



# Introduction to Road Maintenance Council Contracts (RMCC)

Roads & Traffic Authority of NSW

# RMCC - Road Maintenance Council Contract



**Part 1 Intent & Key Concepts of the RMCC**

**Part 2 Key Requirements of the RMCC**

**Part 3 Overview of the documents**

**Part 4 Key differences to the SIMC**

### Sharing values and trust by:

- ✓ Focus on value for money - Collaboratively improving the performance of the Services
- ✓ Improved knowledge transfer
- ✓ Greater involvement of council in planning and priority setting – more flexibility & empowerment for Council to act in the best interests of the road and road users
- ✓ Increased price transparency
- ✓ Fair & equitable sharing of risk



### RMCC Outcomes:

- ✓ A safe, serviceable and sustainable road network
- ✓ Viable and sustainable contracts that demonstrate value for money
- ✓ Reduced administration & management overheads
- ✓ Improved performance in time, cost and quality



## Performance Management

Performance will be measured and monitored. RTA will:

- Define Key Performance Measures (KPMs) and performance thresholds
- Monitor and investigate council performance
- Encourage use of subcontractors and resource sharing through Peer Exchange Groups (PEGs)
- When necessary, request council implement a Performance Improvement Plan (PIP)

## RMCC Steering Committee:

To oversee the operation of the RMCC. Membership will consist of:

- ✓ United Services Union (**USU**)
- ✓ Local Government & Shires Association (**LGSA**)
- ✓ Institute of Public Works Engineering Australia (**IPWEA**)
- ✓ RTA, and
- ✓ Individual councils, by invitation.

## Peer Exchange Groups (PEGs)

- Establish a number of PEGs in each Region
- Each PEG includes reps from RTA & each council
- Informal groups formed to pursue continuous improvement by:
  - Comparing performance, efficiencies and work practices
  - Sharing experiences, best practices and resources
  - Providing encouragement and support
  - Improving the delivery of the services

## Default and Show Cause Notice

Council may be in default:

- If it fails to provide a satisfactory Performance Improvement Plan (PIP)
- If it does not implement the PIP as agreed or improvement does not occur
- For poor performance more generally (eg. OH&S)
- A notice may be issued to show cause why RTA should not:
  - Notify Council not to perform the certain Services in the future
  - Terminate the contract due to poor performance



## Insurance

This Contract will be run under a Principal Arranged Insurance (PAI) scheme.

Under this scheme

- Council will be named as an insured for RTA contract works and third party liability insurance
- However, Council must provide for other relevant insurances, e.g.
  - Motor Vehicle, Workers Compensation, Professional Indemnity etc.
- Benefits to Council: low deductibles, low premiums.
- Benefits to RTA: consistent claims management, lower cost, simpler administration.

## Dispute Resolution

Where possible, disputes must be resolved through informal processes. However, a more structured approach is also described:

- Step 1
  - A formal meeting must be held CM (RTA) & authorised person (Council)
- Step 2
  - After 1 week, escalate dispute to SPMM (RTA) & Engg. Director (Council)
- Step 3
  - After 2 weeks, escalate dispute to RM (RTA) & GM (Council).

## Contract period:

- Commences 1 October 2008 with an initial term of 3 years and 9 months, with an option to extend yearly unless and until terminated.
- RTA can terminate the RMCC:
  - On 6 months notice, due to:
    - (e.g. change in Government policy)
  - Council becoming insolvent
  - Significant default by council under the contract or poor performance
    - Failure to rectify poor performance (through performance management mechanisms and after the transition period of 21 months).

## Maintenance period:

- Annual (12 monthly) cycle commencing 1 July each year of the Contract term, except
- The first period will be a 9 month period.

## Transition period:

- 21 months for familiarisation (i.e. Until 30 June 2010)
  - RTA guarantees Routine Services
  - Council has first opportunity to price Ordered Work
  - RTA does not exercise performance based termination rights.



## Scope of the Services:

Routine Services

Ordered Work

Incident  
Response  
Work

Mandatory  
Activities

Supplementary  
Activities



# Routine Services

## Mandatory Activities

- Maintenance Activities which must be undertaken in accordance with the Intervention Levels i.e.
  - UDS (Upper Defect Severity)
  - RT (Response Time) &
  - IF (Intervention Frequency)

## Supplementary Activities

- Maintenance Activities which must be monitored as per the Investigatory Requirements and prioritised based on RTA requirements & funding availability through
  - UDS (Upper Defect Severity)
  - IF (Intervention Frequency)



## Routine Services

- RTA sets Fixed Upper Limit
- Council provides quarterly cash flow and accomplishment
- The Fixed Upper Limit covers Mandatory Activities and some Supplementary
- RTA reimburses actual costs (it is NOT a Lump Sum)
- RTA pays in advance in quarterly instalments
- RTA adjusts & reconciles expenditure each quarter
- Valid costs consist of Direct Costs + Indirect Costs only
  - No contingency needed for estimating risk
  - No allowance for rework
  - No profit margin
- Progress monitored through RMAP



## Ordered Work

- RTA provides indicative funding - planned through RMAP
- OW costs consist of Direct Costs + Indirect Costs + Mark-up
- Mark-up consists of:
  - Allowance for estimating risk
  - Corporate overheads
  - Contingency for rework
- RTA will pay actual increased costs due to wet weather
- New process: RTA can issue Request for Proposal (RFP)
  - Pseudo-competitive environment between councils



Activity Group	Maintenance Activity			SPEC REF	Routine Services		Ordered Work?
	Code	Description	UOM		Mandatory?	Supplementary?	
<b>GENERAL</b>							
<b>110 Asset inspections</b>							
	111	Routine inspections	km	M1	YES	NO	NO
	112	Additional inspections	each	M1	NO	NO	YES
<b>PAVEMENT MAINTENANCE</b>							
<b>200 Routine Pavement</b>							
	201	Pothole repair	m <sup>2</sup>	M200	YES	NO	NO
	202	Edge repair	m	M200	Defects < 20 m	YES, but defects >20 m generally rectified through other treatments	NO For defects > 20 m or 20 m <sup>2</sup> use other activities such as 250 Heavy patching, 272 Water blasting or 290 Pavement rehabilitation
	203	Repair wearing surface	m <sup>2</sup>	M200	Defects < 20 m <sup>2</sup>	YES, but defects >20 m <sup>2</sup> generally rectified through other treatments	
	204	Correct pavement shape	m <sup>2</sup>	M200	Defects < 20 m <sup>2</sup>	YES, but defects >20 m <sup>2</sup> generally rectified through other treatments	
	209	Reinstatement of road openings	m <sup>2</sup>	M208 or M209	NO	NO	
<b>210 Cracks and Joints</b>							
	211	Crack sealing flexible pavement	m <sup>2</sup>	M211	NO	YES	NO
	212	Crack sealing rigid pavement	m <sup>2</sup>	M212	NO	YES	NO
	213	Cross-stitching cracks and joints	each	M213	NO	YES	NO
	214	Repair joints	m	M214	NO	YES	NO
	215	Repair spalls	m	M215	NO	YES	NO
<b>220 Unsealed Pavement</b>							
	221	Formation grading	km	M220	NO	YES (may include addition of new material at isolated locations)	NO
	222	Formation resheeting <sup>A</sup>	km	M220	NO	NO	YES
	223	Incorporate new base material <sup>B</sup>	m <sup>3</sup>	M220	NO	NO	YES
	224	Formation earthworks	m <sup>3</sup>	M220, M293	NO	NO	YES
	225	Initial sealing of formation	km	M220, R106, R107, R111	NO	NO	YES

## Road Maintenance Annual Plan (RMAP)

### The RMAP:

- Planning tool - Council's anticipated (& achievable) work program
- Prepared by Council in consultation with RTA & agreed by RTA
- Reflects particular needs of the network (JPA)
- Details planned Routine Service and indicative Ordered Work
- Reviewed & updated at least quarterly



## RMAP (Contd.)

### RTA will in February each year:

- Routine Services: advise the Fixed Upper Limit for the next FY
- Ordered Work: provide indicative allocations.

### Council will submit to RTA by June each year:

- Routine Services: the planned accomplishment for each quarter
- Ordered Work: the planned work program.

# ROUTINE SERVICES

## Initial Annual Plan

## Accomplishment

## Expenditure

# REPORT: OCTOBER 2008





Activity Group		Maintenance Activity		UOM	Accomplishment	Expenditure	Past periods: Actuals				Future periods:		Revised end of year accomplishment	Variation from initial plan	Actual year-to-date expenditure	Revised allocation	% of revised	Comments
Code	Description	Code	Description				Latest plan				End Q3	End Q4						
							End Q1	End Q2	End Q3	End Q4								
GENERAL																		
110	Asset inspections	111	Includes only routine inspections			\$ 20,000								\$ 5,000	\$ 20,000	25%		
PAVEMENT																		
200	Routine Pavement		Includes repair potholes, edges, surface and pavement shape			\$ -								\$ -	\$ -	#DIV/0!		
210	Cracks and Joints	211	Crack sealing flexible pavement	m <sup>2</sup>	0		0	0	0	0	0	0	0			#DIV/0!		
		212	Crack sealing rigid pavement	m <sup>2</sup>	0		0	0	0	0	0	0	0			#DIV/0!		
		213	Cross-stitching cracks and joints	each	0	\$ -	0	0	0	0	0	0	0	\$ -	\$ -	#DIV/0!		
		214	Repair joints	m	0		0	0	0	0	0	0	0			#DIV/0!		
		215	Repair spalls	m	0		0	0	0	0	0	0	0			#DIV/0!		
220	Unsealed Pavement	221	Formation grading	km	0	\$ -	0	0	0	0	0	0	0	\$ -	\$ -	#DIV/0!		
240	Shoulders	241	Shoulder grading	km	0	\$ -	0	0	0	0	0	0	0	\$ -	\$ -	#DIV/0!		
CORRIDOR ASSETS																		
300	General Corridor		Includes litter removal, graffiti/poster removal and sweeping			\$ -								\$ -	\$ -	#DIV/0!		
310	Vegetation control	311	Ground vegetation control	ha	0		0	0	0	0	0	0	0			#DIV/0!		
		312	Control saplings within clear zone	km	0		0	0	0	0	0	0	0			#DIV/0!		
		313	Noxious weed control on freeways	each	0	\$ -	0	0	0	0	0	0	0	\$ -	\$ -	#DIV/0!		
		314	Control vegetation for fire management	km	0		0	0	0	0	0	0	0			#DIV/0!		
		315	Control trees for sight distance / vegetation-free areas	each	0		0	0	0	0	0	0	0			#DIV/0!		
320	Landscaping	321	Landscape maintenance	m <sup>2</sup>	0	\$ -	0	0	0	0	0	0	0	\$ -	\$ -	#DIV/0!		
330	Roadside	331	Boundary fencing maintenance	m	0		0	0	0	0	0	0	0			#DIV/0!		
		332	Fauna fencing maintenance	m	0		0	0	0	0	0	0	0			#DIV/0!		
		334	Stock grids and races	each	0	\$ -	0	0	0	0	0	0	0	\$ -	\$ -	#DIV/0!		
		335	Maintain/repair noise barriers	m	0		0	0	0	0	0	0	0			#DIV/0!		
		337	Footpaths and paved areas	m <sup>2</sup>	0		0	0	0	0	0	0	0			#DIV/0!		
		338	Stockpile sites	each	0		0	0	0	0	0	0	0			#DIV/0!		
340	Vacant Property	341	Service vacant property	each	0	\$ -	0	0	0	0	0	0	0	\$ -	\$ -	#DIV/0!		
350	Slope Stability	351, 352	Includes monitoring, dewatering system and routine slope maintenance			\$ -								\$ -	\$ -	#DIV/0!		
360	Winter Maintenance	361, 362	Includes snow poles and minor snow and ice removal			\$ -								\$ -	\$ -	#DIV/0!		
OPERATIONAL ASSETS																		
410	Rest Areas	411, 412	Includes service and minor repairs of rest areas			\$ -								\$ -	\$ -	#DIV/0!		
420	Toilets	421, 422	Includes service and minor repair of toilets			\$ -								\$ -	\$ -	#DIV/0!		
DRAINAGE																		
510	Surface Drains	511, 512, 513	Includes cleaning and minor repairs of drains and kerb/gutters			\$ -								\$ -	\$ -	#DIV/0!		
520	Subsoil Drain	521	Includes cleaning and minor repairs of subsoil drains			\$ -								\$ -	\$ -	#DIV/0!		
530	Pipes/culverts	531	Clean culverts	each	0		0	0	0	0	0	0	0			#DIV/0!		
		532	Minor repair culverts	each	0	\$ -	0	0	0	0	0	0	0	\$ -	\$ -	#DIV/0!		
		534	Minor repair headwalls and/or wingwalls	each	0		0	0	0	0	0	0	0			#DIV/0!		
540	Pits	541	Clean pits	each	0	\$ -	0	0	0	0	0	0	0	\$ -	\$ -	#DIV/0!		
		542	Minor repair pits or replace lids	each	0		0	0	0	0	0	0	0			#DIV/0!		
550	Stormwater Devices	551, 553, 555	Includes cleaning floodways, GPT's and sedimentation basins			\$ -								\$ -	\$ -	#DIV/0!		
TRAFFIC FACILITIES																		
610	Guide Posts	611	Includes maintenance of guide posts.			\$ -								\$ -	\$ -	#DIV/0!		
620	Safety Barriers	621, 622, 624, 626	Includes repair to existing safety barriers.			\$ -								\$ -	\$ -	#DIV/0!		
630	Pedestrian Fencing	631	Repair pedestrian fencing	m	0	\$ -	0	0	0	0	0	0	0	\$ -	\$ -	#DIV/0!		
640	Signs	641	Maintain minor signs	each	0		0	0	0	0	0	0	0			#DIV/0!		
		642	Replace minor signs	each	0	\$ -	0	0	0	0	0	0	0	\$ -	\$ -	#DIV/0!		
		643	Maintain major signs	each	0		0	0	0	0	0	0	0			#DIV/0!		
						\$ 20,000	<b>Forecast expenditure</b>						\$ 5,000	\$ 20,000	25%			
							\$ 5,000	\$ 11,000	\$ 15,000	\$ 20,000								

Council signature:










Date:



# ANNUAL KPM REPORT

KPM No.	KPM	Threshold		Current result	Change	Comment
		AMBER	RED			
<b>ROUTINE SERVICES KPMs</b>						
RA1	<b>Routine Services expenditure</b>	> 5%	> 15%	2%		Percentage actual Routine Maintenance expenditure exceeds the Benchmark Price.
RA2	<b>Indirect Costs</b>	Ranked in bottom 25% of State	Ranked in bottom 10% of State	Ranked 22 / 76 (Top 29%)		Indirect costs as a proportion of overall Routine Services
RA3	<b>Maximising Supplementary Activities</b>	Ranked in bottom 25% of State	Ranked in bottom 10% of State	Ranked 65 / 76 (Bottom 15%)		Expenditure on nominated Supplementary Activities (Sample by Activity Groups 210, 220, 230, 510, 520, 530 and 540) as a proportion of Routine Services expenditure.
RA4	<b>Financial control</b>	> ±2%	> ±5%	-8%		Percentage by which actual expenditure on Routine Services varies from agreed FUL.

# QUARTERLY KPM REPORT

KPM No.	KPM	Threshold		Current result	Change	Comment
		AMBER	RED			
<b>ROUTINE SERVICES KPMs</b>						
RQ1	Forecasting accuracy	> ±10%	> ±20%	-6%		Percentage by which actual expenditure on Routine Services varies from agreed forecast.
RQ2	Defect management	> 10%	> 20%	4%		Percentage of one kilometre segments that are non-compliant in regard to Mandatory Activities.
<b>ORDERED WORK KPMs</b>						
OQ1	Value for money	> 5%	> 15%	7%		Percentage that payment for Ordered Works (valued at more than \$100,000) exceeds the summation of Benchmark Prices.
OQ2	Project delivery	< 85%	< 70%	92%		Percentage of projects that achieve completion date stated in the Work Order.
OQ3	Quality of work	> 2%	> 5%	1%		Percentage of rework for heavy patching, spray sealing, asphalt resurfacing and pavement rebuilding.
<b>MANAGEMENT KPMs</b>						
MQ1	Inspections	> 5%	> 10%	8%		Percentage of scheduled inspections not completed in quarter.
MQ2	Reporting	More than 2 weeks late	More than 1 month late	On time		Submission of complete and accurate quarterly Progress Report including the KPM report, accomplishment report and current RMAP.
MQ3	Quality System	> 2	> 5	1		Number of NCRs not closed out plus the number of NPSNs issued in the quarter.
MQ4	Customer service	>5%	>10%	4%		Percentage of enquiries or complaints within quarter that are unresolved for more than 4 weeks.

### General Specifications

Core Contract Documents	<p><b>General Conditions &amp; Work Order Terms</b></p> <p>RTA M1 General Network Management Requirements</p> <p>RTA M2 Annexures</p>
Annexures (RTA M2)	<p><b>Annexure A</b> The Road Network</p> <p><b>Annexure B</b> Maintenance Responsibilities</p> <p><b>Annexure C</b> Detailed Asset Schedules</p> <p><b>Annexure D</b> Definition of Services</p> <p><b>Annexure E</b> Key Performance Measures</p> <p><b>Annexure F</b> Contact Names and Meetings</p> <p><b>Annexure G</b> Reporting Requirements</p> <p><b>Annexure H</b> Records and Forms</p> <p><b>Annexure M</b> Abbreviations and Definitions</p>
General Contract Documents	<p>RTA G10 Traffic Management</p> <p>RTA G11M Road Occupancy</p> <p>RTA G21M Occupational Health &amp; Safety</p> <p>RTA G34M Environmental Management</p> <p>RTA Q4M Quality System Requirements</p>

### Technical Specifications

Maintenance Intervention and Investigatory Requirements	<p>RTA M20 Pavement</p> <p>RTA M30 Corridor</p> <p>RTA M40 Operating Assets</p> <p>RTA M50 Drainage</p> <p>RTA M60 Traffic Facilities</p>
Maintenance Rectification Requirements	<p>RTA M200 Pavement</p> <p>RTA M300 Corridor</p> <p>RTA M400 Operating Assets</p> <p>RTA M500 Drainage</p> <p>RTA M600 Traffic Facilities</p>
Maintenance Specifications	<p>See list RTA M2 Annexure M.1.</p> <p>Example:</p> <p>RTA M211 Crack Sealing</p> <p>RTA M240 Shoulder Grading</p>
Roadwork Specifications	<p>See list RTA M2 Annexure M.1.</p> <p>Example:</p> <p>RTA R131 Guide Posts</p> <p>RTA R161 Fencing</p>



# RMCC

## Part 4



### Key differences

ITEM	SIMC	RMCC
Contract Term	4 Years	3 yrs & 9 Months + option to extend yearly
Services	Routine Lump Sum (12) Provisional Ordered Work Additional Ordered Work	Routine Services {~ 31(M) & 41 (S)} Ordered Work <ul style="list-style-type: none"> <li>▪ RFP. Can request price as cost+ with open book</li> </ul>
Service Payment	<ul style="list-style-type: none"> <li>▪ Negotiated Routine Lump Sum (equal 12 monthly)</li> <li>▪ POW &amp; AOW (Monthly)</li> </ul>	<ul style="list-style-type: none"> <li>▪ RTA sets Fixed Upper Limit for Routine Services (Quarterly fee in advance)</li> <li>▪ Ordered Work (Monthly)</li> </ul>
Performance Mgmt.	Somewhat subjective CPR's	Self assessed KPM's, PEG's & PIP's
Maintenance Planning	Not required	Council develops RMAP's which indicate priorities & planned accomplishment
Insurance	Council elects PAI or own	PAI is compulsory

# RMCC - Road Maintenance Council Contract



Questions ???

