricing from the market in the current state.

AT has issued an Advanced Notice for the RFP and intended new contract structure to the open market with a market briefing meeting. Following the meeting a supplier questionnaire will be provided to solicit external market feedback to inform the intended RFP for the new contracts.

## 4. Options for future delivery of Streetlights MRC Works services

The following is a summary of identified options available to AT for the future procurement of streetlights maintenance, renewals and capital works contracts:

### Do Nothing

The current streetlights MRC Works contracts expire on 30 June 2025; if we don't procure robust replacement maintenance and renewals contracts, then it will be impractical for AT to administer, forward works plan and procure the many and varied and at times specialised requirements through ad hoc engagements and plan long term maintenance and renewals. This option is, therefore, not recommended.

### Alternative options

Consideration has been given to whether combining the Streetlight contracts with the Road Maintenance contracts has any potential benefit. This option is not favoured as the competencies/ disciplines required for the streetlight network are specialised and operate in a regulated electricity environment. Consideration has also been given to the AT Field Device maintenance contracts and a similar rationale applies i.e. it is preferred not to combine, also the Field Device contracts do not renew until 2029. Traffic Signals are due to procure soon, and while consideration could be given to merging with them, Signals are a specialist area that none of the current streetlight contractors have the same skillset for, and street lighting contracts are best suited to large-scale lines contractors who provide service to the electricity distribution market, as the street lighting asset base is itself a distributed low voltage electrical network, and our contractors work in close proximity to high voltage lines.

Consideration has also been given to combining with Council parks lights. Currently this is covered under the full facilities maintenance contract for Council which is coming up for renewal only in 2026. This may be an option to explore at a future time if agreement is reached between Council and AT. AT will include syndication clauses in the new Streetlight contracts so that AC Group can use these where practicable.

AT could alternatively have separate contracts for Maintenance, Renewals and or Capital Works. This is not favoured as we want contracts of sufficient value (circa \$10 million p.a.) that Suppliers can invest in their staff and resourcing to provide focused provision of services, and that AT will receive value for money through the competitive RFP process including set pricing with the proxy SoQ. More contracts will add to the administrative overhead for AT and will dilute AT's focus on maximizing the value through the contracts.

AT has considered more or less than the 3 contracts to cover the Auckland region, this is not favoured as the current 3 contracts and physical boundaries (North, Central and South) works well. 3 suppliers will retain diversity in the market and less would lose supplier diversity; more than 3 contracts will increase AT's administrative contract management overhead and dilute focus on maximizing value through the contracts.

### Establish new MRC Works contracts, replacing the current

The current MRC contracts are running for the last six years, including the rights of renewal, and it is recommended to test the market for the best value for money options and to provide an opportunity to all market players providing these services. The new procurement will provide an opportunity for AT to

re-assess the requirements with the changes over the years in terms of service delivery requirements and effect of the capital investments completed, e.g. LED and CMS.

## Recommended Option

The proposal is to proceed with the option to implement new MRC Works contracts to ensure continued effective delivery of the annual maintenance and renewal requirements and have contracts available for capital works engagements as required. Streetlights contract annual budgets will be set in the Asset Management Plan and administered via the Assets team.

Suppliers who bid for more than one area will be asked to prioritise the areas in order of preference. For example, South priority 1 highest priority, Central priority 2 and North priority 3 lowest priority. AT will reserve the right to allocate the contracts. Should a supplier be successful in winning more than one contract, then AT reserves the right to award the contracts in the manner which best meets our needs.

## Supplier market impact

AT expects to receive at least five proposals from qualified and active suppliers in the Auckland market, including our current 3 main Suppliers (incumbents). The RFP will allow consortia proposals so smaller suppliers have options to respond and or they can subcontract to larger suppliers. Some suppliers may be geographically limited. The appointed suppliers will be appointed by latest 1 May 2025 to allow at least a 2-month contract startup and mobilization time and align them for the full years planned maintenance and renewals programme. Pricing will be set by the Schedule of Quantities (SoQ) which should allow for at least 80% of expected spend for maintenance and renewals; the SoQ can be used on individual capital works engagements and should cover most costs.

## 5. Proposed Scope of Future work

The following is the proposed 'Scope of Services' that will be included for the new Streetlights MRC Works contracts:

Type	Streetlights Maintenance, Renewals, Capital Works
	<p>Street light maintenance, renewals and minor capital work in the <b>North, Central and South regions</b></p> <ul style="list-style-type: none"> <li>- Renewals of street lighting assets in the RAMM database including:                             <ul style="list-style-type: none"> <li>o Columns</li> <li>o Luminaires</li> <li>o Light Point Controllers (LPCs)</li> <li>o Switchboards</li> </ul> </li> <li>- Maintenance of same including:                             <ul style="list-style-type: none"> <li>o Relamping few remaining HID luminaires</li> <li>o Cable fault repairs</li> <li>o Fault-finding &amp; investigation</li> <li>o Minor equipment repairs e.g. gear doors</li> <li>o Freestanding clocks</li> </ul> </li> <li>- Responding to Dispatches generated by Customer Call Centre</li> <li>- Emergency response e.g. Car vs Poles</li> <li>- Minor CAPEX including:                             <ul style="list-style-type: none"> <li>o Minor Safety Projects</li> <li>o Local Board Projects</li> <li>o Infill lighting</li> </ul> </li> <li>- Inspections of vested assets e.g. subdivisions, Major Projects</li> <li>- Data management e.g. RAMM database, CMS</li> <li>- Column condition &amp; structural inspections</li> </ul>



	- Liaison & coordination of works with lines companies
--	--

Table 1: Scope of Services for Streetlights MRC Works to be included in the proposed contracts

## Estimated Streetlights MRC Works Spend

Based on the current financial year FY25 and taking into consideration the future forecast for FY26 and FY27 budgets, the annual total value of the proposed Streetlights MRC Works is expected to fall in the range of \$18M to \$50M per annum with estimated average annual spend around \$34 million p.a. This will be subject to annual plan, NZTA, and LTP funding processes.

The upper limit projection is based on increased Maintenance and Renewal funding being allocated for replacement of aging octagonal steel columns, increased OHUG budget, and the Minor Safety group continuing to use the Streetlight MRC Works contracts to deliver the lighting scope of their projects to the current level of spend (approx. \$5M per area per year).

The lower limit projection is based on existing level of Maintenance and Renewal funding, existing level of OHUG spend, and the Minor Safety group electing not to use the Streetlight MRC Works contracts for the lighting scope for their projects.

Department	Practical estimated Streetlights MRC Works Contracts annual values (per annum)		
	Lower Limit	Upper Limit	Average
Streetlights Maintenance and Renewals (CAPEX)	\$15M	\$30M	\$22.5M
Streetlights Maintenance and Renewals (OPEX)	\$1M	\$1M	\$1M
Capital Works (OHUG)	\$2M	\$4M	\$3M
<b>Total Streetlights MRC Works Contracts estimated annual range</b>	<b>\$18M</b>	<b>\$35M</b>	<b>\$26.5M</b>
Minor Safety	\$0	\$15M	\$7.5M
<b>Revised Totals</b>	<b>\$18M</b>	<b>\$50M</b>	<b>\$34M</b>

Based on averages from the above table, the Streetlight MRC Works Contracts proposed total value for approval by AT Board is \$170M, which is made up of \$136M for the initial 4-year term with an additional \$34M for the 1-year right of extension, as noted in Section 2, Recommendation.

## Scope Limitations

**Excluded** works through the Streetlights MRC Works contracts are:

- Monopoly supplier services i.e. Vector, Counties Energy
- Traffic Signals and ITS
- Work on Council assets (Parks & Reserves, artwork lighting), although provision will be made for a syndication clause in contracts to allow use by Council Group entities.

## 6. Proposed Procurement approach

With the recommended outcome being the establishment of a new Streetlight MRC Works Contracts, the following section outlines the key considerations in procuring suppliers and supplier selection

methods. The current AT Procurement Policy and Strategy will be followed, as well as ensuring alignment to the NZTA Waka Kotahi Procurement Manual and NZ Government Procurement Rules.

The recommended contract term for the Streetlight MRC Works Contracts is five years (4+1 year term), commencing 1 July 2025.

## Supplier Selection Method – Options Analysis

### AT Lowest Price Conforming Method (ATLPC)

AT LPC is a supplier selection method where proposals are ranked in ascending order based on price. The Evaluation Panel (EP) then evaluates proposals starting with the lowest priced response. They determine that the proposal conforms to the procurement scope and requirements and evaluate each non-price attribute on a pass/fail basis against established criteria. They reject any response that fails against any attribute and cease evaluating responses when the first conforming response is identified.

ATLPC is used where it is determined that best Value for Money will be obtained by having suppliers compete on price alone and there is no desire to pay a premium for additional quality. The preferred supplier is the one that offers the lowest price and meets all the minimum requirements, including quality, as set out in the procurement.

This supplier selection method should only be used for contracts with low value, low risk that are fully specified and typically is not utilised for Maintenance and Renewal Contract establishment. This evaluation method is faster, cheaper, and easier to justify, but it may compromise quality, value, or customer satisfaction. This selection method is not recommended.

### AT Price Quality Method (ATPQM)

AT PQM is a supplier selection method, where a formula-based evaluation distinguishes the difference in quality between participants by translating their non-price attribute scores to a Supplier Quality Premium (SQP). The ATPQM method offers an effective way to balance risk, complexity, innovation and price – core to the Streetlights MRC Works contracts. The ATPQM method and proposed price/ non-price weightings will obtain an appropriate mix of quality, price and Value for Money (VfM).

SQP is defined as ‘the amount that AT is prepared to pay to secure a higher-quality proposal relative to the lowest quality proposal’. It's very important that the value of Schedule of Prices in the RFP is accurately established since the premium is derived from the offered rates. The Schedule of Prices will be used with the base engineers estimate and will be further detailed in the Streetlights MRC Works Contracts Procurement Plan along with finalised quality attribute weightings, price weighting, SQP lower and upper limit requirements and a detailed Evaluation process. This selection method is recommended.

### AT Quality Based Method (ATQBM)

ATQBM is a supplier selection method where the quality attributes of suppliers whose proposals meet the proposal requirements are scored and the preferred participant is selected solely on that basis.

Under this approach, participants usually provide a price with their proposal, which forms the starting point for subsequent price negotiations with the highest QBM scored participant.

Quality-based proposal evaluation is not preferred because it can be subjective, difficult to measure, more time-consuming and expensive than other evaluation methods. Price is not weighted in this method which is not suitable for this long-term high value contract. This selection method is not recommended.

## Recommendation

Based on the above analysis, it is recommended that the Streetlights MRC Contracts will be evaluated using the **AT Price Quality method (ATPQM)** to ensure that there is suitable emphasis on quality in the evaluation process, but with sufficient price tension and balance to ensure that AT is able to achieve value for money from the outset.

## Broader Outcomes and Sustainability

There is a significant opportunity, through the establishment of the proposed Streetlight MRC Works Contracts, to deliver broader outcomes (social, economic, environmental and cultural) as contract deliverables. This will help ensure that the services delivered through these contracts contribute towards stated outcomes and targets in the AT Sustainability Strategy; and it will ensure alignment to NZTA procurement strategic objectives and broader outcomes (Land transport infrastructure procurement strategy 2023) and the NZ Government’s Broader Outcomes Framework and NZ Government Procurement Rules (4th ed.).

AT has been proactively educating suppliers on its sustainable outcomes approach and, has already put in place the necessary systems for capturing and reporting supplier data. AT will require in the Streetlights MRC Works Contracts RFP for participants to propose acceptable solutions to drive AT's Sustainability outcomes focus areas, in alignment with the AT Sustainability Strategy. The sustainability outcomes approach will be comprehensively detailed in the Streetlight MRC Works Contracts Procurement Plan.

All AT suppliers must agree to comply with the provisions in the AT Climate Change Technical Policy as relevant to their specific contract, and all Suppliers are required to commit to the expectations under each of the seven principles detailed in the AT Supplier Code of Conduct, as a condition of doing business with AT.

## Sourcing Strategy

It is recommended that a one-stage selection process be conducted for proposal selection. This will be via an open market Request for Proposal (RFP) with prior “Advance Notice to market” including Industry Briefing Meeting and opportunity for Suppliers to provide written feedback in advance of the RFP.

Participants will be required to meet RFP pre-conditions and conformance requirements; this will ensure unsuitable suppliers are excluded and will allow AT to evaluate only suitable participants to minimise the level of evaluation effort and time for AT and avoid unnecessary cost to industry.

RFP will explicitly mention to the market that AT will retain the right to not proceed with the procurement outcome and extend the incumbent suppliers’ contracts if the TTM reduction, TTM cost efficiencies and overall value for money benefits are not delivered through this RFP. This is in the interest of managing AT’s reputation in delivering the best value for money solution through the procurements especially in the context of the new TTM guidelines.

A high-level breakdown of the procurement process is outlined in the table below. A comprehensive description of the procurement process including schedule and detailed prerequisites, finalised preconditions, quality and price attributes and weightings will be confirmed in the Streetlights MRC Works Contracts Procurement Plan.

Delivery Method	Single stage procurement
Supplier Selection Method	ATPQM
Procurement type	Open market via GETS

Procurement process	Single Stage RFP with Advanced Notice to market and industry briefing
---------------------	---

### Procurement Timing

The following timelines are proposed to achieve 1 July 2025 implementation date:

Advance Notice	01 October 2024
Industry Briefing	15 October 2024
AT Board approval of this Procurement Strategy	18 December 2024
Procurement Plan approval	19 December 2024
RFP Release	13 January 2025
RFP Close	14 February 2025
Streetlights MRC Works Contracts award	15 April to 1 May 2025
Contract start date	1 July 2025

### Evaluation method

The proposal is to run a single RFP ATPQM process with Advance Notice to market.

RFP Preconditions (Pass/Fail)	<ul style="list-style-type: none"> <li>• Management of a street light network of at least 5,000 lights, or of an electrical network with maintenance expenditure of at least \$5M per annum (not including large one-off projects)</li> <li>• Health and Safety Management System (Tōtika and ISO 45001 certified or in the process of obtaining)</li> <li>• Have the capability and appropriate track record across contract scope requirements.</li> <li>• Key resources have minimum experience requirements in work deliverables. Agreement with AT Sustainability Strategy and AT Supplier Code of Conduct</li> <li>• Agreement for social procurement in supply chain</li> <li>• Quality Management system based on TNZ: TQS1 or TNZ: TQS2 or ISO9001</li> <li>• Traffic Management – appropriately qualified staff</li> <li>• Financial Viability</li> </ul>
RFP weightings	<b>ATPQM</b>

Non-price (50% weighting)	Capability & Track Record (15%) Skills & Resources (15%) Methodology, TTM & Sustainability (20%) Health and Safety (Pass/Fail) Financial Viability (Pass/Fail)
Price (50% weighting)	Price Acceptability Note: AT will reserve the right to negotiate prices.

ATPQM Weightings and Attributes are subject to confirmation in the Streetlight MRC Works Contracts Procurement Plan, including modelling of potential Supplier Quality Premium values (lower & upper limits)

## 7. Contract Management

### Maintenance, Renewals and Capital Works

The primary Maintenance and Renewals works will be allocated by contract area to the successful Contractor from the RFP. If the Contractor is capacity constrained or for temporary increases in workload then the other 2 Contractors may be awarded additional works at AT's discretion.

Capital Works will normally be allocated to the Contractor responsible for the applicable contract area, however AT will retain discretion to allocate capital works to the other main Contractors or alternative Contractors where beneficial to AT on a best quality, time or price basis.

### Council Group and other Government Agency Syndication

AT will include Syndication clauses in the Streetlight MRC Works Contracts to allow for Council Group organisations (CCOs) to access the Streetlights Suppliers and AT rates, under the CCO's own Works Contract terms and conditions. This is a standard clause that is in operation across multiple Council 'Group' contracts.

### Streetlight MRC Works Supplier Management

The Streetlights MRC Contracts will utilise a performance management tool for capturing Supplier performance and may be modified where advantageous.

Overall accountability for the Streetlight MRC Works Contracts will reside with the Business (Road Asset Maintenance & Renewals). Governance of the MRC Contracts will reside with the senior business user representative (ITS Maintenance Manager), with support from the AT infrastructure procurement team. Governance and relationship management arrangements will be included in a Contract Management Plan (CMP), and it is intended that there will be regular (frequency to be agreed), minuted relationship meetings and annual contract performance reviews with all suppliers. A dispute resolution process will be included in the Contract Agreement along with an escalation process for any issues that a supplier may have with the operation of the contract.

### Supplier Performance Management

AT will reserve the right to suspend any Supplier for non-performance for not meeting minimum performance standards after sufficient supplier performance management measures are taken. Continued non-performance, or failure to adequately provide corrective actions required, may result in

a Contract being terminated. The criteria for suspension or termination will be as per the Streetlights MRC Works contract (NZS3917:2013).

## Annual Cost Escalation

With a maximum 5-year contract timeframe, annual cost escalation provisions (unless otherwise agreed) will be included in each agreement to cater for cost escalation and to de-risk participants from risk-loading in their initial proposal pricing). Annual cost escalation, starting Year 2, will be based on the NZTA NZS3917 Cost Fluctuation Indices, which are widely understood and accepted by industry.

## Contract set up

### **NZS3917:2013**

The Streetlights MRC Works Contracts will allow for AT to update its version of AT NZS3917:2013, with appropriate consultation with Suppliers on relevant changes (minor or significant).

### **Insurances**

As a part of Supplier Management, each Panelist will provide Insurances and Certificates as part of yearly Panel Management maintenance:

- Public Liability Insurance
- Plant and Machinery Insurance
- Professional Indemnity Insurance where applicable

### **Bonds and Retentions**

A performance bond of \$500k will be required from each of the three successful suppliers

A Bond in lieu of retentions of \$50k will be required for the works under this Contract.

Retentions are not required as it is a long-term contract.

## 8. Risks

### **Cost increases due to NZGTTM**

The desired result of the adoption of NZGTTM in this procurement exercise is to reduce unnecessary TTM spending and improve efficiency while retaining an acceptable level of safety for work crews and road users. This will occur if the participant has a risk appetite that aligns to that of AT. There is risk that due to embedded habits and TTM industry inertia that the participants may have a more conservative risk appetite than AT, and that TTM cost decreases will not eventuate.

To mitigate this risk, the Business is undertaking a series of industry workshops to upskill and align the contractor pool to AT's risk appetite as it pertains to typical Street Lighting Maintenance & Renewal activities and associated TTM.

### **Contractor unpreparedness for NZGTTM**

TTM in New Zealand has been undertaken in accordance with CoPTTM for many years. Prescribed practice is embedded in industry thinking and SL contractors are enmeshed contractually with specialist subcontractors with vested interests. AT's existing contracts have hardwired references to CoPTTM. Feedback from some of AT's SL contractors is that there is insufficient time between now and new contracts to appreciate and action the changes in practice required by NZGTTM. AT's SL contractors are smaller than Road Corridor Maintenance contracts and already tend towards outsourcing non-core activities e.g. civil, suggesting it is unlikely that the SL contractor pool will naturally choose to resource new TTM requirements through building of inhouse capability/addition of FTEs. These factors raise the risk that reliance on TTM subcontractors will be further embedded,

compromising the SL contractor's ability to respond in alignment with AT's expectations to the new TTM environment.

To mitigate this risk, the Business is undertaking a series of industry workshops to prime the contractor pool for the new NZGTTM environment and align them to AT's risk appetite. AT will also establish role requirements in the RFP that offers incentivises scoring for contractors who effectively manage Risk-Based TTM planning and operations.