

Date: Tuesday, 13 May 2025
Time: 9.30am
Meeting Room: The Leslie Comrie Board Room
Venue: Level One Franklin: The Centre
12 Massey Ave
Pukekohe
and via Microsoft Teams videoconference

Franklin Local Board Workshop

OPEN AGENDA

MEMBERSHIP

Chairperson	Angela Fulljames
Deputy Chairperson	Alan Cole
Members	Malcolm Bell JP
	Sharlene Druyven
	Gary Holmes
	Amanda Hopkins
	Andrew Kay
	Amanda Kinzett
	Logan Soole

Denise Gunn
Democracy Advisor

7 May 2025

Contact Telephone: 021 981 028
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ITEM	TABLE OF CONTENTS	PAGE
1	Ngā Tamōtanga Apologies	2
2	Te Whakapuaki i te Whai Pānga Declaration of Interest	2
3	Local Board Workshop	5

1 Ngā Tamōtanga | Apologies

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

2 Te Whakapuaki i te Whai Pānga | 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 Local Board Workshop

Local Board Workshop

File No.: CP2025/09075

Note 1: This workshop has been called by the chairperson in consultation with the staff.

Note 2: No working party/workshop may reach any decision or adopt any resolution unless specifically delegated to do so.

Te take mō te pūrongo

Purpose of the report

1. To present the Franklin Local Board workshop agenda for 13 May 2025.

Whakarāpopototanga matua

Executive summary

2. Most workshops are open to the public to attend as observers in person or online.
3. Some sessions may not be open to the public. The staff / chairperson and deputy chairperson decide which sessions are open to the public, depending on the sensitivity of the information being discussed. If a session is not open, a reason will be provided below.
4. The public are welcome to attend in person.
Email franklinlocalboard@aucklandcouncil.govt.nz for a request to join the workshop online,
5. Local Board workshops provide an opportunity for local boards to carry out their governance role in the following areas:
 - a) Accountability to the public
 - b) Engagement
 - c) Input to regional decision-making
 - d) Keeping informed
 - e) Local initiative / preparing for specific decisions
 - f) Oversight and monitoring
 - g) Setting direction / priorities / budget.
6. Workshops do not have decision-making authority.
7. Workshops are used to canvass issues, prepare local board members for upcoming decisions and to enable discussion between elected members and staff.
8. Members are respectfully reminded of their Code of Conduct obligations with respect to conflicts of interest and confidentiality.

9. The following will be covered in the workshop:

Session 1 – 9.30-10.15am	
Confidential item - public excluded under s7(2)(h) due to commercial sensitivities	
BREAK 15 minutes	
Session 2 – 10.30-11.15am	
Te Ara Hura Franklin – Full Facility contract update Te Ara Hura 2027 – Parks and Community Facilities maintenance contracts	
Presenters:	Sarah Jones, Programme Manager (P27) Jennifer Rose, Head of Business Performance Eli Nathan, Head of Operations Eli Ewens, Manager Area Operations Veena Anjanappa, Manager Contract Performance
Purpose:	Receive board feedback about improvements to levels of service, consider local board Opex contributions, consider what level of local provision is required.
Governance role:	Setting direction/priorities/budgets
Proposed outcome:	Staff are provided information about levels of service and funding considerations
Attachments:	Attachment A: Te Ara Hura PCF maintenance contracts optimization programme memo Attachment B: Te Ara Hura PCF Performance Franklin Attachment C: Te Ara Hura Appendix A – Options update to REV committee Attachment D: Te Ara Hura 2027 – PCF maintenance contracts optimization programme
Session 3 – 11.15-12 noon	
Eke Panuku – Market Precinct	
(note: public excluded for the last 15 minutes of this item under s7(2)(h) due to commercial sensitivities)	
Presenters:	Sandy Mills, Snr Communications and Engagement Advisor Bruce Tupp, Senior Project Manager Andrew Elcoat, Strategic Property Specialist Eli Ewens, Manager Area Operations
Purpose: and	To present an updated proposed draft implementation plan funding strategy to progress the Civic Hub draft concept plan
Governance role:	Setting direction/priorities/budgets
Proposed outcome:	Board to provide direction based on updated plans and strategy
Attachments:	Attachment E: Memo Market Precinct discussion points
LUNCH 12-1 pm	

Session 4 – 1.00-2.15pm

Parks and Community Facilities Work Programme updates

Presenter: Moushmi Sharan, Work Programme Lead
Eli Ewens, Manager Area Operations
Jenny Young, Community Lease Advisor
Kristen Greenfield, Parks and Places Specialist
Banita Wallabh, Programme Manager (FF contracts)

Purpose: Monthly work programme and project update to the board

Governance role: Oversight and monitoring

Proposed Outcome: Board are kept informed of progress and can provide direction as needed.

Attachment F: Parks and Community Facilities monthly work programme update May 2025

Item 5: 2.15-3.00pm

Franklin Paths update

Presenters: Mayur Chauhan, Franklin Paths Programme Manager
Sharon Rimmer, Partnership Programmes Manager
Jason Lee, Senior Project Manager (Ops)
Candi Li, Project Manager
Grant Jennings, Manager Sustainability and Environmental Delivery
Fady Ghanima, Auckland Transport
Rahul Gowtham, Auckland Transport
Girish Neelam, Principal Project Manager Auckland Transport
Kristen Greenfield, Parks and Places Specialist
Golna Tabrizi, Senior Project Manager

Purpose: Update the board on the Franklin Paths programme implementation

Governance role: Oversight and monitoring

Proposed outcome: Board provide feedback on the paths programme

Attachments:
Attachment G: Franklin Paths Programme update May 2025

Ngā tāpirihanga Attachments

No.	Title	Page
A	Te Ara Hura 2027 - PCF maintenance contracts optimisation programme memo	7
B	Te Ara Hura 2027 - PCF maintenance contracts optimisation programme Franklin Local Board	13
C	Te Ara Hura Appendix A - Options update	37
D	Te Ara Hura PCF Performance Franklin	49
E	Eke Panuku memo - Market Precinct discussion points	59
F	Parks and Community Facilities monthly WP update May 2025	67
G	Franklin Paths programme May 2025 presentation	111



Memorandum

13 May 2025

To: Franklin Local Board

Subject: Te Ara Hura (The Way Forward) 2027 Parks and Community Facilities maintenance contracts optimisation programme

From: Sarah Jones – Programme Manager (P27 Contracts)

Contact information: sarah.jones2@aucklandcouncil.govt.nz

Purpose

1. To provide a briefing on the Te Ara Hura, 2027 PCF maintenance contracts programme and to receive feedback on:
 - Service aspects that matter most to each community
 - What are the current maintenance pain points
 - Focus areas for local priority.

Summary

2. In 2017 Council's maintenance contracts for Parks and Community Facilities were combined into 10-year outcome-based agreements, with four main contractors over five areas.
3. These full facility contracts come to the end of their term on 30 June 2027.
4. The Te Ara Hura 2027 programme scope is to implement the next round of full facilities maintenance contracts.
5. Work started in 2023. Options were taken from an initial list of 162, to a short list with one recommended option.
6. These options were presented to the Revenue, Expenditure and Value (REV) Committee in November 2024, where resolution ([ECPCC/2024/47](#)) was passed. This directed that staff continue to investigate the shortlisted options, focusing on a contract structure that allows for a range of frequency and outcome specifications, services may be delivered by full facility contractors, staff or by specialists.
7. There are several high-level dimensions that influence the contract operating model. These are supplier size, geographic areas versus specialists, contract management systems, types of services and the specifications.
8. Increased decision-making implications mean more local flexibility is required in delivering the maintenance services. The contracts are being designed to make this as efficient and effective as possible.
9. Local priorities that are different to the standard contract could be achieved by:
 - a funding top up by local the board
 - removal of some services from the standard
 - specific key performance indicators (KPI) added into the contract.
10. Local board feedback will be captured, collated and used to help frame the contract operating model.
11. The recommended approach, contract operating model and procurement plan will be presented to the Revenue, Expenditure and Value (REV) Committee in December 2025. The resulting decision will allow us to progress to tendering in early 2026.

Context

12. In 2017 Auckland Council combined maintenance contracts for Parks and Community Facilities into 10-year outcome-based agreements with four main contractors over five areas.
13. Key learnings have been identified, both positive and negative. Some of the main disadvantages are unclear contract specifications, inadequate asset information and that transferring the operational risk of keeping the assets up to standard to the contractor limits our oversight. Some of the advantages are simplified operations, extra services delivered within the budget, operational risks shifted to suppliers and significant cost avoidance.
14. The full facility contracts come to the end of their term on 30 June 2027. We are therefore working through requirements for going out to market for the next 10 to 15 years of contracts. The final length will be determined after working through advice around getting the best value balanced against getting capital investment from the contractors.
15. The current round of Local Government Act Section 17A, service delivery and value for money review is under way by other teams. This is looking at a range of issues and coincided with the



Te Ara Hura P27 work. The review has therefore considered the current and proposed future contract operating model, to ensure the maintenance contracts follow a robust process and provide value.

16. Increased decision making for local boards means more flexibility is required to be built into the maintenance contracts, to allow for local priorities. This needs to be balanced against cost efficiency and consistent quality of maintenance across Auckland.

Discussion

Scope

17. The programme scope is to implement the 2027 Parks and Community Facilities full facilities maintenance contracts. The main goals are:

- consistent quality and delivery across Auckland
- effective level of flexibility for local priorities
- clarity for customers
- continue cost avoidance successes
- reduce council risk
- achieve social, environmental and supplier diversity targets.

18. To help achieve this, staff started collecting lessons learnt, feedback, reviewing specifications and considering options for the contract operating model in 2023.

Options assessment

19. The early business case work considered a wide range of criteria to develop preferred options. These included factors such as:

- strategic
- economic
- commercial
- financial
- management.

20. The process helped create the goals list used in the scope definition. These will be refined through the life of the programme.

21. Staff have worked through options about the form of the contract operating model. The initial list of 162 options was worked down to a long list and then a short list with one recommended option.

22. This work was presented to and discussed with the REV Committee in November 2024. The report, 20241107 P27 Options update to REV committee - political report, is attached as appendix A. Resolution [ECPCC/2024/47](#) was passed. It reads:

That the Revenue, Expenditure and Value Committee:

- a) tuhi ā-taipitopito / note that staff have assessed a wide range of potential options for the contracts and developed a short list of options and an initial recommended option.
- b) ohia / endorse staff not progressing with further work to investigate either a fully insourced facilities maintenance model or fully outsourcing to a single entity model.
- c) tuhi ā-taipitopito / note that staff will progress further investigations into shortlisted options for the P27 “Te Ara Hura” Full Facilities Maintenance Contract with focus on the initial recommended option of the hybrid contract structure explained in the report.



d) tuhi ā-taipitopito / note that when the Council moved from 38 small contracts to 5 large contracts in 2017, a significant ongoing cost avoidance of \$30m was generated. The further investigation into the initial recommended option proposed looks to ensure continued efficient delivery of these services, while enhancing some areas of the contracts.

23. Several constraints to delivering the new maintenance contracts have been identified:

- Long Term Plan budget
- cost inflation since 2017
- requirement to maintain cost avoidance achieved
- technology
- market availability.

24. These may limit how, and to what extent, the programme will deliver improvements.

Contract operating model

25. The operating model has several dimensions that need to be decided. How these key levers are used influences the cost, efficacy and efficiency of the contracts. The major levers are:

- supplier model - large or small suppliers
- geographic coverage and size of areas or functional suppliers
- types of services covered by the full facility contract and by specialist suppliers
- details of specifications
- contract management systems and processes.

26. In general, the contract model is likely to have a mix of the first three dimensions, with flexibility where required. Mainly large suppliers and areas is likely to create the most value for money and economies of scale across the city but will not suit every situation. Local boards can give feedback on these elements. Changes may have cost implications.

27. The types of services and the specifications are key areas that can influence local priorities and what communities experience. Some of these will be standard across Auckland, some may be specific to local boards. The cost implications need to be understood, so local feedback will be used to request the relevant information during the tender stage.

28. At present, the mixed contract operating model may be:

- mainly large full facility suppliers with a few specialists and local suppliers
- the size of areas could be similar to the existing split but with some tweaks
- a standard set of service levels across Auckland with flexibility for local priorities
- a range of outcome and frequency specifications
- have a mechanism to deliver local priorities.

Local priorities

29. The local board can provide feedback on all aspects of the new contracts. Areas of specific interest for each board will be captured in the local priorities section.

30. Increased decision-making implications mean more local flexibility is required in the contracts. Individual assets will continue to be able to be taken out or added through the life of the



- contracts. Major changes to services are better dealt with at the set-up stage because they are likely to have significant cost implications. However, these could be negotiated when required.
31. If the elements a local board wants to be provided are not covered by the final standard contract specifications, the changes could be achieved by:
- a funding top up by the local board
 - requesting removal of some services from the standard contract.
32. If a subject is common to many boards, we will look to include a mechanism into the standard contract. For example, a key performance indicator (KPI) could be added into the standard contract to measure and report contractor performance around local employment.
33. The details of the local board priorities will be part of the contract. This likely to be in the form of an appendix. This will allow contractors to be clear about the priorities.
34. During past feedback and lessons learnt sessions, we have repeatedly heard about several subjects. These may be useful in helping frame the priorities for some boards.
35. Examples of aspirational strategic goals are:
- lowest cost maintenance
 - environmentally friendly maintenance
 - local employment.
36. Examples of the services that are talked about regularly are:
- town centre cleaning
 - loose litter management
 - rubbish bins
 - weed management methods
 - sports field maintenance
 - track maintenance
 - working with volunteer groups.
37. Feedback can be given on any aspects of the current full facility contracts and what could be added, removed or improved.

Consultation and engagement

38. Staff have already heard from industry, other councils, our current suppliers and other council teams.
39. Staff have been to the REV Committee and Parks Committee.
40. Staff are in the process of organising hui with mana whenua.
41. Staff have update and feedback sessions with all local boards during March, April and May.
42. Staff would particularly like to hear from members about:
- Services: Which service aspects matter most to the local community? What are the current pain points with maintenance?
 - Focus areas for local priority: What local factors should influence service delivery? What opportunities do you see for local businesses and communities?
43. Local board's feedback will be captured, collated and used to help frame the contract operating model. Reports summarising the feedback and the likely implications of each local



board's priorities on the contract operating model, will be presented at business meetings between July and September.

Next steps

44. Staff will update local boards through a presentation to the Chairs Forum, planned for mid-2025, and through periodic updates in the PCF monthly reports.
45. Reports to resolve on feedback and a second to summarise likely contract implications and the local priority document, will be presented to each board between June and September.
46. Staff will present the final recommended approach, contract operating model and procurement plan to the REV Committee in December 2025. The resulting decision will allow staff to progress to tendering in early 2026.
47. The contract award decisions will be presented to the REV Committee in December 2026.
48. The new suppliers will go live on 1 July 2027.

Attachments

Appendix A 20241107 P27 Options update to REV committee - political report



Te Ara Hura (The Way Forward) 2027 Parks and Community Facilities maintenance contracts optimisation programme

Franklin Local Board – 13 May 2025

Sarah Jones – Programme Manager (P27 Contracts)

Jen Rose – Head of Business Performance
Parks & Community Facilities Department



Purpose

- 1) To provide a briefing on the Te Ara Hura, 2027 PCF maintenance contracts project.
- 2) To receive feedback on:
 - Service aspects that matter most to your community
 - What your current maintenance pain points are
 - Focus areas for local priority



Programme context

Context (2017)

Auckland Council combined maintenance contracts for Parks and Community Facilities into 10-year outcome-based agreements with four main contractors over five areas.

Key Learnings from 2017 contracts

Advantages	Disadvantages
<ul style="list-style-type: none">• simplified operations• extra services within budget• shifted risks to suppliers.	<ul style="list-style-type: none">• unclear contract specifications• inadequate asset information• transfer of risk limits oversight.



Strategic alignment – PCF maintenance services

Name of the strategic document	Programme alignment
Local Government Act 2002 (LGA)	Core service delivery – maintenance of community buildings, reserves, and other recreational facilities.
Te Tiriti o Waitangi	Achieving Outcomes for Māori plans Strong Māori communities – economic, cultural, environmental
Building Act 2004	BWOFF requirements
Long Term Plan 2024 - 2034	Delivery of maintenance services.
Te Tāruke-ā-Tāwhiri: Auckland's Climate Plan	Focus on clear greenhouse gas (GHG) emissions reduction targets.
Auckland Plan 2050	Contribute to Auckland's social, economic, environmental and cultural wellbeing.
Local board agreements	Tailor services to local needs Percentage targets for maintenance quality standards

Te Ara Hura P27 programme scope

Implement the 2027 PCF maintenance contracts

Goals:

- Consistent quality and delivery across Auckland
- Effective level of flexibility for local priorities
- Clarity for customers
- Continue cost avoidance successes
- Reduce council risk
- Achieve social, environmental and supplier diversity targets

		<p style="writing-mode: vertical-rl; transform: rotate(180deg);">C A I A T I U A I I M P I E M E N T A T I O N I N O A H U I H A P</p>																	
		Initiate						Plan						Deliver					
		FY24/25 O1 (Jul-Sep)	FY24/25 O2 (Oct-Dec)	FY24/25 O3 (Jan-Mar)	FY24/25 O4 (Apr-Jun)	FY25/26 O1 (Jul-Sep)	FY25/26 O2 (Oct-Dec)	FY25/26 O3 (Jan-Mar)	FY25/26 O4 (Apr-Jun)	FY26/27 O1 (Jul-Sep)	FY26/27 O2 (Oct-Dec)	FY26/27 O3 (Jan-Mar)	FY26/27 O4 (Apr-Jun)	FY27/28 O1 (Jul-Sep)	FY27/28 O2 (Oct-Dec)	FY27/28 O3 (Jan-Mar)	FY27/28 O4 (Apr-Jun)	FY28/29 O1 (Jul-Sep)	
Steering group & programme management	Plan & initiation	Up to FY24/25 O1 (Jul-Sep) INIATE	FY24/25 O2 (Oct-Dec)	FY24/25 O3 (Jan-Mar)	FY24/25 O4 (Apr-Jun)	FY25/26 O1 (Jul-Sep)	FY25/26 O2 (Oct-Dec)	FY25/26 O3 (Jan-Mar)	FY25/26 O4 (Apr-Jun)	FY26/27 O1 (Jul-Sep)	FY26/27 O2 (Oct-Dec)	FY26/27 O3 (Jan-Mar)	FY26/27 O4 (Apr-Jun)	FY27/28 O1 (Jul-Sep)	FY27/28 O2 (Oct-Dec)	FY27/28 O3 (Jan-Mar)	FY27/28 O4 (Apr-Jun)	FY28/29 O1 (Jul-Sep)	
	Setup workstreams to review past contracts																		
Case for change & defining the way forward	Soft market engagement																		
	VFM review & TOR																		
Planning & approvals	Report findings, recommendation & process (Strategic & Economic case)		REV update	ELT update	LB chairs update														
	Supplier recommendation report																		
Procuring the solution & negotiating contracts	Prepare Procurement Plan (Business & Commercial case)																		
	Option 1 Issue one Stage RFP NOI																		
Ensuring successful delivery	Supplier briefing, site visits, evaluation & negotiation																		
	Option 2 RFP to REOI shortlist																		
Ensure suppliers are operationally ready																			
Integrate vendors into Ariba																			
Process mobilization checklists & planners																			
Update POS for asset & maintenance mgmt																			
Ensure suppliers are operationally ready																			
Setup CRM, asset tables & ICT processes																			
Ensure Operational & H&S processes in place																			
Implement service specs & KPI monitoring																			
Ongoing scheduled & response mgmt.																			
Claims mgmt.																			
Audits & maintenance mgmt																			

Options

Multiple contract operating model options have been explored, assessed and presented to the Governing Body.

Decision - November 2024

That the Revenue, Expenditure and Value Committee:

- a) tuhi ā-taipitopito / note that staff have assessed a wide range of potential options for the contracts and developed a short list of options and an initial recommended option.
- b) ohia / endorse staff not progressing with further work to investigate either a fully insourced facilities maintenance model or fully outsourcing to a single entity model.
- c) tuhi ā-taipitopito / note that staff will progress further investigations into shortlisted options for the P27 “Te Ara Hura” Full Facilities Maintenance Contract with focus on the initial recommended option of the hybrid contract structure explained in the report.
- d) tuhi ā-taipitopito / note that when the Council moved from 38 small contracts to 5 large contracts in 2017, a significant ongoing cost avoidance of \$30m was generated. The further investigation into the initial recommended option proposed looks to ensure continued efficient delivery of these services, while enhancing some areas of the contracts.



Key levers that impact service delivery



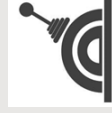
Supplier Model
Large Scale Suppliers
↔
Small Scale Suppliers



Geographic Coverage
Functional Specialization
↔
Geographic Area-Based



Services
Basic Service
↔
Premium Service



Specifications
Outcome-Based
↔
Frequency-Based



System Approach
Centralised System
↔
Distributed Local Systems

<p>REV Committee direction Investigate mixed model - large & small suppliers, range of sub-contractors & specialists</p> <p>Feedback</p>	<p>REV Committee direction Investigate mixed model – geographic areas & some functional</p> <p>Feedback</p>	<p>Feedback</p>	<p>Feedback</p>	<p>REV Committee direction Current is centralised contract management</p> <p>Feedback</p>
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Contract operating model - mixed

- Mainly large full facility suppliers with local employment KPIs
- Some local suppliers
- Some specialist suppliers
- A range of outcome & frequency specifications
- Size of areas to be worked through
- Have a mechanism to deliver local priorities
- Levels of service standard across Auckland with options for local priorities



Contract operating model

Local priorities

Could be achieved by:

- Funding top up by local board
- Removal of some services from the standard
- Specific KPIs added into the contract
- Local board priority documents will be part of the contract



How local priorities might work

Increased decision making:

- Contracts will be able to have assets varied in or out through-out the term
- Changes to services delivered are best considered from the beginning
- Significant changes may mean costs have to be re-negotiated

If we hear similar themes across the boards, we will consider if that should be standard



How local priorities might work

Examples of aspirational strategic goals that may drive local priorities:

- Lowest cost maintenance
- Environmentally friendly maintenance
- Local employment



How local priorities might work

Examples of services:

- Loose litter
- Rubbish bins
- Sports field maintenance
- Town centre cleaning
- Track maintenance
- Weed management methods
- Working with volunteer groups
- Other feedback welcome



Local board priority option example

Weed management – no consideration of CO2

Standard level of service priced in the contract = chemical weed control

Top up could be:

Reserve

- Mechanical control 120%
- Organic chemical formulations 200%
- Heat 400%

Streetscape

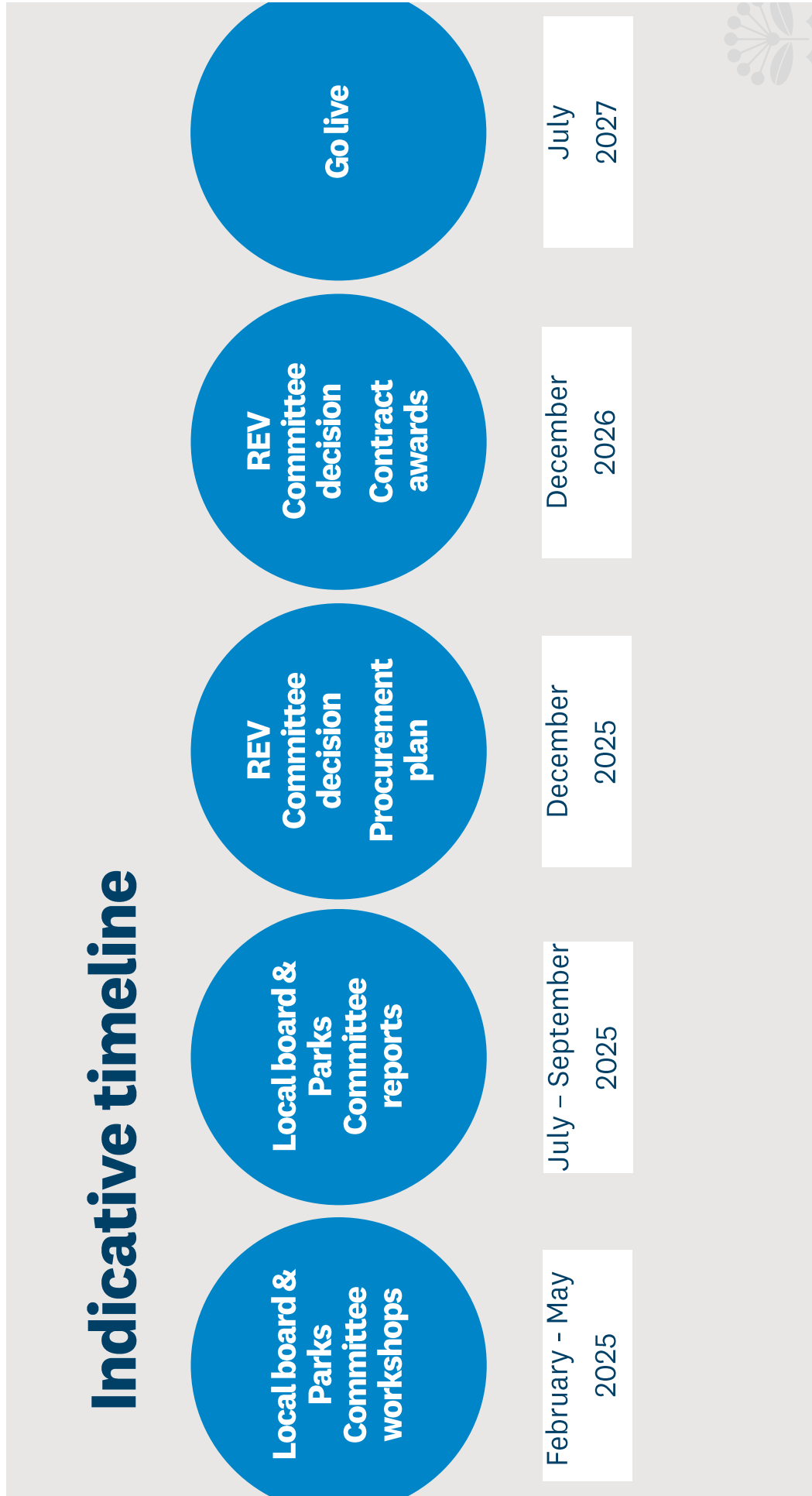
- Mechanical control 170%
- Organic chemical formulations 300%
- Heat 400%



Constraints and risks

- LTP budget
- Cost
- Maintain cost avoidance
- Technology
- Market availability
- Local elections
- Central government procurement policy changes





Consultation and engagement

Industry, other
councils,
internal
council teams

- Discussions on options, best practise, contract requirements
- Auckland Transport, Healthy Waters, Eke Panuku, Corporate Property etc.
- Ongoing.

REV
Committee

- Discussions on options, contract operating model, specifications
- Decisions on options, procurement approach, contract award
- Ongoing.

Māori
engagement

- Hui are being organised
- April – July 2025

Parks
Committee &
local boards

- Discussions on levels of service & local priorities
- February – May 2025
- Reports June – September 2025





Local board feedback

Services:

- Which service aspects matter most to your community?
- What are your current pain points with maintenance?

Focus areas for local priority:

- What local factors should influence service delivery?
- What opportunities do you see for local businesses and communities?



The graphic features a teal circle on the left containing the text "Feedback methods". To the right of the circle, the text "Tell us your feedback now" is followed by "Or email TeAraHuraP27@aucklandcouncil.govt.nz" and "by 16 May". Below this, it says "Or fill in the survey - will be shared by email". A faint floral logo is visible in the top right corner of the graphic area.

**Feedback
methods**

Tell us your feedback now

Or email TeAraHuraP27@aucklandcouncil.govt.nz

by 16 May

Or fill in the survey - will be shared by email

Implementation

Your feedback will be captured, collated & used to help frame the contract operating model

We will update you through:

- Presentation to Chairs Forum
- 2 reports - June to September
- resolve feedback
- summarise likely contract implications and local priority document
- Share Te Ara Hura P27 milestone achievements through the PCF monthly reporting



Next steps

Feedback

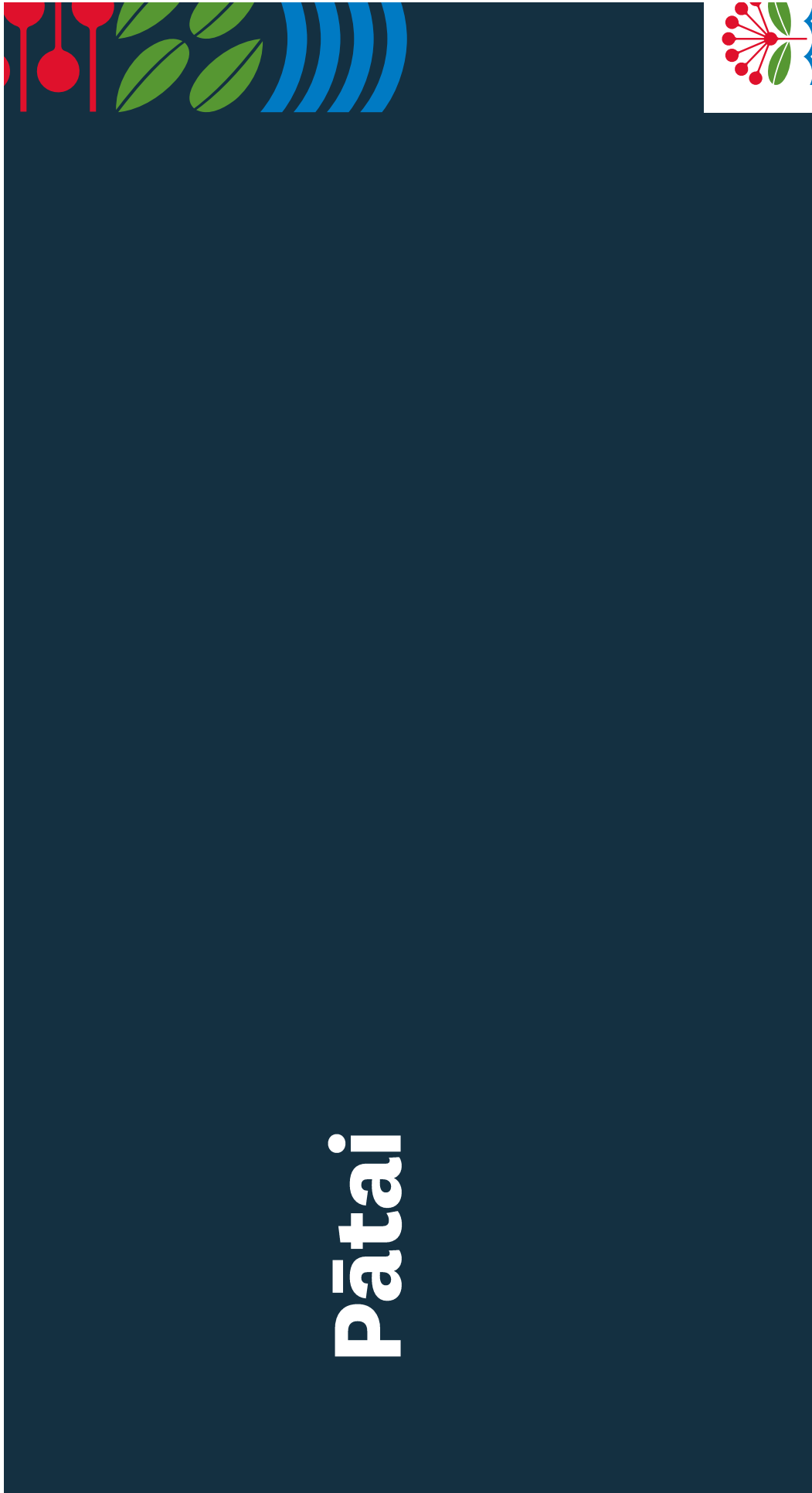
- Received, analysed and used for contract operating model design

Summary

- Shared through Chairs Forum & committees
- Formal reports June to September

Approvals

- REV Committee
- Procurement plan - late 2025
- Contract awards December 2026



Options update for P27 “Te Ara Hura” Full Facilities Maintenance Contracts

File No.: CP2024/16260

Te take mō te pūrongo Purpose of the report

1. To update the committee with the initial work undertaken and options considered for the P27 “Te Ara Hura” Full Facilities Maintenance Contracts.
2. To seek endorsement from the committee to not proceed with further investigation into the fully insourced facilities maintenance model or fully outsourcing to a single entity model.
3. To update the committee on staff’s proposed further investigation into shortlisted options, including the initial recommended option of a hybrid contract model.

Whakarāpopototanga matua Executive summary

4. In 2017, Auckland Council consolidated the maintenance of parks and community facilities under a set of outcome-based contracts expiring in 2027. These contracts aimed to leverage the council's scale, simplify maintenance operations and manage risks through outsourcing.
5. As part of the 2027 contract renewal process, Auckland Council has been gathering feedback from staff, suppliers and performance data to assess the current state and explore future options. This has included identifying strengths and key areas for improvement in the current contracts, as well as an environment scan of facilities management best practices across New Zealand and Australia.
6. Findings from the options analysis have indicated that full insourcing is cost-prohibitive due to the scale of the operations required, while full outsourcing to a single entity would pose a high risk to council.
7. The current shortlisted options for contract delivery include the status quo option of baseline conventional outsourcing, a hybrid model of modified contracts, and a strategic alliance.
8. The initial recommended option from the value for money assessment is a hybrid approach as this will retain the strengths of the current contract while enhancing effectiveness. It proposes maintaining a balance between outcomes-based and frequency-based terms that have proven beneficial to Auckland, while keeping several main suppliers to provide flexibility, mitigate risks, support community delivery, and diverse and local suppliers.
9. The investigation into the optimal hybrid contract model is currently in its early stages and will be presented to elected members, local boards and mana whenua for feedback to help identify further specific goals. This will later inform market testing.
10. This is the first of several updates for this committee to ensure the committee is informed and involved in the development process before a final recommended option for contract delivery is approved in 2026.

Ngā tūhunga Recommendation/s

That the Revenue, Expenditure and Value Committee:

- a) tuhi ā-taipitopito / note that staff have assessed a wide range of potential options for the contracts and developed a short list of options and an initial recommended option.
- b) ohia / endorse staff not progressing with further work to investigate either a fully insourced facilities maintenance model or fully outsourcing to a single entity model.

- c) tuhi ā-taipitopito / note that staff will progress further investigations into shortlisted options for the P27 “Te Ara Hura” Full Facilities Maintenance Contract with focus on the initial recommended option of the hybrid contract structure explained in the report.

Horopaki Context

Current contracts

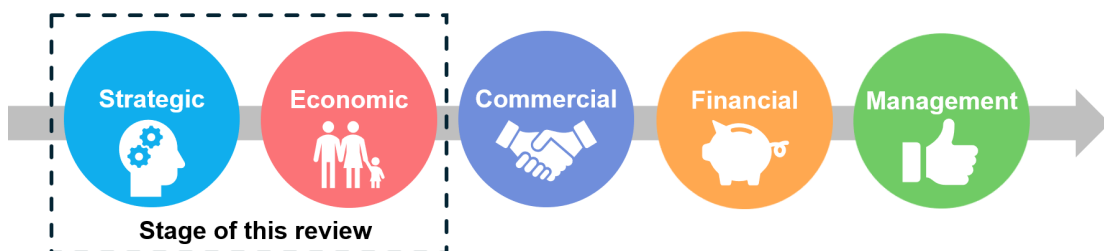
- 11. In 2017, Auckland Council combined the full facilities maintenance contracts for its Parks and Community Facilities assets to leverage council’s scale and transform its maintenance practices into outsourced, outcome-based, 10-year contracts across a small number of main contractors. This simplified the organisation, enabled the addition of additional services to be provided under the same budget and moved significant risk onto the suppliers to manage.
- 12. The current contracts expire in 2027. Managing these contracts over the past seven years has provided valuable insights, leading to numerous successes and a few significant challenges.
- 13. The project is at a very early options analysis stage, and this is the first of several updates. Elected members, local boards and mana whenua will have input before any market engagement.

Tātaritanga me ngā tohutohu Analysis and advice

Methodology and approach

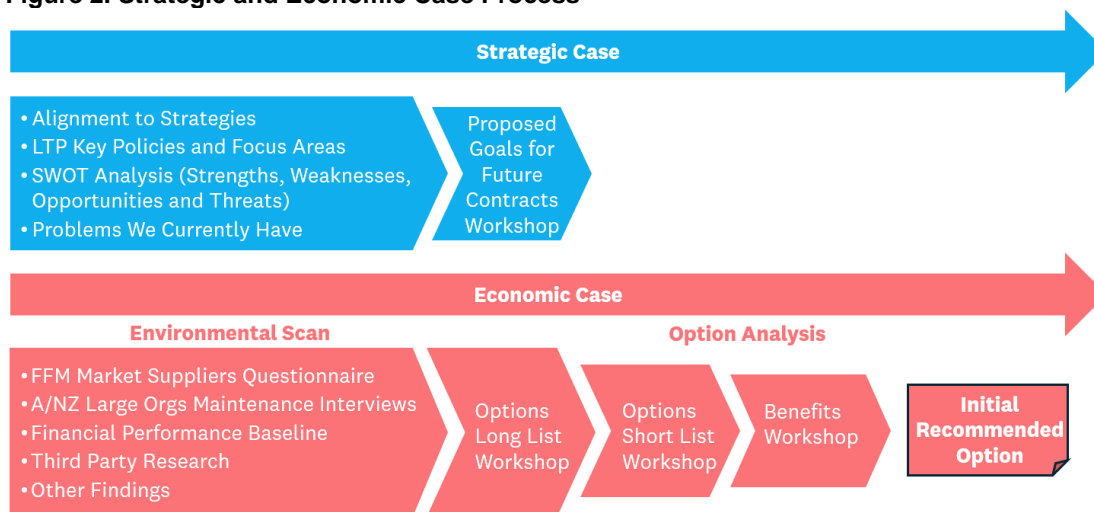
- 14. The review draws on the Better Business Cases™ framework developed by New Zealand Treasury. The overall stages are shown in the diagram below. Completing the Strategic Case and options analysis in the Economic case assists with the identification of an initial recommended option that optimises public value. This is a preliminary finding, as elected member engagement, market testing, as well as financial and implementation planning will provide further insights.

Figure 1. Better Business Cases™ Framework



- 15. The diagram below shows the intensive research, inputs and workshops informing this review process.

Figure 2. Strategic and Economic Case Process



Proposed goals for future contracts

16. The current contracts have areas that can be improved, establishing clear objectives for future contracts. In order of weighting and focus these are:

- reduce undue council risk and cost commitments
- improve contract service delivery
- achieve our social, environmental and supplier diversity targets (including policies that favor local and diverse suppliers, and enhancing sustainable procurement practices)
- increase our understanding of asset condition
- increase our understanding of asset “cost to serve”.

17. While these objectives are framed from a regional perspective, the goals of local boards will be assessed in the upcoming stages of the feedback process with local boards.

Environmental scan

18. When council’s scale was leveraged in 2017 by moving from 38 small contracts to five larger contracts, it generated \$30m of ongoing cost avoidance. Cost analysis of the current contracts found costs were stable over time for areas such as open spaces, but there were significant measurable increases in the built environment over the last few years.

19. The environmental scan found there was interest from some organisations in moving to outcomes-based contracts. Some of the challenges noted with outcomes-based contracts was around a belief that some tasks suited scheduled work in order to improve risk and cost control.

20. The environmental scan found larger contracts enable economies of scale with greater sharing of resources, lowering pricing, enabling low council overheads and low contractor overheads.

Options analysis – All potential options to initial recommended option

21. The Better Business Cases framework helped generate a list of all potential options, ranging from full insourcing to outsourcing to a single alliance partner. There were 162 potential options identified initially, which included every variant of how contracts could be delivered (i.e. the ‘dimensions’ of the contracts). The table below details the dimensions, with the actual

Revenue, Expenditure and Value Committee
12 November 2024

range of options representing multiple combinations of these dimensions.

Table – Full Facilities Maintenance options identification from facilitated workshop Dimension	Business as Usual	Alternative Options			
Scope (what)	Full Facilities: Full Facilities bundle of asset management services to Auckland communities, for defined open spaces and facilities. Also includes community services delivered in respect of non-council assets.	Focused Scope: Business as Usual coverage reduced to exclude: <ul style="list-style-type: none"> Rural corridor maintenance (Rodney and Franklin total cost for berm mowing and roadside vegetation is FY24 \$1.2m) Minor capital works Soft services for corporate AC properties (Of \$4.2m corporate property, \$~1m is soft, ~\$1.7m hard, remainder has no description. (transfer of service) Co-management activities (to be managed separately under more appropriate arrangements). (Tūpuna Maunga opex ~\$4m). 	Enhanced Full Facilities: Business as Usual coverage increased to include: <ul style="list-style-type: none"> Healthy Waters – some exploration done (Healthy Waters total planned maintenance for the whole network FY24 \$8m, unable to get breakdown) Stream maintenance – some exploration done (Healthy Waters \$3.2m) Illegal dumping– some exploration done (Waste Solutions FY28 Budget \$3.3m) Building WOF (FY24 Actual \$175k) In-shore marine and marinas – (new service) Corporate AC property management Pest management on non-council land. – (new service, Local board discretionary spend FY24 actual ~\$200k). 		
Solution (how)	Hybrid out-sourced/in-house delivery: Multiple OS and FM delivery contracts out-sourced. Some in-house technical specialities and self-delivery of additional services re community requests.	Modified In-house Delivery of Regional parks: bring some extra services (excluding bulk mowing) in-house. Set up community teams of specialist horticulturists aligned to local board areas.	FFM Crown-Controlled Organisation: Establish a single arms-length FF supplier as alternative to in-house provision. Potential purchase of an existing FF supplier operation.	Full In-house Delivery: All delivery by In-house staff. Establish necessary systems and processes. Purchase capital assets. Potential purchase of an existing FF supplier operation.	
Delivery - (who and what)	Conventional Out-sourcing: Out-sourced to four current suppliers until 30 June 2027. Outcomes-based, lump sum payment in advance. Over five regional zones matching 21 local board boundaries.	Modified Contracting: Schedule-based contracting used for low risk, high frequency services. Plus Planned Prevention Management (PPM) planning and prioritisation in-house, profit sharing and transparency of sub-contractor margins. + More or less zones/suppliers	Strategic Alliance: Out-sourced to a single headline contractor, under a 10 year plus 5 yearly renewable contract (10+5). Pre-competted sub-contractor panel. Tier 2 contractors meeting social procurement and supplier diversity targets.	Public Private Partnership: A 20-25 year DMO concession out-sourced to a consortia. Possible limitations on user fee charging. May not be suitable for PPM work.	
Implementation	Big bang: All implemented at 30/06/27.	Phased: Contracts phased from 1/7/27 to 30/06/29.			
Funding	Council operating and capital budgets.	Offset by seeking opportunities for targeted rates.	Offset by seeking opportunities for user fees (subject to Local Board discretion).		

22. Multi-criteria decision analysis has been completed with a selection of key management and specialists from across the organisation to narrow down the dimensions to the long list of five potential options. These criteria are based on achieving key objectives and critical delivery factors.

Item 3

Attachment C

Revenue, Expenditure and Value Committee
12 November 2024

23. The table below displays the long list of options assessed.

Assessment criteria	Assessment Weighting	Service Solution			Service Delivery		
		1. Baseline (largely outsourced)	2. Mixed out-sourced & in-house	3. Full in-house (direct provision)	1. Baseline (Conventional outsourcing)	2. Modified contracts	3. Strategic alliance
Objectives							
• Improve contract service delivery?	12%	1	2	2	1	3	3
• Achieve our Social Procurement & Supplier Diversity targets	8%	0	2	0	1	3	3
• Increase our understanding of asset condition	7%	0	1	3	1	3	3
• Increase our understanding of asset "cost to serve"	7%	0	1	3	1	3	2
• Reduce undue council risk and cost commitments	16%	0	0	0	0	3	2
Critical Success Factors							
• Alignment to councils' goals and requirements for improvement	10%	1	3	3	1	3	3
• Potential Value for Stakeholders	10%	2	3	2	2	3	3
• Supplier Capacity & Capability	10%	3	3	2	3	3	1
• Potential Affordability?	10%	2	3	0	2	3	2
• Potential Achievability?	10%	3	3	1	3	3	1
Summary		1.2	2	1.5	1.4	3	2.3
Advantages and Disadvantages:							
Overall Assessment		Carry forward as baseline option	Carry forward to shortlist	Discard	Carry forward as baseline option	Carry forward to shortlist	Carry forward to shortlist

24. From the five key long listed options assessed, only three options are proposed to be carried forward to a short list: the status quo, a strategic alliance, and modified contracts with a mix of outsourcing and in-housing. The table below assesses these options in terms of benefits and costs

Revenue, Expenditure and Value Committee
12 November 2024

Item 3

Attachment C

	Do Nothing 1. Baseline Conventional out-sourcing. After 30 June 2027	Alternative Option 2. Strategic alliance	Recommended Way Forward 3. Modified contracts
Benefits			
Objectives			
Improve contract service delivery	As good as now	Potential qualitative improvement	Potential qualitative improvement
Meet the council's social procurement and diverse suppliers' targets	Poor	Strong improvement	Strong improvement
Improve our understanding of asset condition	As good as now	Potential qualitative improvement	Potential qualitative improvement
Improve our understanding of "cost to serve"	As good as now	Strong improvement	Strong improvement
Reduce undue council risk and cost commitments	As good as now	Potentially poor	Good
Change in cost			
One-off costs to council			
Systems and processes	None	Potentially increase	Potentially low
Consultancy	None	Medium	Potentially very low
Plant and equipment	None	None	Potentially low
Cost pressures (additional)			
Local and diverse suppliers	None	Potential medium cost impact	Potential medium cost impact
Weakened negotiating position		Potentially high	Market interest is a risk
Market prices	Expected upwards cost pressure - the current market prices of our current contracts may be higher than what we are currently paying*		
Cost pressure mitigations			
Discount from longer term contracts	Not applicable		Potentially positive impact
Efficiencies from council managing PPM and frequency schedules			Potentially positive impact
Local suppliers or community groups delivering some services at remote locations			Potentially low positive impact
Community groups volunteering			Potentially low positive impact
Park Rangers delivering specific services at regional parks			Potentially low positive impact
Overall benefits and costs			
Total assessment			

Option assessment findings

25. Through the options analysis into the contract delivery model above, staff were able to undertake an initial assessment into outcome-based contracts vs scheduled or frequency-based services. Since 2017, outcomes-based contracts have proven beneficial in several aspects of contract service delivery. These include the transfer of risk, weather impacted

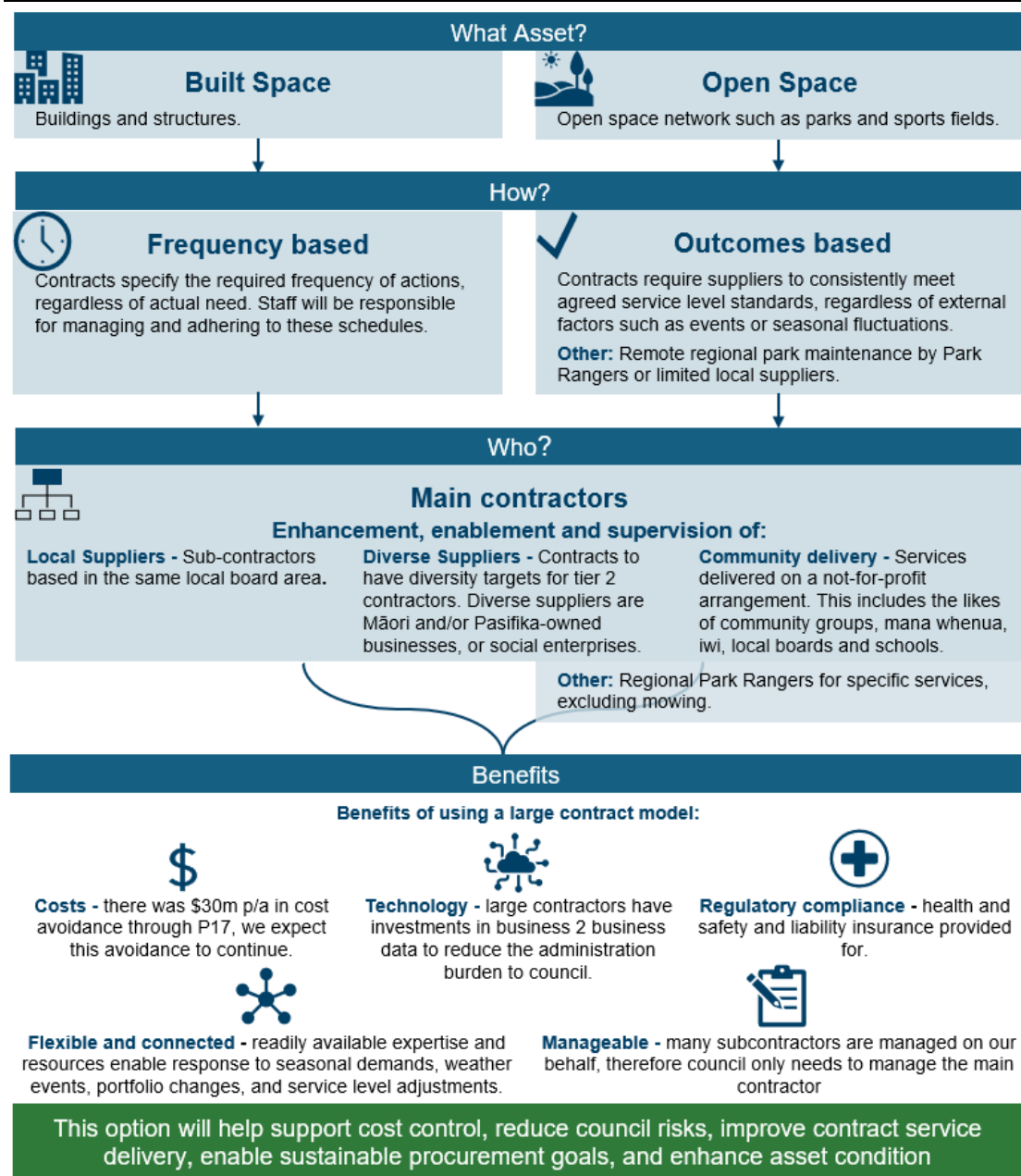
Revenue, Expenditure and Value Committee
12 November 2024

- services and where service standards are more easily set, such as open space mowing. However, they may add complexity and higher costs in areas requiring strict compliance.
26. In contrast, scheduled or frequency-based services are seen as better for controlling predictability of service and cost and for compliance outputs like building warrant of fitness. While these contracts offer cost stability, they may lack the flexibility required for high-impact or reactive services. There is an implementation risk with this where council currently has a low inhouse understanding on frequency setting. A hybrid contract model will allow an appropriate balance between outcomes based and frequency-based service contracts to be set and further work will be undertaken on this and brought to the Committee for decision.
27. Staff were also able to assess the viability of bringing all full-facilities maintenance inhouse to be delivered. There are examples of similar parks and community facility contracts being brought in house or insourced in New Zealand and examples of this occur in Tauranga and Christchurch. Typically, this has occurred where failure of a single contractor has impacted council reputation in a region and that contractor is the only available supplier. Insourcing is considered to be cost prohibitive for Auckland Council because of the size and scale of resource required, and likely establishment costs.
28. As a result of the assessment to this point, a Public Private Partnership with a single alliance partner for all contracts is not considered viable. This option presents high risk due to council's reliance on a single partner.
29. For the reasons outlined in the long list and short list assessment, fully outsourcing to a single supplier, or fully insourcing to council will not be progressed for further investigation.
- The shortlisted options identified above will be further tested through the next phase of local board engagement and initial market testing. Other options for contract delivery will continue to be analysed in conjunction with the initial recommended option to ensure that detailed options analysis is undertaken prior to committee approval in 2026.

Initial recommended contract model option for further testing

30. Analysis undertaken to date has found that the key objectives and goals may be able to be addressed by the initial recommended option of a hybrid contract model, including using diverse and local suppliers, and improvements in asset condition reporting.
31. The initial recommended option of a hybrid contract model could mean that there will be a combination of outsourced suppliers providing services through a multi-supplier contract model, but also have the flexibility to bring certain delivery of small, specific services inhouse where appropriate.
32. At this stage, it is anticipated that the model will retain outcomes-based terms where it has proven of benefit to Auckland such as open spaces and continues to use several main suppliers to enable some options and mitigate risk.
33. The model also has the ability to introduce frequency/schedule-based work to enable cost predictability in high compliance areas such as built environment and continues to use several main suppliers to enable some options and mitigate risk. Additionally, rules and drivers could be established to visibly achieve local supplier procurement and asset improvement needs.
34. The use of a mix of suppliers could also reduce supply chain and health & safety risks while encouraging competition. The larger suppliers provide surge capacity during emergencies, while over 200 subcontractors offer a diverse pool of local suppliers. The optimal size of these contracts and number of suppliers and areas will be further investigated as part of the next stage.
35. The following diagram illustrates the initial recommended option (subject to further investigation and change according to elected member feedback and market feasibility):"

Figure 3. About the initial recommended option



36. This option is at an early phase of the project and a thorough business case will be established through elected member feedback and market testing. This will allow a detailed cost-based analysis to be completed to assist decision making.

37. Most of the options, including the initial recommended option, allow the implementing of local supplier and diverse supplier procurement policies supporting our sustainable procurement. This will enable a stronger enablement of local and diverse suppliers, as well as improved transparency to local boards.

Tauākī whakaaweawe āhuarangi Climate impact statement

38. Suppliers' emissions are primarily a result of the combustion of petrol and diesel in the vehicles and equipment they operate to deliver the requirements of the contract. Suppliers

Revenue, Expenditure and Value Committee
12 November 2024

- also have a degree of control over Auckland Council's fertilizer, refrigerants, water, open space waste and building energy greenhouse gas (GHG) emissions through their planned maintenance activities.
39. Reducing GHG emissions and delivering sustainability and environmental outcomes more generally are core requirements of the contracts. These outcomes are monitored using the KPIs, reported through the suppliers' environment management systems, and delivered through planned maintenance and supplier operations.
 40. All council suppliers have been introducing electric vehicles and equipment into their fleet to minimise GHG emissions.
 41. 3All Full Facilities suppliers are reporting GHG emission data resulted from the delivery of their contract. Most Full Facilities suppliers have their own emission reductions plans/targets that align with the government requirement and have achieved a reduction in emissions from last year. Where suppliers are not achieving emission reductions, the council is working with them to help them to meet their targets.
 42. The further work on options will seek no deterioration to current response and commitments of reducing our contribution to climate change. Improvement opportunities and costs will be better understood once more market pricing has been acquired.
 43. New initiatives are likely to take time to imbed and performance improvements are likely to be incremental over the options tenure rather than sudden.

Ngā whakaaweawe me ngā tirohanga a te rōpū Kaunihera Council group impacts and views

Current situation

44. The current contracts manage a range of built and open space services on behalf of Auckland Transport and Eke Panuku.
45. The further work on options will aim to preserve or improve flexibility, allowing for adjustments to future changes in scope. The cost of flexible scope/s will be better understood once more market pricing has been acquired.

Ngā whakaaweawe ā-rohe me ngā tirohanga a te poari ā-rohe Local impacts and local board views

46. The full facilities maintenance contracts span both local and regional assets.
47. Over the tenure of the contract from 2017 there has been improvements in local enhancements, which individual Local Boards have negotiated for their area.
48. Feedback from local boards about the current arrangements has been focused on Social Procurement and Supplier Diversity. The initial recommended option enhances on the current delivery of this.
49. Local board views on options will be engaged as the next step in the process.
50. New initiatives are likely to take time to embed and performance improvements are likely to be incremental over the options tenure rather sudden.

Tauākī whakaaweawe Māori Māori impact statement

51. The most impactful economic objectives focus on indirect spending through subcontracting opportunities with Māori and/or Pasifika-owned businesses and social enterprises. This approach aims to deliver enhanced outcomes for Māori communities in Tāmaki Makaurau.
52. The existing contract was established prior to the council's development of a sustainable toolkit for tender and contract measures. Currently, suppliers provide some information on various metrics related to both primary contractors and subcontractors. However, these

Revenue, Expenditure and Value Committee

12 November 2024

contracts lack specific targets or incentives for social procurement and supplier diversity, limiting their potential impact.

53. The new contracts will aim to have supplier diversity targets for tier two contractors. The diverse suppliers are Māori and/or Pasifika-owned businesses, or social enterprises.
54. The initial recommended option would include the ability for full facilities maintenance services to be delivered by smaller groups and the community. This includes the likes of community groups, mana whenua, iwi, local boards and schools.
55. Some new initiatives are likely to take time to imbed and performance improvements are likely to be incremental over the options tenure rather than sudden.

Ngā ritenga ā-pūtea Financial implications

56. The financial implications for the future P27 contracts could be significant, depending on the chosen contract delivery model and the outcome of the procurement process. To provide context, the total expenditure for the full facilities contracts in FY23 2022/2023 Financial Year—including scheduled repairs and maintenance across five areas with four suppliers—amounted to approximately \$165 million. However, the full financial impact of the future contracts will not be fully understood until further along in the process, once procurement has been completed and a final delivery model has been approved.
57. At this early stage of options assessment, we have conducted a preliminary analysis of the various options for the Full Facilities Maintenance Contracts. This initial analysis provides a foundational understanding that allows us to differentiate between the options based on their potential benefits, costs, and risks. While these variations are outlined, they are not yet quantified in monetary terms.
58. A more detailed financial evaluation will be necessary as we progress through the process. This will include a thorough cost-based analysis once the scope of the options has been clarified, and the procurement phase has captured price and cost data from the market.
59. The shortlisted options have identified potential cost pressures, along with associated mitigations. Given the current market conditions, it is likely that all procurement options will face increased costs compared to current contract terms. Therefore, options that support cost mitigation strategies are particularly appealing. Mitigations may include longer-term contracts and a range of operational efficiencies, both of which are highlighted as benefits in the short list. Additionally, separating the contracts into "open spaces" and "built spaces" is expected to improve contract management, supporting both performance and some degree of cost control.

Ngā raru tūpono me ngā whakamaurutanga

60. The following risks have been identified; as this is very early in the project lifecycle, mitigation strategies will be developed once the program has gained enough clarity of risk. Moving to the next phase, clarification is the current mitigation strategy.
 - **Multi-year inflationary pressure combined with CPI cap in the contract:** Risks driving up supplier pricing (market re-pricing current contracts), where tendered prices may be higher than the current contracts.
 - **Insufficient market interest:** Resulting in low or not enough submissions and lack of competitive pressure.
 - **No feasible cost savings due to multiple upwards cost pressures:** Focus becomes cost containment.
 - **After a decade with outcomes-based contracts, low inhouse understanding means council has learning curve on frequency setting:** Resulting in too much cost or poor visible quality of maintenance.

Revenue, Expenditure and Value Committee
12 November 2024

- **Higher cost due to council seeking greater control through new terms:** new terms may include frequency based, quality assurance and utilising the subcontractor market to achieve councils goals. While this is intended to enhance accountability and service quality, it may also lead to higher supplier pricing if suppliers adjust their costs to accommodate the additional oversight and compliance requirements.
- **Systems continue to remain inadequate to the task:** Councils' largest operational contract has had low ICT focus. There is high reliance on contractors ability to have technological solutions that support Business2Business efficiencies.
- **Project delay:** Resulting in a weakened position to negotiate from.
- **Elections:** Decision making spans over the electoral term.

Ngā koringa ā-muri Next steps

61. Staff will continue to undertake further analysis into the initial recommended option, as well as the shortlisted options through local board engagement and market testing. The endorsement of the recommended option does not preclude analysis of the other options.
62. The committee will continue receive further reports on the progress of the Te Ara Hura (P27) Programme, including a report for the approval of the procurement plan in December 2025 and the recommended option in 2026.

Ngā tāpirihanga Attachments

No.	Title	Page
A	Te Ara Hura P27 Full Facilities Maintenance Contracts - Value for Money Indicative Assessment	
B	Te Ara Hura P27 - Assessment Appendix - Market Environmental Scan	

Ngā kaihaina Signatories

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