

Network Outcomes Contract Governance & Management Group Clarification

Reference Number:	NOCC No. 13
Subject Title:	Melter Aggregate
Issue Date:	19 October 2016
Clarification Purpose	Clarification is provided to ensure the NOC is being interpreted consistently. The clarification does not remove or supersede the Network Outcomes Contract documentation.

SUBJECT

What is the arrangement the Agency has in regards the supply of Melter Aggregate.
Questions that need to be resolved are

1. What purchase costs are to be borne by the NOC Contractor?
2. Transport costs to the network
3. Contractor responsibilities should this material be unavailable? (Does the Contractor have to locate an alternative source?)
4. What is the Agency's prioritisation approach to the allocation of this material to individual networks?

RESPONSE

The arrangement that has been agreed with NZ Steel does not include the purchase of Melter Aggregate rather it is an agreement where NZ Steel are allocating 60% of their annual supply of crushed Melter Aggregate to NZTA to be used on nominated projects. These projects have been selected where there is a requirement for higher skid resistance (typically site category 1 or 2 with an IL of 0.55). The remaining 40% of melter aggregate is available to the open market and Contractors can purchase directly with NZ Steel.

Sites for which Melter Aggregate has been agreed suitable and supply has been confirmed will be paid by the Principal as a variation to the Contractor. NZ Steel will annually set a rate for the purchase of Melter Aggregate. The Contractor will annually negotiate with the Principal an extra over-rate to the base resurfacing schedule item. The extra over-rate is to cover the costs of material purchase, transportation and construction activities aligning with the Basis of Payment 6.5 Resurfacing Modifications.

The NOC MCM/NM will agree the extra overrate with the supplier and in discussion with national pavement team the performance criteria the supplier will be required to achieve.

Purchase Costs to be borne by the NOC Contractor

Yes, The Contractor will annually negotiate with the Principal an extra over-rate to base resurfacing schedule items. The extra over-rate is to cover the costs of material purchase, transportation and construction activities aligning with the Basis of Payment 6.5 Resurfacing Modifications.

Transport costs to the network

Yes, The Contractor will annually negotiate with the Principal an extra over-rate to base resurfacing schedule items. The extra over-rate is to cover the costs of material purchase, transportation and construction activities aligning with the Basis of Payment 6.5 Resurfacing Modifications.

Contractor responsibilities should this material be unavailable? (Does the Contractor have to locate an alternative source?)

Yes, whilst we will endeavour to ensure all appropriate sites receive Melter Aggregate, where the demand exceeds the annual supply, NZTA will require the Contractor to source the best available alternative. In the first instance the Agency would assess the suitability of the material the Contractor has tendered on in their submission. If the material is not deemed suitable or a more suitable alternative chip is sourced the Contractor and the Transport Agency may need to negotiate amended performance criteria and an appropriate extra over-rate if required.

What is the Agency's prioritisation approach to the allocation of this material to individual networks?

The sites where the NZTA allocation of melter aggregate are to be used will be identified and prioritised according to the T10 Exception Report and SAL process to form the skid resistance funded programmes to address safety. Additionally, any sections of asset preservation (Base Preservation Quantities) resurfacing meeting this requirement for higher skid resistance will also be considered for treatment with Melter Aggregate.

The decision to use Melter Aggregate on a particular network will be subject to a "whole of life" cost analysis against other available local and regional sources and their aggregate performance and where identified as the preferred option will be prioritised according to the criteria already outlined above.