I hereby give notice that an ordinary meeting of the Strategic Procurement Committee will be held on:

Date: Wednesday, 8 August 2018  
Time: 9.30am  
Meeting Room: Room 1, Level 26  
Venue: 135 Albert Street, Auckland

Komiti Mahi Āta Torotoro Rawa / Strategic Procurement Committee

OPEN AGENDA

MEMBERSHIP

Chairperson  
Deputy Chairperson  
Members

Deputy Mayor, Cr Bill Cashmore  
Cr Ross Clow  
Cr Dr Cathy Casey  
Cr Linda Cooper, JP  
Cr Alf Filipaina  
Cr Penny Hulse  
Cr Daniel Newman, JP

Ex-officio  
Mayor Hon Phil Goff, CNZM, JP

(Quorum 4 members)

Michelle Judge  
Governance Advisor

1 August 2018

Contact Telephone: +64211950262  
Email: michelle.judge@aucklandcouncil.govt.nz  
Website: www.aucklandcouncil.govt.nz

Note: The reports contained within this agenda are for consideration and should not be construed as Council policy unless and until adopted. Should Members require further information relating to any reports, please contact the relevant manager, Chairperson or Deputy Chairperson.
Terms of Reference

Responsibilities

The committee is established to assist the chief executive to undertake the management procedure of ensuring sound procurement processes are followed in relation to procurement of goods and services necessary to deliver on the work programme and operations outlined in the council’s adopted Annual plan.

It will ensure that reasonable purchasing procedures have been followed in awarding contracts and will provide an efficient mechanism for documenting the approvals for those contracts.

Within a framework where contracts are an operational matter delegated to the chief executive, this committee will consider all contracts beyond the chief executive’s financial delegations. The chief executive may refer contracts within his financial delegations which are sensitive or may impact on the reputation of the council.

The chief executive has power to award contracts up to $20 million alone and the power to award contracts up to $22.5 million jointly with the mayor and Finance and Performance Committee chair.

The committee will have responsibility for:

- awarding of contracts of $22.5 million or greater
- awarding of contracts less than $22.5 million which are sensitive or may impact on the reputation of the council if the chief executive refers the matter to the committee
- oversight over the procurement processes and procedures.

From time to time the committee may advise the chief executive and council on changes to the procurement and contracts probity procedures.

Powers

All powers necessary to perform the committee’s responsibilities.

Except:

(a) powers that the Governing Body cannot delegate or has retained to itself (section 2)
(b) where the committee’s responsibility is limited to making a recommendation only
(c) the power to establish sub-committees
Exclusion of the public – who needs to leave the meeting

Members of the public

All members of the public must leave the meeting when the public are excluded unless a resolution is passed permitting a person to remain because their knowledge will assist the meeting.

Those who are not members of the public

General principles

- Access to confidential information is managed on a “need to know” basis where access to the information is required in order for a person to perform their role.
- Those who are not members of the meeting (see list below) must leave unless it is necessary for them to remain and hear the debate in order to perform their role.
- Those who need to be present for one confidential item can remain only for that item and must leave the room for any other confidential items.
- In any case of doubt, the ruling of the chairperson is final.

Members of the meeting

- The members of the meeting remain (all Governing Body members if the meeting is a Governing Body meeting; all members of the committee if the meeting is a committee meeting).
- However, standing orders require that a councillor who has a pecuniary conflict of interest leave the room.
- All councillors have the right to attend any meeting of a committee and councillors who are not members of a committee may remain, subject to any limitations in standing orders.

Independent Māori Statutory Board

- Members of the Independent Māori Statutory Board who are appointed members of the committee remain.
- Independent Māori Statutory Board members and staff remain if this is necessary in order for them to perform their role.

Staff

- All staff supporting the meeting (administrative, senior management) remain.
- Other staff who need to because of their role may remain.

Local Board members

- Local Board members who need to hear the matter being discussed in order to perform their role may remain. This will usually be if the matter affects, or is relevant to, a particular Local Board area.

Council Controlled Organisations

- Representatives of a Council Controlled Organisation can remain only if required to for discussion of a matter relevant to the Council Controlled Organisation.
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  6   | Local Board Input                        | 7
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 10   | Westgate multipurpose facility (integrated library and community centre) construction: status update | 27
 11   | Consideration of Extraordinary Items     | 

PUBLIC EXCLUDED

  12  | Procedural Motion to Exclude the Public  | 31
  C1  | CONFIDENTIAL: Westgate multipurpose facility (integrated library and community centre) construction: status update | 31
1 Apologies

At the close of the agenda no apologies had been received.

2 Declaration of Interest

Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as a member and any private or other external interest they might have.

3 Confirmation of Minutes

That the Strategic Procurement Committee:

a) confirm the ordinary minutes of its meeting, held on Wednesday, 11 July 2018, including the confidential section, as true and correct records.

4 Petitions

At the close of the agenda no requests to present petitions had been received.

5 Public Input

Standing Order 7.7 provides for Public Input. Applications to speak must be made to the Governance Advisor, in writing, no later than one (1) clear working day prior to the meeting and must include the subject matter. The meeting Chairperson has the discretion to decline any application that does not meet the requirements of Standing Orders. A maximum of thirty (30) minutes is allocated to the period for public input with five (5) minutes speaking time for each speaker.

At the close of the agenda no requests for public input had been received.

6 Local Board Input

Standing Order 6.2 provides for Local Board Input. The Chairperson (or nominee of that Chairperson) is entitled to speak for up to five (5) minutes during this time. The Chairperson of the Local Board (or nominee of that Chairperson) shall wherever practical, give one (1) day’s notice of their wish to speak. The meeting Chairperson has the discretion to decline any application that does not meet the requirements of Standing Orders.

This right is in addition to the right under Standing Order 6.1 to speak to matters on the agenda.

At the close of the agenda no requests for local board input had been received.

7 Extraordinary Business

Section 46A(7) of the Local Government Official Information and Meetings Act 1987 (as amended) states:

“An item that is not on the agenda for a meeting may be dealt with at that meeting if-

(a) The local authority by resolution so decides; and

(b) The presiding member explains at the meeting, at a time when it is open to the public,-
(i) The reason why the item is not on the agenda; and

(ii) The reason why the discussion of the item cannot be delayed until a subsequent meeting."

Section 46A(7A) of the Local Government Official Information and Meetings Act 1987 (as amended) states:

"Where an item is not on the agenda for a meeting.-

(a) That item may be discussed at that meeting if-

(i) That item is a minor matter relating to the general business of the local authority; and

(ii) the presiding member explains at the beginning of the meeting, at a time when it is open to the public, that the item will be discussed at the meeting; but

(b) no resolution, decision or recommendation may be made in respect of that item except to refer that item to a subsequent meeting of the local authority for further discussion."
Information report - 8 August 2018

File No.: CP2018/13601

Te take mō te pūrongo / Purpose of the report
1. To note progress on the forward work programme (Attachment A).

Whakarāpopototanga matua / Executive summary
2. This is the regular information-only report which aims to provide public visibility of information circulated to committee members via memo or other means, where no decisions are required.
3. Note that, unlike an agenda decision report, staff will not be present to answer questions about these items referred to in this summary.

Ngā tūtohunga / Recommendation/s
That the Strategic Procurement Committee:
a) receive the information report – 8 August 2018.

Ngā tāpirihanga / Attachments

<table>
<thead>
<tr>
<th>No.</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Strategic Procurement Committee Forward Work Programme - 20180808</td>
</tr>
</tbody>
</table>

Ngā kaihaina / Signatories

<table>
<thead>
<tr>
<th>Role</th>
<th>Name</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Author</td>
<td>Michelle Judge</td>
<td>Governance Advisor</td>
</tr>
<tr>
<td>Authoriser</td>
<td>Jazz Singh</td>
<td>General Manager Procurement</td>
</tr>
</tbody>
</table>
STRATEGIC PROCUREMENT COMMITTEE FORWARD WORK PROGRAMME FY2019

This committee deals with ensuring sound procurement processes are followed in order to deliver on the work programme and operations outlined in council’s adopted Annual Plan. It has responsibility for awarding contracts of $22.5 million or greater, awarding sensitive contracts and oversight of procurement strategies, processes and procedures.

Priorities for 2018 will be on initiatives which:

1. Delivery on Annual Plan Outcomes
2. Review delivery of Capital Projects
3. Endorse Procurement Category Strategies
4. Enhance Group Sourced Procurement
5. Improve Procurement Maturity

The work of the Committee will:

- Approve award of contracts and variations within the Committee’s delegations.
- Monitor the delivery programme of major capital projects and recommend reporting to Finance and Performance Committee.
- Endorse procurement strategies and process improvements related to the Committee’s responsibilities.
- Monitor progress and make recommendations on group sourced procurement activities.

<table>
<thead>
<tr>
<th>Priority #</th>
<th>Area of work</th>
<th>Reason for work</th>
<th>Strategic Procurement Committee role (decision or direction)</th>
<th>Budget / Funding</th>
<th>Expected timeframes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1</td>
<td>City Centre Development</td>
<td>Progress update on Centre Development project (Downtown Programme)</td>
<td>Receive: Progress update</td>
<td>$370m (total council family spend)</td>
<td>Q1 Q2 Q3 Q4</td>
</tr>
<tr>
<td>1.2</td>
<td>America’s Cup 36 progress update</td>
<td>Update on the infrastructure delivery in support of AC36</td>
<td>Receive: progress update</td>
<td>$212m</td>
<td>Q1 Oct</td>
</tr>
<tr>
<td>1.3</td>
<td>Ports of Auckland stormwater project</td>
<td>Approve awarding of contract to successful supplier for Ports of Auckland stormwater project</td>
<td>Decision: Approve awarding of contract</td>
<td></td>
<td>Q1 Oct</td>
</tr>
<tr>
<td>1.4</td>
<td>St Marys Bay Outfall construction contract</td>
<td>Approve procurement plan</td>
<td>Decision: Agree procurement plan</td>
<td></td>
<td>Q1 Sep</td>
</tr>
<tr>
<td>1.5</td>
<td>Procurement plan for consolidated waste collections contracts</td>
<td>Approve procurement strategy for consolidation of waste collections contracts (including refuse, recycling, inorganics and food scraps)</td>
<td>Decision: Approve procurement strategy and procurement plan</td>
<td></td>
<td>Q1 Dec</td>
</tr>
<tr>
<td>1.6</td>
<td>To approve a strategic plan for procurement of waste services over</td>
<td></td>
<td>Decision: Agree procurement plan</td>
<td></td>
<td>Q2</td>
</tr>
</tbody>
</table>
## Strategic Procurement Committee

### 08 August 2018

### Attachment A

#### Item 8

**Strategic procurement plan for waste services**

the next five years.

<table>
<thead>
<tr>
<th>1.7</th>
<th>St Marys Bay Outfall construction contract</th>
<th>Approve supplier recommendation report</th>
<th>Decision: Approve awarding contract</th>
<th>Dec 18</th>
</tr>
</thead>
</table>

| 1.8 | Organics processing | Organics (Food Waste) Processing, caddies and food waste bins | Receive: Progress update | Q4 |

### 2. Review delivery of Capital Projects

<table>
<thead>
<tr>
<th>Priority #</th>
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</tr>
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<tbody>
<tr>
<td></td>
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<td></td>
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<td></td>
<td>Highlight financial year quarter and state month if known</td>
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<tr>
<td></td>
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<td></td>
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<td></td>
<td>FY19</td>
</tr>
<tr>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>Jul-Sep</td>
</tr>
</tbody>
</table>

| 2.1 | Westgate multipurpose facility (integrated library and community centre) construction | Elected member oversight of progress of Westgate multipurpose facility | **Progress to date:**

Update received at the 7 March 2018 meeting Resolution number STR/2018/11- Item C2.

Update received at 11 June 2018 meeting Resolution number STR/2018/34- Item C3

Receive: no decision required | Q1 Aug 18 |

| 2.2 | Capital Project Delivery | Elected member oversight of progress of Major Projects | **Progress to date:**

Update received at 6 September 2017 meeting Resolution number STR/2017/37 - Item C2.

Update received at 13 December 2017 meeting Resolution number STR/2017/61 - Item C6.

Update received at 7 March 2018 meeting Resolution number STR/2018/11- Item C2.

Update received at 11 June 2018 meeting | Q1 Sept 18 |
### 2.3 Forward Work Programme (Pipeline)

Elected member oversight of pipeline of activity for capital works delivery forward work programme

Resolution number STR/2018/32 – Item C1

Receive: Progress update

**Progress to date:**
Update received at 11 June 2018 meeting – Resolution number STR/2018/25 – **Item 10**

Receive: no decision required

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### 3. Endorse Procurement Category Strategies

<table>
<thead>
<tr>
<th>Priority #</th>
<th>Area of work</th>
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<th>Budget / Funding</th>
<th>Expected timeframes Highlight financial year quarter and state month if known</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1</td>
<td>Professional Technical Services</td>
<td>Implementation of professional technical services category strategy</td>
<td>Receive: No decision required – update from approved strategy by T&amp;P 2016</td>
<td></td>
<td>Q1 Sept 18</td>
</tr>
<tr>
<td>3.2</td>
<td>ICT Technology Services</td>
<td>Create a plan for engaging the market to purchase Technology Services – Cloud, Data Centre Services, Print, Network.</td>
<td>Receive: No decision required</td>
<td></td>
<td>Q2 Oct 18</td>
</tr>
<tr>
<td>3.3</td>
<td>Professional Services</td>
<td>Create a plan to go to market and manage professional services across Auckland Council.</td>
<td>Receive: No decision required</td>
<td></td>
<td>Q2 Nov 18</td>
</tr>
</tbody>
</table>

### 4. Enhance Group Sourced Procurement

<table>
<thead>
<tr>
<th>Priority #</th>
<th>Area of work</th>
<th>Reason for work</th>
<th>Strategic Procurement Committee role (decision or direction)</th>
<th>Budget / Funding</th>
<th>Expected timeframes Highlight financial year quarter and state month if known</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1</td>
<td>Fleet Optimisation Update</td>
<td>Keep Committee informed on progress of Fleet changes</td>
<td>Progress to date:</td>
<td></td>
<td>Q2 Oct 18</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Update received at the 7 March 2018 meeting - Resolution number STR/2018/5 – <strong>Item 10</strong>.</td>
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<td></td>
<td></td>
<td></td>
<td>Update received at the 11 July 2018 meeting – Resolution number STR/2018/39 – <strong>Item 9</strong>.</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Receive: no decision required</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.2</td>
<td>Group Sourced Procurement update</td>
<td>Keep Committee informed on progress against Group Sourced Procurement objectives</td>
<td>Progress to date:</td>
<td></td>
<td>Q1 August 18</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Update provided at the October 2017 meeting Resolution number STR/2017/4 – <strong>Item 11</strong>.</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Update received at the meeting on 7 March</td>
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</tr>
</tbody>
</table>
## Completed

### 1. Delivery on Annual Plan outcomes (Contracts awarded)

<table>
<thead>
<tr>
<th>Priority #</th>
<th>Area of work</th>
<th>Reason for work</th>
<th>Strategic Procurement Committee role (decision or direction)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1</td>
<td>Refuse Collections</td>
<td>Change from collection of Bags to Bins for Waitakere and North Shore. Part of aligning refuse collection services across the region</td>
<td>Decision: Agree to extend current contract with Veolia for a further 2 years – 6 September 2017 – Resolution STR/2017/36 – Item C1</td>
</tr>
<tr>
<td>1.2</td>
<td>Electricity Procurement</td>
<td>Approve Procurement Plan for Electricity procurement</td>
<td>Update provided at the October 2017 meeting Resolution number STR/2017/47 - Item C3</td>
</tr>
<tr>
<td>1.3</td>
<td>External Legal Services</td>
<td>Council has gone out to market for external legal services. Additional scope may mean the contract value over the term of the engagement will exceed $22.5m</td>
<td>Decision: Agree to contract awards for 2 years. 13 December 2017 meeting, Resolution Number STR/2017/57 – Item C2</td>
</tr>
<tr>
<td>1.4</td>
<td>Graffiti Eradication and Enforcement Services</td>
<td>Approve procurement plan for graffiti Eradication and Enforcement Services</td>
<td>Decision: agree procurement plan- 13 December 2017 meeting, Resolution Number STR/2017/58 – Item C3 Decision: approve procurement plan at 2 May 2018 meeting, Resolution number STR/2018/18 – Item 10 and Resolution number STR/2018/20 – Item C1</td>
</tr>
<tr>
<td>1.5</td>
<td>Electricity supply SRR</td>
<td>Approve the supplier recommendation report for electricity supply services</td>
<td>Decision: agree SRR- 13 December 2017 meeting, Resolution Number STR/2017/56 – Item C1</td>
</tr>
</tbody>
</table>
### 3. Endorse Procurement Category Strategies

<table>
<thead>
<tr>
<th>Priority #</th>
<th>Area of work</th>
<th>Reason for work</th>
<th>Strategic Procurement Committee role (decision or direction)</th>
</tr>
</thead>
</table>
| 3.1        | Waste Solutions Procurement Strategy | Create plan for go to market exercise for all waste collection (including food waste) and disposal activity prior to 2020 | Update provided at the October 2017 meeting Resolution number STR/2017/40 – Item 9
**Decision:** Confirm strategy/challenge |
| 3.2        | Organics (food waste) Processing caddies and food waste bins | Create plan for go to market exercise for all aspects of the planned Organic (food waste) collection and Processing Service together with the caddies and bins required for collection. | Update provided at the October 2017 meeting Resolution number STR/2017/40 - Item 9 and Resolution number STR/2017/45 – Item C1
Update received at 11 July 2018 meeting Resolution number STR/2018/40 - Item 10 and Resolution number STR/2018/43 – Item C1 |
| 3.3        | ICT hardware | Create a plan for engaging the market to purchase ICT Hardware. | Update received at 7 March 2018 meeting – Resolution number STR/2018/7 – Item 12 and Resolution number STR/2018/10 – Item C1
**Receive:** No decision required |
| 3.4        | ICT Software | Create a plan for engaging the market to purchase Software. | Update received at 11 June 2018 meeting – Resolution number STR/2018/24 – Item 9
**Decision:** agree to endorse the Software Procurement Category Strategy |
| 3.5        | Vertical Construction Category Strategy | Development of the overall strategy for vertical construction and building | Update received at 11 June 2018 meeting – Resolution number STR/2018/29 – Item 14 and Resolution number STR/2018/34 – Item C4
**Decision:** endorse the vertical construction procurement category strategy |
### Attachment A

#### 4. Enhance Group Sourced Procurement

<table>
<thead>
<tr>
<th>Priority #</th>
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<th>Reason for work</th>
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</tr>
</thead>
<tbody>
<tr>
<td>4.1</td>
<td>Sustainable Procurement Framework</td>
<td>Give effect to principles to be agreed in Group Procurement Policy</td>
<td>Update provided at the December 2017 meeting. Resolution number STR/2017/53 Item 9</td>
</tr>
</tbody>
</table>

#### 5. Improve Procurement Maturity

<table>
<thead>
<tr>
<th>Priority #</th>
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<th>Reason for work</th>
<th>Strategic Procurement Committee role (decision or direction)</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.1</td>
<td>Ariba update</td>
<td>Update Committee on implementation of procurement enabling technology</td>
<td>Update provided at the October 2017 meeting Resolution number STR/2017/4 – Item 11</td>
</tr>
</tbody>
</table>

#### 6. Other

<table>
<thead>
<tr>
<th>Priority #</th>
<th>Area of work</th>
<th>Reason for work</th>
<th>Strategic Procurement Committee role (decision or direction)</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.1</td>
<td>Update on Waste Solutions contracts</td>
<td>Update the Committee on the current state of all waste contracts prior to the preparation of the Waste Solutions Procurement Strategy</td>
<td>Update provided at the October 2017 meeting Resolution number STR/2017/41- Item 10 and Resolution number STR/2017/46 – item C2</td>
</tr>
<tr>
<td>6.2</td>
<td>Review of Project 17 Contract performance</td>
<td>Update the Committee on the performance of suppliers against key performance metrics under the Project 17 Full Facilities Maintenance contracts</td>
<td>Receive: No decision required. Update provided at May 2018 meeting, Resolution number STR/2018/21 – item C2</td>
</tr>
</tbody>
</table>
Te take mō te pūrongo / Purpose of the report
1. To provide an update to the Strategic Procurement Committee on Group Source Procurement for FY18.

Whakarāpopototanga matua / Executive summary
2. This information report aims to provide public visibility of information circulated to committee members. No decisions are required.

What we achieved: FY18 Overview
3. FY18 was a strong year for Group Source procurement activities. It was the first year where Auckland Transport (AT), Auckland Council (AC) and Watercare all had pipelines built and reported on benefits. It was also the first time we were able to report on bottom line operational cost savings across the group.

4. With every year the programme continues to grow, and collaboration between the procurement teams in the group becomes stronger. In each financial year of the Group Source programme we have improved on what we achieved as a group in total benefits confirmed.

5. A highlight for the Group Source programme was the adoption of the Group Source Procurement Policy and the Sustainable Procurement Framework. These policy documents provide a clear direction for Group Source and support us working together now and into the future.

6. Sustainable procurement was a focus of procurement activities during the year. Some examples for FY18 include:
   • Sunnynook Dry Pond Upgrade: Clay excavated from the site and repurposed as fill to Wairau Intermediate School grounds to upgrade their sports fields.
   • Skype for business: allows employees (and Local Board members) to collaborate without needing to travel contributing to reduced travel and a reduced carbon footprint.
   • Awakeri Wetlands contract - removal of peat material from the Awakeri project to become cleanfill at neighbouring developments achieving significant cost avoidance and avoiding landfilling.

7. For more highlights on what the council group has achieved please refer to Attachment A.

Where we’re going: FY19 onwards
8. Towards the end of FY18, the Value for Money (s17A) review of Procurement was reported to Governing Body. The review noted that good progress had been made in group procurement activities and collaboration. It also made several recommendations regarding s where procurement activities in the Group Source programme should for focussed.

9. The table below outlines the quick wins identified in the review and details the progress already made and future actions planned.
<table>
<thead>
<tr>
<th>Quick Wins</th>
<th>Completed or currently underway</th>
<th>Future action planned</th>
</tr>
</thead>
</table>
| Complete a high level post-implementation review of SAP Ariba at the Council parent, including engagement with CCOs, prior to any further deployment or investment. All entities should be involved and a future Group technology road map developed. | Procurement Digitisation working group  
SAP Ariba post implementation review                                                                                                                   | Group digital procurement road-map                                                        |
| Develop and implement a plan to proactively engage with Maori business and the Maori business community in procurement opportunities.                                                                         | Group Sustainable Procurement Framework                                                                                                         | Develop tools and supporting documents to make sustainable procurement the default approach across the Group |
| Improve the reporting benefits realized to include year end forecast position. When a metric is not on track (red), require a ‘go to green’ plan detailing the actions to be taken, by whom and when for the metric to return to green (on track). | Explore Power BI as a reporting tool to assist with forecasting                                                                                   | Develop a ‘go to green’ template to be used across the group                               |
| Implement customer and supplier surveys at Auckland Transport to understand performance and identify improvement opportunities.                                                                               | AC and Watercare share surveys with AT                                                                                                            | AT to develop, distribute and analyse supplier surveys                                     |
| Standardise, where appropriate, data standards, templates, contracts, frameworks across the Group to avoid duplication and reduce supplier cost.                                                        | Procurement Digitisation Framework across group  
Sustainable Procurement Framework across group  
Group Procurement Policy  
Group Source Programme  
Spend Visibility across group                                                                                                                 | Review and standardise where appropriate procurement related documents including terms and conditions of procurement templates and legal contracts |

10. The table below outlines the longer-term recommendations, the progress already made and future actions planned.
### Recommendations

<table>
<thead>
<tr>
<th>Item</th>
<th>Completed or currently underway</th>
<th>Future action planned</th>
</tr>
</thead>
<tbody>
<tr>
<td>9</td>
<td>Design and implement a Group procurement operating model to effectively enable the Group Procurement Policy and participation from the council and all its council-controlled organisations.</td>
<td>Group Source programme  Procurement digitisation framework</td>
</tr>
<tr>
<td></td>
<td>Design and implement a consistent, Group-wide Supplier Relationship Management framework for identifying and managing key strategic supplier relationships, and consider assigning ownership of these to the group’s executive teams</td>
<td>Group Supplier Relationship Management framework in development</td>
</tr>
<tr>
<td></td>
<td>Design and implement a consistent, Group-wide procurement risk management framework for identifying, assessing and treating risks to allow the most appropriate procurement and financing approach to be adopted. This would acknowledge each entity’s differing risk profiles and governance structures.</td>
<td>Share and compare between group entities their current procurement risk management frameworks and enterprise risk management framework</td>
</tr>
<tr>
<td></td>
<td>Require all entities in the Group to establish an annual hard savings target for procurement and include this in the long-term plan budget, to be implemented by 30 June 2018</td>
<td>Hard opex targets to be set for AC and AT in first quarter of FY19</td>
</tr>
</tbody>
</table>

### Ngā tūtohunga / Recommendation/s

That the Strategic Procurement Committee:

a) note the information report.

### Ngā tāpirihanga / Attachments

<table>
<thead>
<tr>
<th>No.</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>20180808 - Strategic Procurement Committee - Group source procurement update results</td>
<td>23</td>
</tr>
</tbody>
</table>

### Ngā kaihaina / Signatories

<table>
<thead>
<tr>
<th>Author</th>
<th>Authoriser</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sarah Minotti - Group Source Procurement Programme Lead</td>
<td>Jazz Singh - General Manager Procurement</td>
</tr>
</tbody>
</table>
We have delivered $288.4 M of procurement benefits as a Group (FY16 – FY18)
## What we’ve achieved: Group Source FY18

**Achievements**

- **$112.4M** procurement benefit delivered

**Impact**

- 330 benefits
- Embedding Sustainable Procurement
  - Procurement Cost Savings
  - $20.2M Opex
  - $1.2M Revenue
  - $7.5M Productivity Improvements

### 30% benefits delivered through initiatives
- Watercare won Successful Procurement Change of the Year at the NZ Procurement Awards
- Group Procurement Policy and Group Sustainable Procurement Framework endorsed
- All 3 organisations built a pipeline and recorded benefits for the first time

### $15M Opex benefits ($14.2M cost savings, $816k Revenue)

### $70.9M Cost Avoidance
- Vertical EIA Purchase
- AMETI Eastern Busway Design and Consenting (2 & 3)
- AT DPO Streetscapes Supplier Panel
- Bags to Bins for North and West
- Strategic Transformation Programme
### Sustainable Procurement

#### Planning
- **Toyota Prius C hybrid vehicle**
  - our compact vehicle model
  - purchased off AoG
  - 14 currently in the fleet
  - Better for the environment (each Prius consumes 1900L less fuel and omits 4.3 tonnes less carbon than the next lowest vehicle in its class)
  - Low total cost of ownership

#### Sourcing
- **Sunnynook**
  - Clay used to level fields at Wairau Intermediate School rather than going to landfill
  - Reduced transportation (carbon)

#### Delivery
- **Graffiti**
  - Community volunteers to support service provision
  - Hold community clean up events
  - Cadetship Programmes supporting career training

#### Hayman Park Improvements
- Sustainability attribute weighing 10% included in the REOI
- Suppliers asked to outline programmes they have that contribute to better social outcomes

#### Uniforms
- Across the Group
- Sustainability attribute weighing 5% included in the RFP

#### Skype for Business + Video Conferencing Hardware
- Reducing fleet costs and carbon footprint
- Helps enable work from different locations

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>9</td>
<td>50 Electric Vehicles into Council's fleet over a three year period (2018-2020)</td>
</tr>
<tr>
<td></td>
<td>12 Hyundai Ioniq Electric Vehicles currently in the Council's fleet</td>
</tr>
<tr>
<td></td>
<td>- full electric vehicles</td>
</tr>
<tr>
<td></td>
<td>- consume no fossil fuel</td>
</tr>
<tr>
<td></td>
<td>- zero CO2 emissions</td>
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</table>
Westgate multipurpose facility (integrated library and community centre) construction: status update

File No.: CP2018/13551

Te take mō te pūrongo / Purpose of the report
1. To provide a construction status update to the Strategic Procurement Committee on the Westgate multipurpose facility construction contract with Fletcher Construction Company Limited.
2. To report on contract variations for which approved budget is available within the project. Further detail for the committee consideration is provided in the confidential report to the committee.

Whakarāpopototanga matua / Executive summary
3. Construction of the Westgate multipurpose facility commenced on 6 March 2017, with practical completion on 31 October 2018. The structure is complete, and the building enclosed with internal fit-out and service work continuing.
4. The contract has incurred delays and costs due to initial pre-commencement works, design documentation changes and extension of time costs.
5. Two variations are required to enable budget to be included into the contract from the project budget. These are for the cost of enabling works undertaken, and a risk contingency provision to cover costs of risk eventuating.
6. The health and safety performance demonstrated by the contractor is satisfactory, and quality of construction remains good.
7. Due to its higher-risk profile, the Westgate multipurpose facility construction will provide monthly status updates to the committee.

Ngā tūtohunga / Recommendation/s
That the Strategic Procurement Committee:

a) note the Westgate multipurpose facility (integrated library and community centre) construction: status update report.

b) note that the information contained in this report enables further transparency on the proposed contract for Main Contractor: construction works for Westgate multipurpose facility (library and community facilities) for two variations related to enabling works and a risk contingency provision in the confidential report.

Horopaki / Context
8. The Westgate Multipurpose Facility project was reported to Strategic Procurement Committee on 11 June 2018 in a report and presentation titled “Westgate multipurpose facility (integrated library and community centre) construction” under the “Update to capital projects over $5 million” in the confidential section of the agenda.
Tātaritanga me ngā tohutohu / Analysis and advice

Health and safety
9. The contractor’s general attitude to the management of health and safety on site is satisfactory, demonstrated by independent audits undertaken on behalf of council and its own reporting.

Timeline status
10. The revised due date for practical completion of the main construction contract is 18 October 2018.

Quality
11. Ongoing quality audits are being conducted by the architect and consulting engineers. Quality of construction audited to date has been of a good standard, and no significant quality issues have been reported.
12. These audits confirm the contractor’s attitude and attention to the management of quality construction practice on site is good.

Ngā whakaaweawe ā-rohe me ngā tirohanga a te poari ā-rohe / Local impacts and local board views
13. Henderson-Massey local board has received monthly updates and quarterly reports. The local board received a presentation on the current status of the project on 17 July 2018.

Tauākī whakaaweawe Māori / Māori impact statement
14. Council staff are currently working with local mana whenua around the naming and signage of the facility. The mana whenua involved are Te Kawerau a Maki and Ngati Maunga Whakahii O Kaipara.

Ngā ritenga ā-pūtea / Financial implications
15. Contract variations to date are within the contract contingency sum allocated, with some still to be agreed.
16. Variations and claims not yet agreed are subject to recommendation by the quantity surveyor prior to any final agreement. Any agreed variations will seek approval from the committee.
17. The two variations are made up of costs incurred for enabling works, for which project budget is available, and a risk contingency provision as recommended by the quantity surveyor to cover costs of risk eventuating. Budget for this risk contingency is also available within the project budget.
18. Risk management involving identification, mitigation and control is being continually implemented and the risk management plan is operating.

19. Several of the risks have eventuated since the last report. These involve extensions of time for delays in providing timely design information, design and coordination problems with regards to heating, ventilation and air conditioning. This has resulted in coordination changes, and changes in design drawings from those issued at tender.

20. Some costs associated with these risks have been identified. Staff are working to ensure these are as minimal as possible. Staff are also working to ensure any delays to the contract delivery are minimal.

21. During the closing stages of the contract, and due to the increase in the number and severity of outstanding risks, status reports to the Strategic Procurement Committee will increase to a monthly frequency for the duration of the contract.

22. The project governance group will continue to work with the professional services team and the contractor to mitigate and control risks and minimise any additional costs.

23. Monthly status update reports will be provided to the Strategic Procurement Committee for the remainder of the contract.

There are no attachments for this report.

<table>
<thead>
<tr>
<th>Author</th>
<th>John Schermbrucker – Head of Project Delivery</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authorisers</td>
<td>Rod Sheridan - General Manager Community Facilities</td>
</tr>
<tr>
<td></td>
<td>Dean Kimpton - Chief Operating Officer</td>
</tr>
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<td>Jazz Singh - General Manager Procurement</td>
</tr>
</tbody>
</table>
Exclusion of the Public: Local Government Official Information and Meetings Act 1987

That the Strategic Procurement Committee:

a) exclude the public from the following part(s) of the proceedings of this meeting.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution follows.

This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, as follows:

C1 CONFIDENTIAL: Westgate multipurpose facility (integrated library and community centre) construction: status update

<table>
<thead>
<tr>
<th>Reason for passing this resolution in relation to each matter</th>
<th>Particular interest(s) protected (where applicable)</th>
<th>Ground(s) under section 48(1) for the passing of this resolution</th>
</tr>
</thead>
<tbody>
<tr>
<td>The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</td>
<td>s7(2)(h) - The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities. In particular, the report contains information that could prejudice council's position with suppliers and other parties with regard to the resolution of disputes.</td>
<td>s48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</td>
</tr>
</tbody>
</table>