

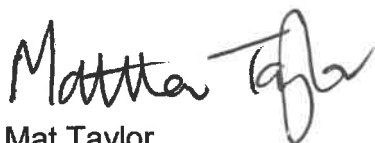


# **Public Transport Procurement Strategy 2020-2022**

**Summary of NZ Transport Agency decisions sought by BOPRC:**

Decision sought	Procurement Strategy reference	NZ Transport Agency decision
Endorsement of the Bay of Plenty Regional Council's Transport activity Procurement Strategy for a period of three years.	Whole document	
Approves the request for a customised procurement procedure for a Public Transport Management System	Part 8 page 24	
Approves the continued use of a variation to NZ Transport Agency Procurement Manual, section 10.31 Vehicle Quality Requirements for public bus transport units allowing Bay of Plenty Regional Council to use the Ministry of Education school bus standards as a variation to the RUB standards stipulated in the Procurement manual.	Part 6 page 19	
Approves the continued use of in-house professional services by Bay of Plenty Regional Council, in accordance with s.26 of the Land Transport Management Act, with much the same scope and scale as it has in the past.	Part 8 page 23	

This Procurement Strategy is approved and endorsed by:



Mat Taylor

General Manager, Corporate

# Contents

Executive summary	1
Contents	4
<b>Part 1:</b>	<b>7</b>
Procurement strategic objectives	7
Objectives	7
Outcome for the Procurement Strategy	7
<b>Part 2:</b>	<b>9</b>
Role of Council	9
<b>Part 3:</b>	<b>10</b>
Statutory context	10
The Land Transport Management Act 2003 (LTMA)	10
The Health and Safety at Work Act 2015 (HSWA)	10
Broader Outcomes	11
School Services	11
Tertiary Services	11
Decarbonisation of Bus Fleet	12
Living Wage	12
<b>Part 4:</b>	<b>13</b>
Procurement context	13
Public transport market analysis	14
Potential barriers to market entry	14
Current public transport contracts	15
Future state	15
Public transport operating model	15
Public transport unit establishment	16
<b>Part 5:</b>	<b>17</b>

Procurement Strategy by unit	17
Tauranga urban	17
Rotorua urban	17
Northern Corridor – Katikati and Ōmokoroa to Tauranga	17
Eastern Bay of Plenty Bus Service	18
Demand Responsive Transit (DRT)	18
<b>Part 6:</b>	<b>19</b>
PTOM Contract elements	19
Financial incentive mechanism	19
Annual Business planning	19
Key Performance Indicators (KPIs)	19
Vehicle type	20
Information for new tenderers	20
Service level variations	20
Gross price reset	20
<b>Part 7:</b>	<b>21</b>
Implementation	21
Internal procurement processes	21
Performance measurement and monitoring	21
Internal resourcing (Capability and Capacity)	21
Communications Plan	22
Risks	22
<b>Part 8:</b>	<b>23</b>
Other Regional Council transport activities	23
Total Mobility	23
Professional services	24

Administration costs – management support charges	24
Professional services – Staff Charges (internal)	24
Professional services – Staff Charges Allocation (external)	24
<b>BOPRC transport activities allocation of professional services and administration</b>	<b>24</b>
<b>Call centre</b>	<b>25</b>
<b>Public transport Technology</b>	<b>25</b>
Public Transport Management System	25
Electronic ticketing	26
Digital Signage	26
<b>Appendix 1:</b>	<b>28</b>
<b>Risk Register</b>	<b>28</b>

# Part 1:

# Procurement strategic objectives

## Objectives

Effective and successful procurement will make a significant contribution to the Bay of Plenty Regional Council's (BOPRC) outcomes by buying goods, services, and works that are fit for purpose and provide good value for money, using commercially astute and appropriate processes.

While compliance with these procedures is important, it is also important that staff think strategically and carefully about what they are doing, and seek help if in doubt.

Staff must be mindful of the following goals:

- To achieve the best possible value for money for goods, services or works considering the whole of life cost for fit-for-purpose, quality solutions that will meet operational and business needs.
- That procurement approaches will be appropriate for the type of supply arrangement, considering the value and complexity of the arrangement and any associated risks.
- To promote open and effective competition between capable suppliers, and to build a good reputation as a buyer.
- To consistently source and manage suppliers in accordance with BOPRC policy and public sector good practice, with particular emphasis on efficiency, transparency, and fairness.
- To have due regard to health and safety, sustainability and environmental protection in all procurement activities.

## Outcome for the Procurement Strategy

Public transport services contribute to value for money by enabling and making available safe and reliable transport to improve economic efficiency and environmental sustainability.

**Procurement effectiveness** - is the delivery of outcomes, and is primarily achieved through specifications of requirements, accountability, and enforcement, and appropriate balance of financial incentive mechanisms to incentivise delivery. In Council's case it can be demonstrated by:

- delivery of the Ten Year Plan transport activities and RPTP,
- delivery of coordinated public transport services with the aim of achieving levels of reliability, necessary to reduce passenger subsidy,
- improved integration, frequency and coverage, and
- convenience through improved customer information and fare payment systems.

**Procurement efficiency** - is primarily achieved through contestability and transparency of funding and the appropriate balance of financial incentive mechanisms to incentivise delivery. In Council's case it can be demonstrated by:

- the bus service partnering approach between Council and operators focusing on strengths of each party,
- the ongoing sustainability of industry and public funding,
- an appropriate and balanced risk allocation and responsibility between public and private sector,
- value for money in terms of cost through transparency and contestability of public transport services and variation costs, and

# Part 2:

## Role of Council

Bay of Plenty Regional Council (BOPRC) is a local authority defined under the Local Government Act 2002. As a local authority, Council has a responsibility to enable democratic decision-making to meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses. Good quality is defined as efficient, effective, and appropriate to present and anticipated future circumstances. Public transport services are defined as core business for local authorities.

Council contributes to a shared vision for the Bay of Plenty as outlined in the Long Term Plan. Council's vision is "Thriving together - mō te taiao, mō ngā tāngata".

### Thriving together - mō te taiao, mō ngā tāngata



Council operates on the basis of four community outcomes. The outcomes include water quality and quantity, environmental protection and regional collaboration and leadership. One of the most significant areas of Council procurement is within the transport programme under the vibrant region outcome.

Council has an organisation wide Procurement Manual which sets out the approach and principles for procurement within Council. For activities funded by the NZ Transport Agency the transport procurement procedures must be approved by the NZ Transport Agency, wherever possible this Strategy aligns with Council policy.



# Part 3:

## Statutory context

### The Land Transport Management Act 2003 (LTMA)

At the highest level the statutory objectives of the LTMA and Local Government Act (LGA) apply to the BOPRC. The LGA empowers BOPRC to play a broad role in meeting the current and future needs of its communities for good-quality local infrastructure, while the Council's responsibilities under the LTMA contributing to an effective, efficient, and safe land transport system in the public interest.

The LTMA includes the approach for the funding, procurement and contracting of public transport services called the Public Transport Operating Model (PTOM). The aim of PTOM is to grow public transport services with less reliance on subsidies.

Section 115 of the LTMA includes the following set of public transport principles:

- All regional councils and public transport operators should work in partnership and collaborate with territorial authorities to deliver the regional public transport services and infrastructure necessary to meet the needs of passengers,
- The provision of public transport services should be coordinated with the aim of achieving levels of integration, reliability, frequency and coverage necessary to encourage passenger growth,
- Competitors should have access to regional public transport markets to increase confidence that public transport services are priced efficiently,
- Incentives should exist to reduce the reliance on public subsidies to cover the cost of providing public transport services, and
- The planning and procurement of public transport services should be transparent.

Any public transport service operated in a region must be provided under contract with a regional council as part of a unit unless it is an exempt service. A regional council must contract for the provision of every unit on an exclusive basis (s115).

### The Health and Safety at Work Act 2015 (HSWA)

The main purpose of the HSWA is to provide for a balanced framework to secure the health and safety of workers and workplaces by:

- protecting workers and other persons against harm to their health, safety, and welfare by eliminating or minimising risks arising from work or from prescribed high-risk plant,
- providing for fair and effective workplace representation, consultation, co-operation, and resolution of issues in relation to work health and safety,
- encouraging unions and employer organisations to take a constructive role in promoting improvements in work health and safety practices, and assisting PCBUs and workers to achieve a healthier and safer working environment,
- promoting the provision of advice, information, education, and training in relation to work health and safety,

- securing compliance with the Act through effective and appropriate compliance and enforcement measures,
- ensuring appropriate scrutiny and review of actions taken by persons performing functions or exercising powers under the Act; and
- providing a framework for continuous improvement and progressively higher standards of work health and safety.

## Broader Outcomes

The 2019 version of the Government Procurement Rules (NZTA Procurement Manual, Amendment 5) introduces the concept of 'public value', requiring all approved organisation procurement activities to contribute to Government's Broader Outcomes.

Broader outcomes are the secondary benefits that are generated by the way a good, service or works is produced or delivered. These outcomes can be social, environmental, cultural or economic benefits, and will deliver long-term public value for New Zealand. Bay of Plenty Regional Council seeks to consider not only the whole-of-life cost of the procurement, but also the costs and benefits to society, the environment and the economy.

Bay of Plenty Regional Council will ensure that its procurement activities, where appropriate, contribute to the Government's broader outcomes, including the following priority areas:

- Increase New Zealand businesses' access to government procurement;
- Increase the size and skill level of the local workforce;
- Improve conditions for workers; and
- Support the transition to a net zero emissions economy.

## School Services

Bay of Plenty Regional Council is currently operating, having commenced at the beginning of the 2020 school year, a fare free trial for school students for travel to and from school. This has a huge social benefit, including promoting school attendance and equality. It makes schools gates safer by reducing the number of parents dropping off and picking up their children, and reduces congestion around schools during peak travel times.

Patronage is monitored on dedicated school services as well as student travel on urban services. This allows the monitoring of usage. Since implementation there has been a 90% increase in student patronage across the Western Bay of Plenty network. Measuring the social impact is more difficult and is generally by way of anecdotal evidence from parents and from schools.

This trial is currently in place until December 2021.

To date, NZ Transport Agency has declined to provide funding towards this initiative.

## Tertiary Services

Bay of Plenty Regional Council is currently operating, having commenced at the beginning of the 2020 school year, a fare free trial for tertiary students. This initiative is a partnership between Bay of Plenty Regional Council, NZ Transport Agency, University of Waikato and Toi Ohomai with costs shared between all parties.

There are five services, all providing free transport to students attending tertiary institutes while also providing a transport option for non-student passengers. The five services run between Katikati and Tauranga, Whakatāne and Tauranga, Rotorua and Tauranga (and the reverse), and between Murupara and Rotorua.

This trial is currently in place until December 2021.

## Decarbonisation of Bus Fleet

As part of the new bus services contract in 2018, Regional Council procured five new battery-electric vehicles which are now running across the Western Bay of Plenty network.

Following declaration of a climate emergency by the New Zealand government in December 2020, local councils have been informed that no new diesel buses may be purchased as part of local service contracts from 2025 onwards. Bay of Plenty Regional Council is reviewing and planning for transition to a fully electric fleet.

## Living Wage

All drivers employed under the Western Bay of Plenty Bus services contracts are paid a living wage, and Council intends to extend this to other units as they come up for tender. Council believes this directly contributes to improvement of conditions for workers and has seen a positive impact on driver numbers and retention.

To date, NZ Transport Agency has declined to provide funding towards this initiative.

# Part 4:

## Procurement context

The NZ Transport Agency Procurement Manual requires all approved organisations to have a NZ Transport Agency endorsed Procurement Strategy which is updated every three years.

The Procurement Strategy demonstrates how BOPRC meets the provisions of the LTMA. It covers all BOPRC's transport related procurement activity as classified in the NZ Transport Agency knowledge base as:

Activity class	Work category	Work category
<b>Investment management</b>	001	Regional land transport planning management.
	002	Transport model development.
	003	Activity management planning improvement.
	004	Programme business case development.
<b>Road safety promotion</b>	432	Promotion, education, and advertising.
<b>Local road maintenance</b>	151	Network and asset management.
<b>Public transport</b>	421	Travel demand management and behaviour change
	511	Passenger services - bus
	512	Passenger services - ferry
	514	Passenger transport facilities operations and maintenance.
	517	Total mobility operations.
	519	Wheelchair hoists and ramps
	521	Total mobility wheelchair hoist use payments.
	524	Public transport operations and management
	525	Operations and maintenance of real-time information and ticketing systems
	531	Public transport improvements, major renewals and minor improvements.
	534	Public transport facilities and infrastructure - renewals

This translates to:

- Public transport services - Council provides over 6.2 million in-service bus kilometres per year to the residents of Tauranga, Rotorua, Whakatāne, Katikati, Ōmokoroa, Te Puke, Matatā, Ōhope, Kawerau, Ōpōtiki, Edgecumbe, Murupara, Potaka and points in between,
- Total mobility (a subsidised taxi service for people with impairments that limit their access to public transport),
- Transport operations including the supply and maintenance of electronic ticketing machines, advertising, timetable design and print,

- Road safety promotions,
- Regional transport planning, and
- Maintenance of stock effluent facilities.

## Public transport market analysis

In 2019/2020, 3.3 million passengers were carried on public transport services in the Bay of Plenty. Patronage across the Bay of Plenty was negatively affected due to the Covid-19 pandemic response which reduced public transport needs to essential workers only for a number of weeks in March and April 2020. The subsequent mandate to wear face coverings on public transport also affected patronage. The introduction of dedicated school services and a free fares scheme has increased overall patronage in Tauranga.

### The following companies are active in the Bay of Plenty:

- NZ Bus is a large New Zealand bus company operating in Auckland, Wellington and Tauranga. It is a subsidiary of Next Capital, having been owned by Infratil until 2019. NZ Bus provides all urban bus services and Council operated school services in the Western Bay of Plenty (Tauranga and Te Puke).
- Ritchies Transport Holdings Limited purchased the Rotorua Urban contract from Howick and Eastern Buses in 2019. Ritchies has over 70 years' experience in the bus and coach industry and a fleet of over 900 vehicles, they operate urban services in Auckland, Blenheim and Timaru as well as charters, tours and services to over 200 schools. Ritchie's provides all urban bus services in Rotorua and some Council operated rural services around the Bay of Plenty.
- Madge Coachlines trading as Uzabus established in Whakatāne in 1995 and are part of a wider group of companies; including Ranui Buses, Ōpōtiki since 2008. They operate the eastern Bay of Plenty bus services, made up of the Whakatāne to Tauranga and the Ōhope to Whakatāne bus services, the services from Whakatane to Matatā, Opotiki and Kawerau, and the weekly Pōtaka (East Cape) to Ōpōtiki bus service. In the Western Bay of Plenty they operate services between Katikati, Omokoroa and Tauranga, as well as Tertiary services from Katikati and Whakatane to Tauranga. They provide school bus transport and community, corporate and private charter services throughout the eastern Bay of Plenty, but also contract to Regional Councils' in the Manawatu, Horowhenua, Kapiti Coast, Palmerston North and the South Island. Bethlehem Coachlines provide a mix of bus transfers, charters, tours and sports trips throughout the North Island.
- Go Bus Transport Limited operates urban bus services in Napier (Go Bay), Christchurch and Hamilton (Busit). It provided urban bus services to Council from 2009 to December 2018 and temporary school services in 2019 to assist NZ Bus with service delivery in the Western Bay of Plenty.
- Bethlehem Coachlines provide a mix of bus transfers, charters, tours and sports trips throughout the North Island. It provided temporary school services in 2019 and 2020 to assist NZ Bus with service delivery in the Western Bay of Plenty.
- The Waihi Beach Bus Service is a small regional service operated by a van and was not tendered as a PTOM unit.

## Potential barriers to market entry

Potential bidders can be discouraged or prevented from participating in tender processes where there are significant barriers to entry. The following potential barriers have been considered as part of developing this strategy:

- Access to compliant vehicles
- Access to labour
- Access to land for bus depots and infrastructure
- Tender design



The positive level of competition in the bus industry locally means that BOPRC is obtaining acceptably efficient market prices for its contracts. At this point in time, the market has displayed the capacity and capability to deliver the required level of service. Workshops with operators in 2017/18 have demonstrated a high level of competence across incumbent and potential suppliers within the region.

The most recent tender round for the Western Bay of Plenty Bus Services contract demonstrated the competitive tendering environment in the Bay of Plenty, with a good response for the tender round. There are three operators with current Bay of Plenty Regional Council contracts. In addition to operators located in the region there has been interest for contracted services from operators not currently operating in the region.

## Current public transport contracts

Contract No.	Contract name	Operator	Gross annual cost (1st year)	Current contract expiry	Farebox (2016/2017)
2015 0025	Rotorua Cityride	Reesby Rotorua/Rltchies	\$2,476,484	30/06/2024	20.9%
2016 0215	Eastern Bay of Plenty Bus Services	Madge Coachlines Ltd trading as Uzabus	\$343,880.22	30/06/2025	14.9%
2015 0129	Katikati and Ōmokoroa to Tauranga	Madge Coachlines Ltd t/a Uzabus	\$182,676	04/02/2024	20.3%
2018 0031	Waihi Beach Bus Service	ND Kiwi Tours Limited	\$20,800	30/06/2022	4.2%
2018 0068	Western Bay of Plenty Bus Services (Eastern Unit)	NZ Bus Limited	\$7,254,940	5/12/2027	16.7%
2019 0069	Western Bay of Plenty Bus Services (Western Unit)	NZ Bus Limited	\$7,551,060	5/12/2027	16.7%

## Future state

This strategy will continue to promote value for money by encouraging competition and invite those parties interested in market entry, expansion or growth to consider tendering. This will allow for the best combination of geographic routes, timetable optimisation, and resource optimisation and will contribute to economic scale for the operators. It will also reduce the administrative effort required by Council in tendering and contract administration.

In considering the size and competitiveness of the future operator market, BOPRC's preference is for at least two main contractors regionally supported by smaller operators in the rural areas. This would maintain a competitive aspect to the marketplace and encourage quality of service and performance.

Outside of the aim of having at least two main players, there will likely remain a few rural services and charters where smaller operators may have contracts. These services will enable new entrants to establish a foothold in the market and grow.

## Public transport operating model

The Land Transport Management Act provides the statutory framework for implementing the PTOM. The current RPTP provides a high level approach to implementing PTOM and current public transport contracts are operating under PTOM principles.

## Public transport unit establishment

Unit establishment is a core component of the PTOM. Units are a public transport service or a group of public transport services that a region identifies as integral to the region's public transport network. Units will operate on the entire length of one or more routes specified in the region's RPTP. A unit will include all public transport services, operating to a timetable, along an entire route or routes specified for the unit.

The RPTP includes the following criteria for establishing units:

- Exclusivity of operation;
- A marketable whole servicing key destinations and targeting certain demographics including the transport disadvantaged;
- Establishing units in a manner that maintains a competitive and attractive market with range of unit sizes;
- Emphasis on financial returns generated by services; and
- Economic efficiency and operational efficiency.

The below units are established and will be continued through to the update of the Regional Public Transport Plan in 2021.

# Part 5:

## Procurement Strategy by unit

Council has included a number of units in the RPTP to facilitate trial services, and a provisional unit for provision of DRT services.

### Tauranga urban

Tauranga Urban services are arranged into two Units, Eastern and Western. Combined, these two units include 23 routes operating in Tauranga; these services provide patronage focused services on regional strategic corridors. Tauranga has recently experienced considerable population growth over recent years.

Up until 2013 average growth in per annum patronage had been around 10%, the addition of school transport makes this trend difficult to determine over the last few years. Population in Tauranga has doubled over the last twenty years and has continued to grow. The relatively new market in Tauranga combined with growth in both population and patronage along with the significant changes as a result of the school bus project means there are challenges associated with predicting service demand over time but we accept that nine years is the requirement for this service.

The use of non-RUB compliant vehicles for school bus services will manage the uncertainty in part.

The contract for these two Units was tendered in 2018 and is due to expire 5 December 2027. A gross price reset negotiation is currently underway.

### Rotorua urban

The Rotorua urban service is approximately one third of the size of Tauranga, and operates 11 patronage based bus routes on regional strategic corridors. In 2015 the current PTOM contract with Reesby Rotorua Limited was let for a term of nine years and is now operated by Ritchies following a change of ownership in 2019.

As the current contract expires in June 2024, a full tender process will be undertaken in 2023.

### Northern Corridor – Katikati and Ōmokoroa to Tauranga

The Northern Corridor - Katikati and Ōmokoroa to Tauranga unit provides commuter and off peak services Monday - Friday from Ōmokoroa and Katikati to Tauranga. The service is classed as a rural connector route, and is currently operated by Madge Coachlines t/a Uzabus. The contract was tendered in 2014 and is due to expire 4 February 2024.

This is to be incorporated into the Tauranga western unit from 2024 as per the Regional Public Transport Plan.



## Eastern Bay of Plenty Bus Service

The Eastern Bay of Plenty Bus Service contract is comprised of the following services:

- a six day per week service from Whakatāne to Tauranga;
- a six day per week service from Whakatane to Ohope;
- a two day per week service from Whakatane to Opotiki;
- a one day per week service from Whakatane to Matata;
- a two day per week service (two return trips per day) from Whakatane to Kawerau;
- a two day per week service from Opotiki to Potaka.

This service was competitively tendered in 2016 for a nine year term. There is no procurement activity planned for the duration of this Strategy iteration.

## Demand Responsive Transit (DRT)

Bay of Plenty Regional Council is seeking to introduce a new Demand Responsive Transit (DRT) solution that can offer a flexible timetable and routing of public transport service for its users.

Demand Responsive Transit (DRT) is a flexible (route and/or timetable), shared ride, passenger-responsive transport service operating somewhere between traditional public bus services and taxis. DRT can have multiple configurations:

- One origin to one destination, ie between two fixed points such as a hotel to airport shuttle
- One origin to many destinations and many origins to one destination, serving demand to or from a single terminus such as a shopping centre or bus terminal.
- Many origins to many destinations

The DRT ride-sharing service will be available within defined service areas, and fares for ride-share journeys may be dynamic and vary by: time of day, user groups, distance travelled, number of people sharing a ride, or other scheme partner requirements.

There is a possibility for some DRT services to be procured directly through a variation to existing contracts, but this is dependent on the assessment and testing of the variation terms offered by the current service provider. If this assessment outcome is not favourable for the contract variation with the existing transport operator, Council will procure DRT services from a different operator through a tender process.

Council staff are involved in the TSIG working group looking at On-Demand PT. Work is underway to devise a national strategy including the possibility of a Supplier Panel to enable Councils to procure On-Demand systems more easily.

Council is not currently running any DRT trials, however there are three in the planning stages:

- Kawerau, planned for the 2021/2022 year;
- Southern Tauranga, planned for the 2022/2023 year; and
- Rotorua, planned for the 2023/2024 year.

# Part 6:

## PTOM Contract elements

### Financial incentive mechanism

The Financial Incentive Mechanism (FIM) will be based on passenger growth in comparison with the previous year; this payment will be reset annually. Feedback from operators indicates predominant support for a patronage based approach.

There is still a desire in the region to grow patronage. Congestion within Tauranga is increasing and public transport must play a role in minimising the impact of congestion on our community and businesses. There is also sense is having a patronage based approach across Tauranga, Rotorua and the rural services.

Current FIM included in the Tauranga urban units is based on 'patronage share' and is weighted towards increasing full (Adult) fare paying patronage. The view held by staff is that the current FIM provides weak incentives. Council is currently reviewing its approach to the FIM to provide for more meaningful incentives whilst ensuring that there are no unintended consequences in terms on matters such as driver terms and conditions. This will be addressed more fully in the next Procurement Strategy document.

### Annual Business planning

Annual business planning provides a process in which the operator and the Council will actively monitor the performance of, and consider improvements to the Service.

The Council and the operator are to meet at least annually to develop an annual business plan (to be in place by 31 August each year), excluding the first year of the contract. Council undertakes this process through its regular meeting schedule as follows:

	<b>NZ Bus</b>	<b>Ritchies</b>	<b>Uzabus</b>
<b>Steering Group</b>	Senior management and/or executive	Senior management and/or executive	Senior management and/or executive
	<i>Quarterly</i>	<i>Twice-yearly</i>	<i>Twice-yearly</i>
<b>Partnering Group</b>	Management and staff	Management and staff	Management and staff
	<i>Monthly</i>	<i>Quarterly</i>	<i>Quarterly</i>
<b>Operational Group</b>	Operational staff	Management and staff	Management and staff
	<i>Fortnightly</i>	<i>Six-weekly</i>	<i>Six-weekly</i>

### Key Performance Indicators (KPIs)

A set of KPIs are outlined in the current contracts and are monitored regularly, reviewed through the annual business planning process, and maintained throughout the term of the contract. Each year, as part of the Annual business planning process, the KPIs will be reviewed and updated if necessary.

Council is currently reviewing its approach to the KPI framework under the Western Bay of Plenty contracts with a view to driving better outcomes for customers.

## Vehicle type

In contracting bus services, Council aims to raise the overall quality of the public transport bus fleet. Council complies fully with the NZ Transport Agency Requirements for Urban Buses (RUB) for all urban services.

Dedicated school bus services in Tauranga (currently 59) continue to meet the current Ministry of Education safety developed in collaboration with NZ Transport Agency which requires vehicles to pass three out of five Certificate of Fitness (CoF) tests with no faults in suspension, brake and steering or tyre faults. While there will continue to be non-RUB compliant buses used for Schoolhopper services, this is understood to be the most efficient and effective way to provide the number of services required.

## Information for new tenderers

BOPRC currently makes public patronage and revenue information for contracted services. Council may require unit information on patronage and revenue from an operator, this information may be published or provided to registered tenderers. Registrations of interest will be sought prior to tender rounds to identify potential tenderers. This approach will be consistent with NZ Transport Agency rules on providing information to tenderers.

## Service level variations

The management of service level variations is an important component of the long-term contract cost, particularly with growth services. The methodology of the tender evaluation process will include an assessment of the cost of contract variations of the different tenderers over the term of contracts. The Council will then use the variable rate for peak vehicles requirements, hourly and kilometre rates as the basis for negotiation for any service level change. Service level variations will be subject to negotiation with incumbent operators and a suitable price being agreed and will be compliant with NZ Transport Agency Procurement Manual rules.

If the Council resolves to implement a Contractor's proposal, any actual direct saving in the cost to the Contractor of the Services resulting from the changes will be shared equally. The calculated savings must include the assessed reduction in the cost of the Services to the Contractor, less any costs incurred by Council in assessing or implementing the changes.

## Gross price reset

Bus public transport unit contracts longer than six years will have an annual gross price reset at year six. This reset mechanism will be informed by best available data (such as unit rates) used in a manner that is consistent with the requirements of the NZ Transport Agency Procurement Manual in discussion with the operator.

Any adjustment to the Unit Price agreed will apply from the start of the seventh year, and if necessary, will be paid in arrears from the commencement of the seventh year.

Any adjustment to a Unit Price will be calculated in accordance with the relevant rules, guidelines and processes set out in the Procurement Manual at that time, or any other agency endorsed process.

The gross cost reset is intended to recognise that agreements need to ensure value for money is being achieved in longer term, and a reasonable balance is being maintained between contractor profit and the expenditure of public funds. This reset may result in the annual gross price increasing or decreasing.

# Part 7:

## Implementation

Generally speaking Council does not have the need to utilise advanced delivery models or supplier selection methods for public transport contracts. Council does however currently have on staff one qualified tender evaluator and is actively seeking development opportunities to increase this knowledge and capability.

### Internal procurement processes

Since 2006, Council has had a Contract manual which sets out the guidelines for Council staff preparing, awarding and managing contracts. The manual requires updating to reflect the move away from weighted attributes. As part of an organisation wide review the Manual will be updated to refer to the NZ Transport Agency Procurement Manual, and the changes as a result of PTOM. In cases where no guidelines in the Procurement Manual are applicable then the procedures in the Contracts Manual will be followed.

### Performance measurement and monitoring

Council will fully comply with NZ Transport Agency reporting requirements and key performance indicators. Council will continue to conduct the Bus User Survey in accordance with NZ Transport Agency requirements. Along with the regular service performance monitoring Council will monitor the success of this strategy by measuring:

#### Public transport operating model

- Contract negotiations.
- Average number of qualifying bids.
- % of tenders with only one bid.
- Operator turnover of contracts.

BOPRC will also monitor the farebox recovery ratio on an annual basis to support the achievement of the farebox recovery target.

### Internal resourcing (Capability and Capacity)

Council staff are currently well resourced, in terms of both capability and capacity to manage the procurement outlined in this strategy. There is a wide range of operational, procurement and contract management experience amongst the team, and in most cases, there is a good overlap of skills and experience.

Staff are also working with external consultants to ensure that good process is followed.

There is a risk however, for the next contract procurement at the end of the 9 years, that there will be a limited number of staff with significant procurement experience available.

## Communications Plan

Key Stakeholders	Communication Method
<b>Council Leadership</b>	Quarterly Public Transport Committee meeting reports and update Council newsletters
<b>Community Groups</b>	Email to community group contacts Baybus website and BOPRC website
<b>Schools</b>	School and community newsletters school websites Baybus website and BOPRC website
<b>Wider Public</b>	Print media and radio social media (ie Facebook) Baybus website and BOPRC website In-bus notices to reach bus users

## Risks

A number of risks have been identified, and these are attached in Appendix 1 - Risk Register. These will be updated regularly as new risks are identified.

# Part 8:

## Other Regional Council transport activities

The following sections deal with procurement for NZ Transport Agency-funded Regional Council activities other than public transport.

### Total Mobility

The Total Mobility scheme continues to be administered by Council using the Ridewise programme provided by Eyede Solutions Limited.

#### Total Mobility transport providers

A tender process has recently been completed to invite new and existing operators to apply to become approved TM transport providers. This tender process was completed in accordance with NZ Transport Agency Procurement Manual Procurement Procedure 4. All ten responses received were deemed to be viable and appropriate, which means that five new operators will be added to the pool of providers once they meet the mandatory requirements in the Transport Operator Agreement.

Mandatory requirements include proof of Health and Safety compliance, VQS being met and completion of first aid and Unit Standard driver training. As mentioned above contracts will be offered to all respondents when they supply sufficient information to assure Council they met the standards and expectations required.

Council is under no obligation to offer a contract to operators who do not meet the standards and expectations required, an application may be declined where:

- no additional service benefit to the TM clients is proposed such as wheelchair hoist capability, or
- they do not deliver value for money services.

The existing agreements expire Dec 2020. The new Transport Operator Agreements are for a period of 3 years.

#### Technology

The current version of Ridewise is used to hold data and provide reporting on;

- membership
- trip details and
- transport provider monthly invoicing to Council.

The BAYBUS and BOPRC websites provide access to general information about the scheme, our region wide toll free telephone contact centre is also available for customer queries.

Council understands Total Mobility policy may be reviewed and the Ridewise programme upgraded in the near future and will consider these changes when they become available.



## Professional services

The majority of Council's professional services are undertaken in-house.

### Administration costs – management support charges

Management Support Charges (MSC) is the methodology used to allocate direct and indirect expenses to groups of activities necessary for BOPRC to achieve Council Outcomes as defined in the Ten Year Plan. MSC expenditures are paid by the Corporate Services Group of Activities, (Corporate Services) and allocated to the individual groups of Council Activities that benefit from the services. Corporate Services costs are grouped into the following programs, Land and Buildings; Plant and Vehicles; Property and Procurement; Information Services and Technology; Data Services; Geospatial Services; Human Resources and Business Improvements.

Corporate Services expenditure is management support costs common to all activities related to Council Outcomes. Corporate Services expenditure is not directly assigned to a specific outcome, or it is not allocated to an Outcome because the cost outweighs the benefit of tracking to each Outcome. Corporate Service costs are common to all Council Activities and Outcomes and include: insurance, interest expense on debt, and administrative services (i.e. Human Resources; Information Technology; Legal; Property & Procurement; Building occupation costs; Risk Management; and Finance, etc.).

Currently BOPRC allocates Corporate Service costs based on cost drivers including the head count of employees in each activity. Where specific costs within Corporate Services are identified as associated directly with a specific activity then the cost is allocated directly to that activity.

### Professional services – Staff Charges (internal)

Staff Charges are used to allocate staff time directly to an activity. Staff submit weekly timesheets and time is coded directly to the subtask of the activity.

### Professional services – Staff Charges Allocation (external)

All external consultants and contractors are coded directly to the subtask of the activity they are working on.

## BOPRC transport activities allocation of professional services and administration

The Transport Activity is allocated MSC (Corporate Services costs) as stated above, using head count of employees within the activity. Staff charge time is based on where staffs code their time. Usually only Transport Activity employees code their time to transport subtasks. Occasionally employees from another activity may work on Transport subtasks.

There are a number of situations in which the BOPRC needs to contract professional transport planning services. The Table below identifies transport planning professional services that the BOPRC has required recently.

Name of professional services project	Approximate value of contract	Supplier selection methodology
Annual Bus Satisfaction Survey.		PQM

## Call centre

The previous external contract with Corporate Connect for call centre operation has expired and all call centre functions are now maintained in-house Monday to Friday between 6am and 6pm. An arrangement is in place with Tauranga City Council to manage calls outside of these hours, including weekends.

## Public transport Technology

Our current public transport information technology feature set is:

- Electronic ticketing/automatic fare collection – INIT electronic ticketing systems utilising contactless smartcards and reporting software,
- Administration and back offices – complaints, tracking, and records databases,
- Passenger information – Google Transit Journey Planner and Transit app. Screens and amplifiers are installed in all Tauranga Urban buses to display Next Stop Announcements, however this system has not yet been procured,
- Customer services – region-wide toll free telephone contact centre provided in-house,
- Multimedia and internet access – BAYBUS website, and
- Free Wi-Fi for passengers on Tauranga and Katikati/Ōmokoroa services, limited to 40Mb per device per day.

## Public Transport Management System

The current real-time prediction engine system was implemented in December 2020 and has seen the integration of the INIT ticket machines into the real-time tracking and monitoring system. The current system provides real-time tracking and predictions by using GPS and driver login information from the ticket machines, which is then processed by another supplier (Leapthought) and is then sent to a third supplier (Radiola). This contract with Radiola expires in December 2021 and it is Council's preference to tender for a longer term solution to provide stability and the ability to continue developing capability in this area.

All components will use standard communication protocols (e.g. GTFS) so as to remain supplier agnostic.

Council's preference is to procure a Public Transport Management System via a web platform, on a "Software as a Service" (SaaS) basis. This management system will ideally include:

- prediction engine
- performance monitoring in real time
- Service deviation
- Public notifications in real time (such as service diversions etc)
- On-time performance reporting (punctuality/reliability)
- Alarms to quickly identify issues on the network
- Passenger facing information, including signage at bus stops and on board buses

Currently, the NZTA Procurement Manual does not recognise SaaS as a pre-approved procurement methodology, meaning **Bay of Plenty Regional Council requests approval for a customised procurement procedure.**

Software as a Service" (SaaS) is a method of software delivery and licensing in which software is accessed online via a subscription, rather than bought and installed on individual computers. Typically there is no defined contractual end date for the service. Testing against s25 of LTMA, as required by NZTA when seeking approval for a customised procurement procedure is outlined below.

### Testing Against s25 of LTMA

Section 25(1) of the LTMA requires that NZ Transport Agency must approve procurement procedures that are.....'designed to obtain the best value for money spent by the Agency and approved organisations, having regard to the purpose of this Act'. In approving a procurement procedure, the Agency must 'also



have regard to the desirability of a) enabling persons to compete fairly for the right to supply outputs required for approved activities, if 2 or more persons are willing and able to provide those outputs, and b) encouraging competitive and efficient markets, for the supply of outputs required for approved activities.'

- Best value for money - Investigation of the Travel Time Prediction engine application market has shown a number of international suppliers. Council will conduct regular reviews of the Travel Time Prediction engine market, to ensure the engaged supplier still represents the best value for money and takes advantage of any innovations available.
- Enabling competition that is fair - Through its market investigation, Council will ensure a number of potential suppliers are assessed for their suitability to supply.
- Encouraging competitive and efficient markets for supply - The market for Travel Time Prediction engines is web based and many international suppliers are available. The open nature of the market will dictate that innovation and price competition are high.

Council intends to engage a Public Transport Management System supplier directly at the conclusion of the current contract, subject to NZTA approval of the customised procurement procedures. This will be an open-ended contract which is standard practise for SaaS agreements, and the whole system will sit with one supplier although will still require data to be obtained from the ticket machine supplier.

Name of project	Supplier selection methodology
Public Transport Management System	PQM

## Electronic ticketing

Bay of Plenty Regional Council is one of nine regional councils involved in the Regional Integrated Ticketing System (RITS) project. This Regional Consortium has recently implemented a ticketing system, so no further procurement approvals are sought at this time.

It is intended that Council will continue its involvement in the Regional Consortium as they are part of a longer term technology solution procurement, currently operating under the name Project NEXT. This initiative is planned to roll out in Wellington in 2021, followed by nationwide implementation in 2026.

## Digital Signage

Digital signage at bus stops is part of the infrastructure responsibility of Tauranga City Council, however Bay of Plenty Regional Council supplies the data that this infrastructure displays to the public. Currently Council does not procure any digital signage at bus stops.

# Appendices

---

# Appendix 1: Risk Register

Risk No.	Name of person who raised the risk	Risk	Inherent risk			Mitigating actions	Risk treatment	Who/when	Residual risk		
			Likelihood	Impact	Total				Likelihood	Impact	Total
01		Timing – not enough time to complete process before current contracts end.	M	H	H	Potentially extend contracts.	Mitigate		M	M	M
02		Money – not enough in the budget to implement desired PT network.	M	H	H	Plan alternative network options and phasing options.	Accept		M	M	M
03		National Procurement Environment Availability of vehicles – new builds and imports.	H	H	H	Allow a range of bus configurations, allow transition time,	Mitigate		H	H	H
04		Rate of change/growth – new network may not be fit for purpose.	L	M	M	Flexible contract. Annual planning process.	Mitigate	Staff	L	L	L
05		9 year contract – locked in so inflexible (but more stable).	M	L	L	Contract flexibility to enable change negotiation and term variation.	Mitigate	Staff	L	L	L
06		Political pressure from Interest groups could distract from providing the best possible PT to the wider community.	H	M	M	Communicate to a high degree, flexible approach to network design. Wide engagement with communities.	Mitigate	Staff	M	M	M
07		Lower patronage than expected, causing lower fare revenue and FRR.	M	H	H	Extensive network planning, high level of public and stakeholder engagement. Monitor and respond.	Mitigate	Staff	M	M	M

Risk No.	Name of person who raised the risk	Risk	Inherent risk			Mitigating actions	Risk treatment	Who/when	Residual risk		
			Likelihood	Impact	Total				Likelihood	Impact	Total
08		Complexity of Procurement process.	M	M	M	Worked through the point where staff have good understanding and handle on it.	Accept	Staff	L	L	L
09		Changing GPS/Political environment/funding risk.	L	M	L	Will take significant time for any direction change to become apparent.	Accept		L	M	L
10		NZ Transport Agency timeframe for approvals	M	M	M	Retain good comms with NZ Transport Agency partners. Try and allow as much time as possible.	Accept/Transfer	Staff/ NZ Transport Agency	L	L	L
11		Not much interest in tender.	L	M	L	Early market engagement.	Mitigate	Staff	L	L	L
12		Poor quality tenders submitted.	L	M	L	Early market engagement.	Mitigate	Staff	L	L	L
13		Industrial action disruption.	M	M	M		Accept		L	L	L
14		Community expectations around low emission/electric vehicles not met. Buses noisy and smelly.	L	L	L	Flexible contract so we can change in the future. RFP Document setting minimum standards.	Accept		L	L	L
15		Transition period risks – teething issues.	H	L	M	Training, working with the Operator, setting expectations, good communications.	Mitigate	Staff	M	L	M

Risk No.	Name of person who raised the risk	Risk	Inherent risk			Mitigating actions	Risk treatment	Who/when	Residual risk		
			Likelihood	Impact	Total				Likelihood	Impact	Total
16		Tender issues (legal challenge/probity).	L	H	M	Contract External legal advice. Follow RFP process.	Mitigate	Staff	L	M	M
17		Lack of investment in bus infrastructure and priority measures causing increased costs.	M	M	M	Work closely with partners, getting commitment they will deliver (funds/timing).	Accept		M	M	M
18		Technological disruption (MAAS, Driverless, Vehicle standards).	M	M	M	Flexible contracts.	Accept		M	M	M
19		Overly adversarial tender negotiations causing distrust and undermining partnering approach.	M	L	L	Be aware of risk.	Accept		M	L	L