

**Date:** Tuesday 27 May 2014  
**Time:** 8.30am  
**Meeting Room:** Council Chamber  
**Venue:** Auckland Town Hall  
301-305 Queen Street  
Auckland

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## **Tenders and Procurement Committee**

### **OPEN MINUTE ITEM ATTACHMENTS**

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**Parks Contracts – changes in values**

Tenders & Procurement Committee

27 May 2014






**Background - parks contract procurement**

- Auckland Council inherited 75 legacy parks maintenance contracts, annual value \$90m, and 36 primary suppliers
- Nearly all contracts were due to expire at the end of June 2012
- Significant procurement process undertaken to rationalise the number of contracts and suppliers, harmonise service levels, and enable efficiencies
- 14 new contracts awarded to 8 suppliers, saving \$8.2m per annum
- All suppliers were previously incumbents, and Auckland-based
- New contracts started on 1 July 2012

A better presentation file starts here. (5 x 4 slide format)




### Parks contract boundaries




- Geographical approach to contract structure and management
- 4 main Park Service delivery sectors: North, South, West, Central
- North and South sectors each have a rural and urban area



### Parks contract boundaries and suppliers



Contractual Landscape	Full-Facility Contracts	Arboriculture	Ecological Restoration
North	Recreational Services Ltd	Treescape Ltd	NZ Biosecurity Services Ltd
Central	City Parks Services	Asplundh HGI - Island Tree Care	Ta Ngahere Ltd
West	City Care Ltd	Treescape Ltd	NZ Biosecurity Services Ltd
South	Downers	Asplundh	NZ Biosecurity Services Ltd
Contract Term	5 years initial term with a right of renewal at the Council's discretion of 3 + 2 years		
Specification Type	Frequency Based Specification with Outcome Performance Measures		
Contract Type	NZS3910 modified for Term Maintenance Contracts		



## Mobilisation issues

- Reliance on legacy asset data due to the very tight procurement timeframes
- Consequential issues with asset data in northern and southern sectors
- Included assets that had been missed, incorrectly mapped, and assigned incorrect service standards
- Led to contract start up and mobilisation problems, and in some instances a perception of poor contractor performance
- New Council asset management system (SAP Plant Maintenance) also introduced – 120,000 assets transferred

A brief presentation file and data here (A = slide number)



## Asset data integrity

Asset data issues in the northern and southern sectors based on:

- Inability to fully integrate legacy asset data (particularly NSCC and RDC)
- Poor levels of legacy asset data capture and integrity (particularly Rodney, Papakura and Franklin Councils)
- Multiple sites and assets missing from initial contract RFP schedules
- Errors in asset quantities
- Incorrectly assigned levels of service
- Format of RFP database – rollup of asset information and absence of detailed location descriptions

A brief presentation file and data here (A = slide number)



### Reporting on mobilisation issues

- Updates on the issues were reported to Parks Recreation and Heritage Forum, and Accountability and Performance Committee in February 2013



### Contract re-negotiations

- Required for all 6 Full Facility contracts
  - Asset data changes over 10% at activity level
- Changes in values for central and west contracts under 5% approved contingency threshold
- Changes in values for north and south contracts over 5% approved contingency threshold



### Full Facility North Urban and Rural Contracts

Item	Original Annual Contract Value	New Annual Contract Value	New 3 year Contract Value
Full Facility North Urban	\$10,840,456	\$13,256,449	\$63,262,206
Full Facility North Rural	\$4,451,192	\$5,026,844	\$24,414,605
<b>Total</b>	<b>\$15,291,648</b>	<b>\$18,283,293</b>	<b>\$87,676,811</b>

Annual increase \$2,991,643

- Additional services \$1.1m
- New assets \$550K
- Omission of assets \$1.3m



### Full Facility South Urban and Rural Contracts

Item	Original Annual Contract Value	New Annual Contract Value	New 3 year Contract Value
Full Facility South Urban	\$10,723,306	\$12,070,337	\$57,208,208
Full Facility South Rural	\$4,246,512	\$5,779,937	\$25,492,407
<b>Total</b>	<b>\$14,969,818</b>	<b>\$17,850,274</b>	<b>\$82,700,615</b>

Annual increase \$2,880,457

- Additional services \$870K
- New assets \$400K
- Omission of assets \$1.5m



## Summary

- Significant contract rationalisation and procurement, based on available asset data
- Contract mobilisation issues due to asset data integrity in north and south
- Significant efforts made by Council staff and contractors to remedy asset issues over last 18 months
- Budgets have been re-prioritised to accommodate changes
- Value change for northern and southern contracts over 5% contingency, requiring approval of Tenders and Procurement Committee



## Recommendations

- To approve revised contract values
- To reconfirm thresholds for annual contingencies:
  - 3% CPI
  - 5% contingency for new assets
  - Based on total contract value per annum
- Delegate financial signing authority to the Chief Executive

