
Reducing Renewals Costs on the East Waikato Network

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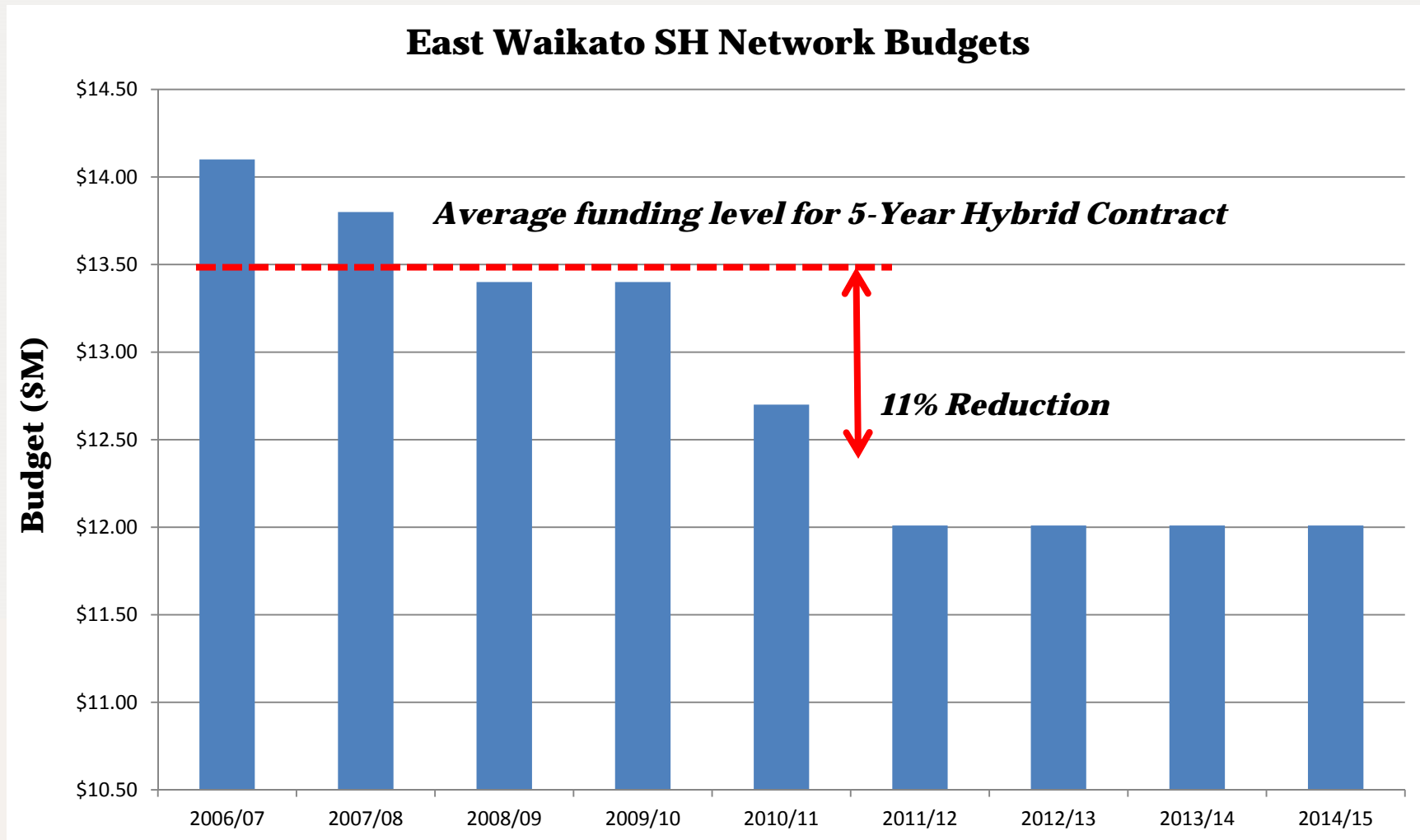


East Waikato Environment...

- **Network Budget Forecast**
Flat-lined budget for the next three years.
- **2011/12 Total Network Budget**
Reduced by 11% compared to the previous five year average.
- **Existing 5-Year Hybrid Lump Sum Contract**
Collaboratively renegotiated a reduced lump sum, retaining existing performance criteria.



East Waikato Environment...



East Waikato Environment...

- **Hybrid Contract Model – Rethink**
- **Recent Forward Work Programme Performance**
- **A Different Approach...**



Previous Method...

- Contractor & Consultant develop FWP separately.
- Contractor completes the pavement investigation and rehabilitation design.
- Consultant verifies and sanctions the rehabilitation designs for construction in addition to the FWP.
- Rehabilitation is completed to conform with Contract Specification.



A Different Approach...

- Contractor & Consultant develop FWP together.
- Contractor & Consultant complete the rehabilitation designs together.
- Renewals are completed, with extensive Consultant RVT.
- Full transparency between Consultant & Contractor regarding trade-off rates and renewal quantities.
- Shared risk between Client, Consultant & Contractor.



Further Adaptations & Details

- Consultant & Contractor complete treatment selections together, with the Contractor completing the seal designs.
- Consultant organises and completes site investigation, test pits and sampling.
- Contractor completes laboratory testing for rehabilitation designs.
- Design assumptions and risks are understood and accepted.



Key Elements

- Collaborative mindset with an understanding of risk transfer between Client-Consultant-Contractor.
- All parties show support and are respectful of each others positions.
- Innovative approach to the renewals programme.
- A knowledgeable Client who is open to alternative solutions and an innovative approach.



Recent Success...

- Less risk-averse reseal and first coat seal treatments.
Saving of 20% on reseal costs in 2012/13 Season.
- **Potential** of Performance-based rehabilitation design.
Saving of 12% on rehabilitation costs in 2012/13 Season.



Cost Effective Treatments via Collaboration and Sharing of Risk



Before

After



Cost Effective Treatments via Collaboration and Sharing of Risk



Before

After





Cost Effective Treatments via Collaboration and Sharing of Risk

- Historically, the treatment type was specified by the Contractor and would typically be risk-averse.
- Dramatic shift in treatment type has occurred due to increase in collaboration and risk-sharing.
- Utilisation of the most cost effective treatments.
- “Best for Network” options are chosen.



Reducing Renewals Costs on the East Waikato Network

Thanks!

