

Agenda for an extraordinary meeting of the Waikato District Council to be held in the Council Chambers, District Office, 15 Galileo Street, Ngaruawahia on **TUESDAY 19 APRIL 2016** commencing at **1.00pm.**

*Information and recommendations are included in the reports to assist Council in the decision making process and may not constitute Council's decision or policy until considered by Council.*

**1. APOLOGIES AND LEAVE OF ABSENCE**

**2. CONFIRMATION OF STATUS OF AGENDA ITEMS**

**3. DISCLOSURES OF INTEREST**

**4. REPORTS**

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**CHIEF EXECUTIVE**

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### **Open Meeting**

<b>To</b>	Council
<b>From</b>	S Duignan General Manager Customer Support
<b>Date</b>	11 April 2016
<b>Prepared by</b>	C Birkett Monitoring Team Leader
<b>Chief Executive Approved</b>	Y
<b>DWS Document Set #</b>	1495034
<b>Report Title</b>	Proposed Waikato District Council Freedom Camping Bylaw 2016

## **I. EXECUTIVE SUMMARY**

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The Waikato District Council has resolved to create a Freedom Camping Bylaw in order to manage Freedom Camping issues within the district. In order to ensure that the bylaw is adopted within the term of this Council it is necessary to commence the special consultative procedure in accordance with the recommendations made in this report.

Clauses relating to freedom camping were removed from existing public places bylaws during their recent review so that a comprehensive Freedom Camping bylaw could be developed.

Feedback was sought from Community Boards, Committees, Iwi and other key stakeholders on this issue and their suggestions have been integrated into the new Bylaw. A Council workshop has also been held to discuss the structure and intent of the bylaw as well as the areas that have been put forward for consideration.

The proposed Bylaw has been subject to an internal legal review and is attached along with the Statement of Proposal for consideration. Subject to approval at this meeting, the proposed Bylaw will be publicly notified on 20 April 2016 with submissions being received until 5pm on 20 May 2016. Submissions on the proposed Bylaw will be considered and, if requested, heard by Council at a meeting on 6 July 2016 or as early thereafter as possible. The Bylaw is scheduled to be confirmed by Council at a meeting to be held on 12 September 2016.

The following document is included as an appendix to this report:

- Appendix I - Statement of Proposal (including the submission form and proposed Freedom Camping Bylaw 2016).

## **2. RECOMMENDATION**

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**THAT the report of the General Manager Customer Support – Proposed Waikato District Council Freedom Camping Bylaw 2016 be received;**

**AND THAT the proposed bylaw does not give rise to any implications under the New Zealand Bill of Rights Act 1990 pursuant to section 155(2) of the Local Government Act 2002;**

**AND FURTHER THAT the Statement of Proposal, incorporating the proposed Waikato District Council Freedom Camping Bylaw 2016 (subject to any amendments), be publicly notified on 20 April 2016 with the closing date for submissions being 20 May 2016, in accordance with Sections 83 (special consultative procedure), 86 (use of special consultative procedure in relation to adoption or review or amendment of bylaws) of the Local Government Act 2002;**

**AND FURTHER THAT submissions on the Statement of Proposal, (incorporating the proposed Waikato District Council Freedom Camping Bylaw 2016) be considered and, if requested, be heard by Council at a meeting to be held on 6 July 2016 or as early thereafter as possible.**

### **3. BACKGROUND**

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Council has undertaken a review of its Public Places Bylaws and as a result of this review it was identified that it was no longer appropriate for them to contain provisions relating to Freedom Camping. The provisions contained in the bylaws took an approach that was consistent with historic legislation but is contrary to the new Freedom Camping Act 2011 (the Act).

The Act states that Freedom Camping is permitted unless it is prohibited or restricted (controlled) by a bylaw made under that the Act. The Act goes on to say that Council cannot make a bylaw that has the effect of prohibiting freedom camping.

Council determined at its meeting on the 18 March 2016 to create a bylaw under the Freedom Camping Act 2011 to address issues relating to freedom camping.

Early consultation has occurred with community boards, committees, iwi and other stakeholders and feedback has been summarised in section 4.1 of this report.

## **4. DISCUSSION AND ANALYSIS OF OPTIONS**

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### **4.1 DISCUSSION**

#### **Initial consultation:**

All Community Boards have received a report with information about freedom camping. The report also requested feedback on issues that the community may be experiencing with freedom camping and included a response form. The response form asked for information

on the Freedom Camping issue being experienced, the area, and a recommendation for what type of restriction would be appropriate. A letter with a response form was also sent to Iwi, Community Committees, Residents and Ratepayer Groups, Surf Clubs and other key stakeholders seeking their feedback.

Where feedback was received and it identified areas and issues that could be addressed under the Act they have been included as proposed controls in the Bylaw. In particular the following feedback was received from Community Boards:

- a) Huntly Community Board: The Board identified that there were no exclusions that needed to be included into the bylaw for their area.
- b) Raglan Community Board: Provided feedback identifying a number of areas that they felt should be prohibited.
- c) Ngaruawahia Community Board: Identified both prohibited and restricted areas that have been included in the schedule of the bylaw.
- d) Onewhero-Tuakau Community Board: Has not identified any locations as part of the initial consultation but has identified that they will likely provide feedback through the special consultative procedure.
- e) Taupiri Community Board: Identified both prohibited and restricted areas.

## 4.2 OPTIONS

The options that have been identified are:

### **Option 1 – Do not proceed with the Special Consultative Procedure**

This option is not recommended.

Council will not be able to proceed with making a bylaw to address the issue of freedom camping. Not having a bylaw would lessen Council's ability to control and set standards around the management of freedom camping.

### **Option 2 – Proceed with the Special Consultative Process to create a bylaw**

This option is recommended.

A bylaw allows staff to effectively deal with the problems associated with the management of freedom camping, and is considered by staff to be the most appropriate mechanism for the management of freedom camping in the Waikato District. Council has determined that it intends to create a bylaw to address issues related to Freedom Camping. The next step in creating the bylaw is to seek feedback from the community on a draft bylaw. A draft proposed bylaw is attached to this report as part of Appendix I.

## 5. CONSIDERATION

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### 5.1 FINANCIAL

This is a new bylaw and is aimed at addressing issues related to Freedom Camping. Council officers currently patrol in Raglan and this is managed through existing budgets. If there is an increase in the number of areas that require patrolling there may be an increase in costs of providing this service. A portion of this cost will however be off-set by any infringement fines that will be issued.

Any fees and charges that are associated with this bylaw will be set through the long term plan.

## 5.2 LEGAL

### **Implications under the New Zealand Bill of Rights Act 1990**

Section 155(2) of the LGA 2002 also requires the Council to determine whether the proposed bylaw “gives rise to any implications under the New Zealand Bill of Rights Act 1990”. No bylaw may be inconsistent with this legislation.

The Bill of Rights Act 1990 details a number of rights and freedoms in relation to life and security of people. The purpose of the Bylaw is to protect the public from nuisance and potential health risks caused from the keeping of animals.

It is the view of the staff preparing the proposed Bylaw that it is not considered to be inconsistent with, or likely to give rise to any implications under the New Zealand Bill of Rights Act 1990. The Bylaw simply provides the regulatory means by which public places can be managed. During this process staff have made efforts to:

- Have regard to similar bylaws in neighbouring authorities; and
- Ensure the Bylaw is fair, efficient and clearly understandable.

A legal review of the proposed Bylaw, for its appropriateness and validity, has been undertaken prior to being presented to the Council for approval as the proposed Bylaw for public consultation. This legal review also included a check that the proposed provisions do not give rise to any implications under the New Zealand Bill of Rights 1990. The making of the Bylaw is subject to a consultative procedure to enable individuals to participate in the process.

Taking all of these matters into consideration, staff recommend that the proposed Waikato District Council Freedom Camping Bylaw 2016 be approved for public consultation.

### **Local Government Act 2002**

The proposed Bylaw is considered to meet the requirements of section 10 of the Local Government Act in relation to the purpose of local government, as management of public places provides essential means for Council to perform its regulatory and public health obligations. Having a bylaw for the management of Freedom Camping is considered to be a cost effective way of ensuring that Council meets its statutory obligations.

## 5.3 STRATEGY, PLANS, POLICY AND PARTNERSHIP ALIGNMENT

There are limits in designating freedom camping areas that are classed as reserve as they are managed through reserve management plans (RMP) established under the Reserves Act. Council has adopted a RMP that in the most part prohibits freedom camping on reserves. In order to be consistent with the RMP, reserves are not identified as restricted areas in the bylaw, unless they are also identified in the RMP. The Onewhero and Te Kauwahata Domain are the only areas that are identified as restricted freedom camping areas in the RMP.

## 5.4 ASSESSMENT OF SIGNIFICANCE AND ENGAGEMENT POLICY AND OF EXTERNAL STAKEHOLDERS

The proposed Freedom Camping Bylaw triggers Council’s Significance and Engagement Policy as the Special Consultative Procedure was required and undertaken:

<b>Highest levels of engagement</b>	<b>Inform</b>	<b>Consult</b>	<b>Involve</b>	<b>Collaborate</b>	<b>Empower</b>
	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Tick the appropriate box/boxes and specify what it involves by providing a brief explanation of the tools which will be used to engage (refer to the project engagement plan if applicable).</i>	<p>The Special Consultative Procedure is required to be undertaken in making the bylaw. A public notice will be placed as part of this procedure and key stakeholders notified.</p> <p>A hearings and deliberations process will be followed prior to finalising the proposed Bylaw.</p>				

State below which external stakeholders have been or will be engaged with:

Planned	In Progress	Complete	
	√		Internal
	√		Community Boards/Community Committees
	√		Waikato-Tainui/Local iwi
√			Households
			Business
			Other Please Specify

Feedback was sought from the Community Boards and Committees on this review. Initial feedback was provided in March 2016. Letters were also sent to local marae, surf clubs and other key stakeholders that had a particular interest in this issue. A feedback table was sent asking for this to be completed and returned to Council. Staff have reviewed the feedback provided and included this information into the proposed Bylaw.

## **6. CONCLUSION**

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Council has determined that it wants to create a bylaw to manage issues associated with Freedom Camping under the Freedom Camping Act 2011. As a result pre-consultation has been undertaken with selected key stakeholders and feedback has been obtained. This feedback has been used in developing a proposed Freedom Camping Bylaw. In order to progress the bylaw it is necessary to commence the special consultative process identified in the Local Government Act 2002.

Approval is sought to commence the Special Consultative Procedure. This is a requirement of the Local Government Act 2002 and allows for public feedback on the proposed draft bylaw.

## **7. ATTACHMENTS**

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Appendix I - Statement of Proposal (including the submission form and proposed Freedom Camping Bylaw 2016).



## **STATEMENT OF PROPOSAL**

### **THE PROPOSED WAIKATO DISTRICT COUNCIL FREEDOM CAMPING BYLAW 2016**

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The Waikato District Council Freedom Camping Bylaw enables Council to 2016 effectively deal with issues caused by freedom camping.

#### **Proposal**

This Statement of Proposal is prepared pursuant to sections 83, 86, 155 and 156 of the Local Government Act 2002 (LGA). This is a proposal to adopt a Freedom Camping Bylaw.

#### **Reasons for creating the bylaw**

The reasons for proposing to adopt the draft Bylaw are to:

- effectively deal with the issues relating to freedom camping.

#### **Rationale for managing freedom camping through a Bylaw**

The Freedom Camping Act 2002 allows councils to adopt a Freedom Camping Bylaw. The Freedom Camping Act 2002 states that freedom camping is permitted everywhere except for areas where it is prohibited.

#### **Summary of proposed draft Bylaw**

The draft Freedom Camping Bylaw has proposed freedom camping be restricted in the areas shown in the attached maps.

#### **Relevant Determinations by Council**

Prior to making a bylaw, Council is required to assess whether a bylaw is the most appropriate way of addressing the perceived problem. In this case, a bylaw is considered to be the most appropriate mechanism to manage issues caused by freedom camping and allows staff to effectively deal with any issued caused by freedom camping. By not having a bylaw Council would be unable to control any negative effects caused by freedom camping.

Council is also required to consider whether the proposed Bylaw gives rise to any implications under the New Zealand Bill of Rights Act 1990. In this case it is not considered that there are any such implications, the Bylaw simply provides the regulatory means by which cemeteries can be managed.

#### **Consultation and submissions**

Anyone can make a submission about the proposed Waikato District Council Freedom Camping Bylaw 2016 and we encourage you to let us know your views.

#### **What is a submission?**

Submissions are a record of your views/preferences on a particular issue. By making a submission you can ensure that your voice is heard by Councillors to assist them in their decision making. Submissions may be

## Appendix 1

sent or given to the Council from any organisation or any member of the public during a time period specified by Council. In most cases submission forms are available at Council offices and libraries and on the 'Have your say' page of Council's website.

**When can I make a submission?**

The submission period for the proposed Waikato District Council Freedom Camping Bylaw opens on 20 April 2016 and closes at 5pm on 20 May 2016.

**How can I make a submission?**

Any person may make a submission on the content of this proposed Bylaw.

Written submissions should follow the format shown in the submission form following this page. This form is intended as a guide only, but is suitable for brief submissions. Please attach additional pages as necessary.

In addition, if you wish to present your comments in person, Council will hear verbal submissions on 6 July 2016 (or as early thereafter as possible). Submitters wishing to be heard in support of their submission must clearly state this in their submission. All submitters wishing to be heard will be contacted to arrange an appropriate time on the date specified.

Please note that written submissions are to be received by Waikato District Council by 5pm on 20 May 2016.

**Privacy Act Information - The Local Government Act 2002 requires submissions to be made available to the public.**

Your contact details are collected:

- So the Council can write and inform you of the decision(s) on your submission(s).
- To arrange a hearing date and time for you to speak (if you choose to).

**Your name and address will be publicly available. If you would like your address and phone details (including email address) kept confidential you need to inform us when you send in your submission.**

You have the right to correct any errors in personal details contained in your submission. If you do not supply your name and address the Council will formally receive your submission, but will not be able to inform you of the outcome.



Submissions can be:

**Online:** [www.waikatodistrict.govt.nz/sayit](http://www.waikatodistrict.govt.nz/sayit)

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**Posted to:** Waikato District Council  
Private Bag 544  
Ngaruawahia 3742

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**Delivered to:** Waikato District Council  
Attn: Corporate Planner  
15 Galileo Street  
Ngaruawahia 3742

Huntly Office  
142 Main Street, Huntly 3700

Raglan Office  
7 Bow Street, Raglan 3225

Tuakau Office  
2 Dominion Rd, Tuakau 2121

Te Kauwhata Office  
1 Main Road, Te Kauwhata 3710

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**Emailed to:** [consult@waide.govt.nz](mailto:consult@waide.govt.nz)  
Subject heading should read: “Freedom Camping Bylaw – Submission”

### **What happens next?**

Council will acknowledge each submission received in writing, either by letter or email.

Following the closing of submissions on 20 May 2016, all submissions will be reviewed by Elected Members. Verbal submissions will be heard and all submissions formally considered at a Council meeting on 6 July 2016 (or as soon thereafter as possible). This meeting is open to both submitters and the public to attend.

### **Important Dates to Remember:**

Submissions open – 8am Wednesday 20 April 2016

Submissions close – 5pm, Friday 20 May 2016

Hearing of submissions – 9am, Wednesday 6 July 2016 (TBC)

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If you have any further queries or would like further copies of the proposed Bylaw, please contact Shelley Monrad or Melissa Russo on 0800 492 452.



<b>Freedom Camping issue being experienced</b>	<b>Area/location</b>	<b>Recommendation for Restriction (what type of restriction and why) or Prohibit area (why)</b>
e.g. People are parking up overnight on what is a narrow road. Accidents have nearly occurred in the past.	e.g. Wharf Road between Smith Street and Saint Street	e.g. Prohibit freedom camping to prevent accidents occurring

### Written feedback

#### Postal Address

Waikato District Council, Private Bag 544,  
Ngaruawahia 3742 • Telephone 0800 492 452

### Online feedback

- [www.waikatodistrict.govt.nz/sayit](http://www.waikatodistrict.govt.nz/sayit)
- [consult@waidc.govt.nz](mailto:consult@waidc.govt.nz)

Submissions are public information. Your feedback will be used for purposes such as reports to Councillors, which are made available to the public, media and on our website. If you would like your personal information concealed, please tell us in your submission.

# Waikato District Council

## Freedom Camping Bylaw 2016

Waikato District Council, in exercise of its powers under the Local Government Act 2002 and the Freedom Camping Act 2011 and their respective amendments, and all other relevant powers, hereby makes the following bylaw.

### Introduction

#### 1.0 Purpose

- 1.1 To protect our unique environment and our residents from issues associated with freedom camping.
- 1.2 To provide information on areas within the District that are appropriate for freedom camping.

#### 2.0 Short title, commencement and application

- 2.1 The bylaw shall be known as the 'Waikato District Council Freedom Camping Bylaw 2016'.
- 2.2 The bylaw shall apply to the Waikato District.
- 2.3 The bylaw shall come into force on.
- 2.4 Other legislation and regulatory tools that are relevant to freedom camping include, the Reserves Act 1997, District Plan and other Council bylaws. Whilst Council endeavours to ensure consistency in its approach to freedom camping, there may be situations where freedom camping is permitted in terms of the Freedom Camping Act 2011, but as a result of other regulation, freedom camping may be prohibited or controlled.

Reserves are managed through reserve management plans. The Waikato District Council General Reserve Management Plan prohibits camping on all reserves unless it is an approved camping event or is specifically provided for in any other operative reserve management plan. Only the reserve management plans for Onewhero and Te Kauwhata domain allow for freedom camping and these are identified in this bylaw.

#### 3.0 Definitions

For the purposes of this Bylaw, the following definitions shall apply, unless inconsistent with the context:

<b>Act</b>	means the Freedom Camping Act 2011.
<b>Camping ground</b>	(a) a camping ground that is the subject of a current certificate of registration under the Camping-Grounds Regulations 1985; and  (b) any site at which a fee is payable for camping at the site.
<b>Council</b>	means the Waikato District Council

- District** means the Waikato District.
- Freedom camp** means to camp (other than at a camping ground) within 200m of a motor vehicle accessible area or the mean low-water springs line of any sea or harbour, or on or within 200 m of a formed road or a Great Walks Track, using 1 or more of the following:
- (a) a tent or other temporary structure:
  - (b) a caravan:
  - (c) a car, campervan, housetruck, or other motor vehicle.
- In this Act, freedom camping does not include the following activities:
- (a) temporary and short-term parking of a motor vehicle:
  - (b) recreational activities commonly known as day-trip excursions:
  - (c) resting or sleeping at the roadside in a caravan or motor vehicle to avoid driver fatigue.
- Local authority area**
- (a) means an area of land—
    - (i) that is within the district or region of a local authority; and
    - (ii) that is controlled or managed by the local authority under any enactment; and
  - (b) includes any part of an area of land referred to in paragraph (a); but
  - (c) does not include an area of land referred to in paragraph (a) or (b) that is permanently covered by water.
- Self-contained vehicle** means a vehicle designed and built for the purpose of camping which has the capability of meeting the ablutionary and sanitary needs of occupants of that vehicle for a minimum of three days without requiring any external services or discharging any waste and complies with New Zealand Standard 5465:2001, as evidenced by the display of a current self-containment warrant issued under New Zealand Standard Self Containment of Motor Caravans and Caravans, NZS 5465:2001.

#### **4.0 Controls for Freedom Camping**

- 4.1 Freedom camping is permitted in any local authority area within the District unless it is restricted or prohibited in an area:
- a) in accordance with this Bylaw; or
  - b) under any other enactment.

#### **5.0 Prohibited areas**

A person must not freedom camp in any prohibited area within the District, as identified in Schedule One: Prohibited Areas for Freedom Camping, without the prior written consent of the Council.

## **6.0 Restricted areas**

A person may freedom camp in any area identified in Schedule Two: Restricted Areas for Freedom Camping, pursuant to the specific restrictions listed for that area.

## **7.0 Prior consent from Council**

Consent can be sought from the Council to allow freedom camping on a site listed in Schedule One: Prohibited Areas or Schedule Two: Restricted Areas for Freedom Camping, which may be granted with or without conditions. Consent must be applied for in writing to the Chief Executive Officer of the Council at least 30 days in advance of the date planned for freedom camping in the prohibited area.

## **8.0 Offences**

Every person commits an offence against this bylaw who:

- a) freedom camps in a local authority area in breach of any prohibition or restriction in this Bylaw that applies to the area; or
- b) makes preparations to freedom camp in a local authority area in breach of any prohibition or restriction in this Bylaw that applies to the area.

## **9.0 Penalties**

Under section 23(1) of the Freedom Camping Act, every person who commits an offence pursuant to section 20(1)(a) and (c) of the Act is liable to the amount prescribed by regulations made under section 43 of the Act or \$200.

## **10.0 General**

10.1 Any notice, order or other document which is required by this bylaw to be served or given or sent to any person shall be deemed to have been duly served given or sent if delivered to such person or left at his or her residence or workplace or posted to such person at his or her last known address.

10.2 Any resolution of the Council may be amended, rescinded or reinstated by a further resolution of the Council.

This bylaw was made pursuant to a resolution passed by the Waikato District Council on.

THE COMMON SEAL of WAIKATO  
DISTRICT COUNCIL was hereto affixed in the presence of:

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Mayor

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Chief Executive

## Schedule One: Prohibited areas for freedom camping

Freedom Camping is prohibited on all local authority cemetery areas and their associated car parks.

Freedom Camping is prohibited on the local authority areas identified below:

<b>Raglan</b>	
<b>Area Name / Description</b>	<b>Map Reference No.</b>
Manu Bay reserve and surrounding area 696 Wainui Road, Raglan and that section of Wainui Road adjacent to the Manu Bay reserve.	WDC_2016_01
Tohora Close, Calvert Road, Whale Bay	WDC_2016_02
Ngarunui Beach Reserve 330 Wainui Road, Raglan	WDC_2016_03
Kopua Domain 61 Marine Parade, Raglan	WDC_2016_04
Cliff Street, Puriri Street From 2 Cliff Street to 1 Puriri Street, Raglan	WDC_2016_05
Riria Kereopa Drive, Wainamu Road	WDC_2016_06
Wainui Road	WDC_2016_07
Papanui Point Carpark	WDC_2016_08
Swann Access Road, Ruapkue Beach	WDC_2016_09
Ruapuke Beach Road	WDC_2016_10
Bridal Falls Car park Kawhia Road, Te Mata	WDC_2016_11

<b>Ngaruawahia</b>	
<b>Area Name / Description</b>	<b>Map Reference No.</b>
Waikato Esplanade 1-52 Waikato Esplanade.	WDC_2016_12



Patterson Park	WDC_2016_13
Horotiu Bridge carpark area	WDC_2016_14
Wainago Road Section at end of Hakarimata track	WDC_2016_15
Brownlee Ave Hakarimata Track Car park area	WDC_2016_16
Hopuhopu 451-477 Old Taupiri Road HOPUHOPU	WDC_2016_17

<b>Port Waikato</b>	
<b>Area Name / Description</b>	<b>Map Reference No.</b>
Maraetai Bay Reserve Maunsell Road.	WDC_2016_18

## Schedule Two: Restricted areas for freedom camping

- Self-contained vehicles may freedom camp throughout the District for a maximum of 3 nights at any one location except in the areas identified in Schedule I.

The table below identifies areas where freedom camping for self-contained vehicles have specific restrictions:

<b>Area Name / Description</b>	<b>Restriction</b>	<b>Map Reference No.</b>
<u>The Point, Ngaruawahia</u> Lower Waikato Esplanade	Location is restricted to a designated area. The designated area cannot be used if it is required for events.	WDC_2016_19
<u>St. Stephens car park, Tuakau</u> 8 St Stephens Avenue.	Sign posted part of car park only. Permitted camping hours between 6pm at night and 10am the next morning. Maximum stay of two nights	WDC_2016_20

Areas that are suitable for freedom camping (non self-contained) are specified in the table below:

<b>Area Name / Description</b>	<b>Restriction</b>	<b>Map Reference No.</b>
<u>Onewhero Domain</u> 14 Hall Road	Location is restricted to a designated area. The designated area cannot be used if it is required for events.	WDC_2016_21
<u>Te Kauwhata Domain</u> Mahi Road	Location is restricted to a designated area. The designated area cannot be used if it is required for events.	WDC_2016_22
<u>Wainui Road carpark</u> Area near firestation	Limit of 2 nights Area can only be used by campers from 8pm to	WDC_2016_23

	8am. Area must be vacated at 8am.	
<u>Western end of Stewart Street</u> Parking area adjacent to 1 to 5 Stewart Street	Limit of 2 nights Area can only be used by campers from 8pm to 8am. Area must be vacated at 8am.	WDC_2016_24





## Freedom Camping

**Description:**  
Manu Bay

**Map Reference:**  
Wdc\_2016\_01

### Legend

-  Parcel
- FreeCamp
  -  Permitted
  -  Prohibited
  -  Restricted



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# Freedom Camping

**Description:**  
 Tohora Close, Calvert Road, Whale Bay

**Map Reference:**  
 Wdc\_2016\_02

### Legend

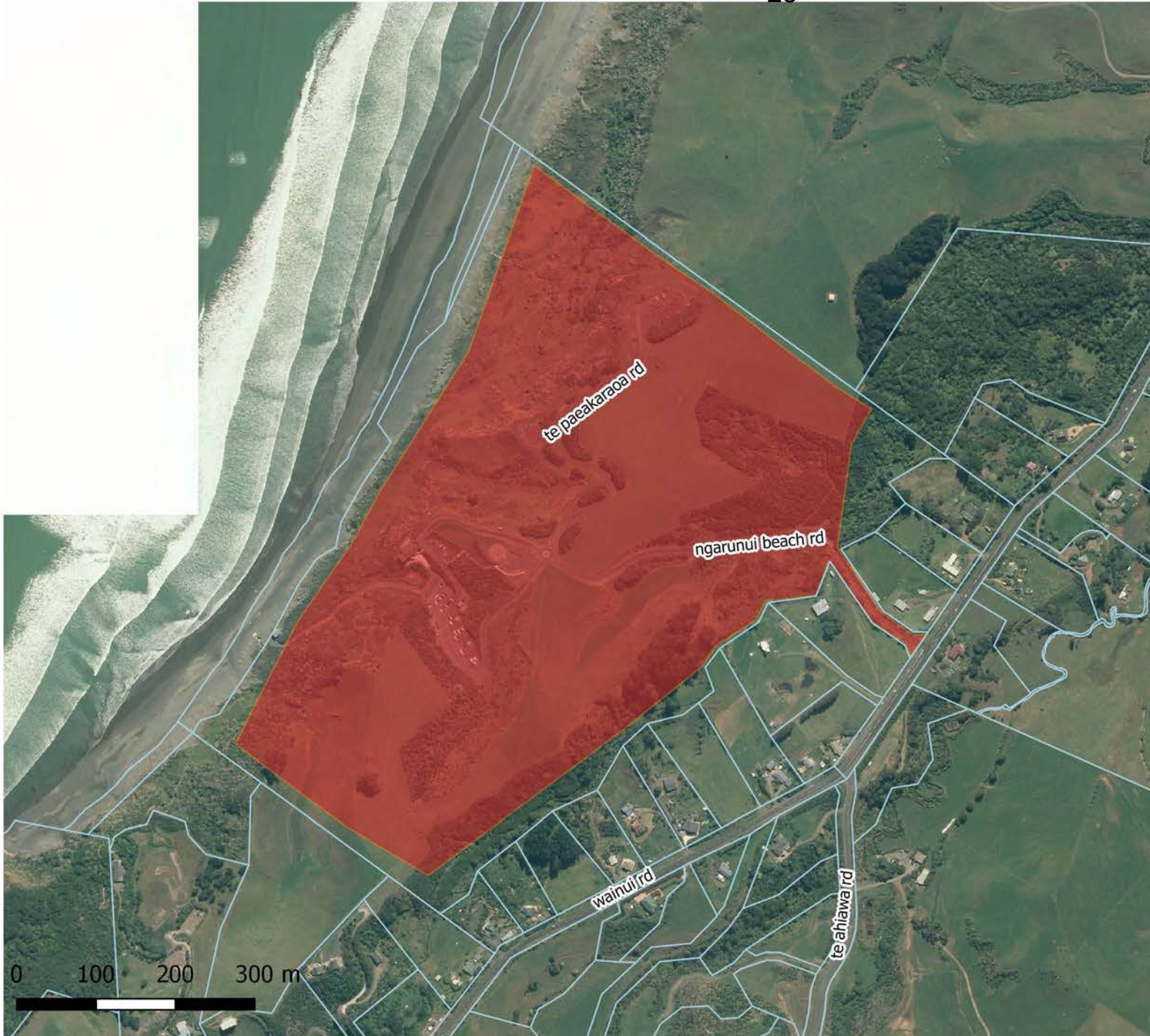
-  Parcel
- FreeCamp**
-  Permitted
-  Prohibited
-  Restricted


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# Freedom Camping

**Description:**  
**Ngarunui Beach Reserve**

**Map Reference:**  
**Wdc\_2016\_03**



## Legend

 Parcel

### FreeCamp

 Permitted

 Prohibited

 Restricted



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# Freedom Camping

**Description:**  
Kopua Domain

**Map Reference:**  
Wdc\_2016\_04

## Legend

-  Parcel
- FreeCamp**
  -  Permitted
  -  Prohibited
  -  Restricted



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## Freedom Camping

**Description:**  
Cliff Street, Puriri Street

**Map Reference:**  
Wdc\_2016\_05



### Legend

- Parcel
- FreeCamp
  - Permitted
  - Prohibited
  - Restricted



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## Freedom Camping

**Description:**  
**Riria Kereopa Drive, Wainamu Road**

**Map Reference:**  
**Wdc\_2016\_06**

### Legend

-  Parcel
- FreeCamp
  -  Permitted
  -  Prohibited
  -  Restricted



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 and/or Waikato Regional Council

# Freedom Camping

**Description:**  
Wainui Road

**Map Reference:**  
Wdc\_2016\_07




### Legend

 Parcel

FreeCamp

 Permitted

 Prohibited

 Restricted



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## Freedom Camping

**Description:**  
**Papanui Point Carpark**

**Map Reference:**  
**Wdc\_2016\_08**

### Legend

Parcel

FreeCamp

Permitted

Prohibited

Restricted



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# Freedom Camping

**Description:**  
**Swann Access Road, Ruapkue Beach**

**Map Reference:**  
**Wdc\_2016\_09**




### Legend

 Parcel

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 Prohibited

 Restricted



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## Freedom Camping

**Description:**  
Ruapuke Beach Road

**Map Reference:**  
Wdc\_2016\_10

### Legend

Parcel

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## Freedom Camping

**Description:**  
**Bridal Falls**


**Map Reference:**  
**Wdc\_2016\_11**

### Legend

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## Freedom Camping

**Description:**  
**Waikato Esplanade**

**Map Reference:**  
**Wdc\_2016\_12**

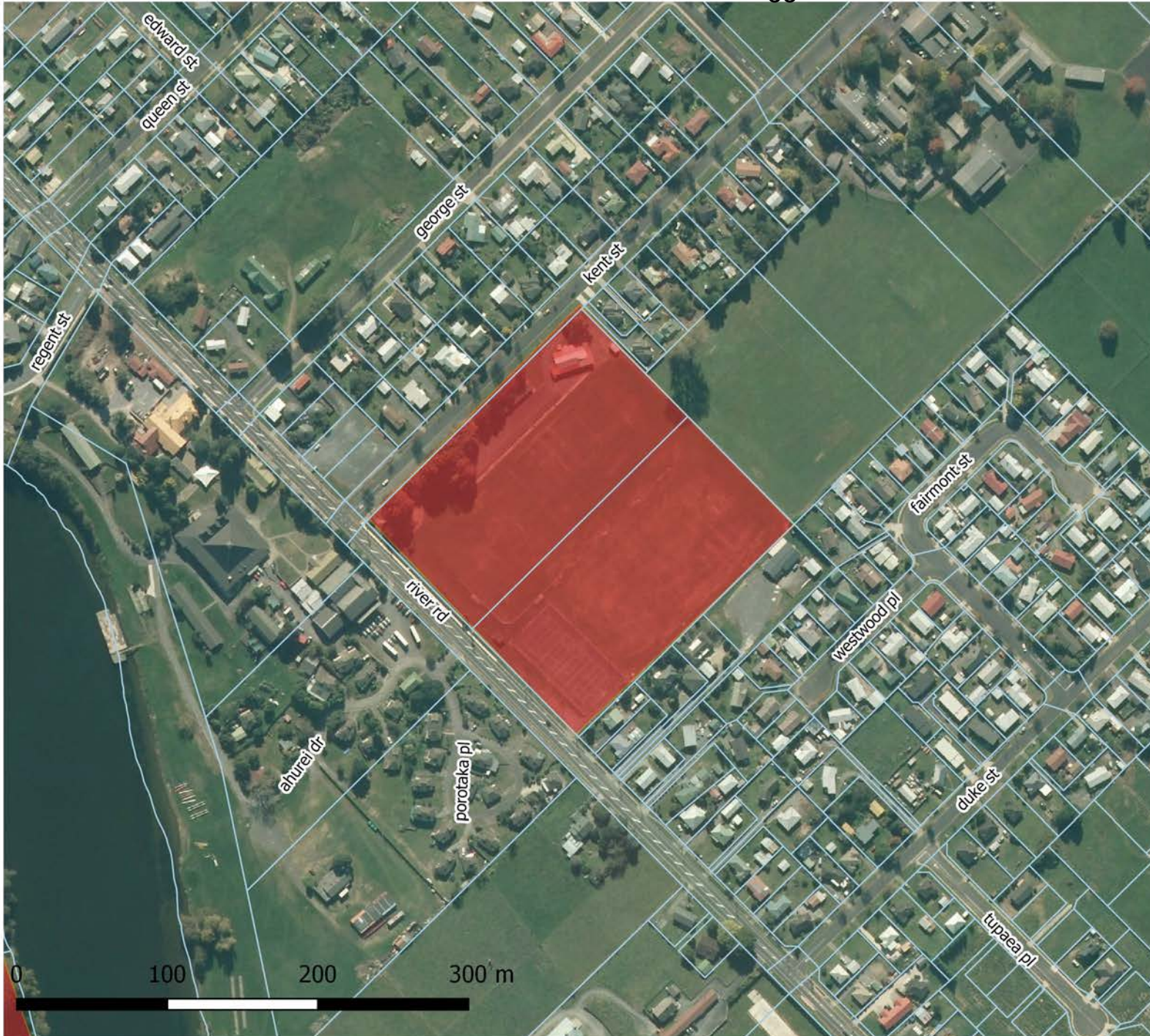
### Legend

-  Parcel
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## Freedom Camping

**Description:**  
Patterson Park

**Map Reference:**  
Wdc\_2016\_13

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## Freedom Camping

**Description:**  
**Horotiu Bridge Carpark**

**Map Reference:**  
**Wdc\_2016\_14**

### Legend

Parcel

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## Freedom Camping

**Description:**  
**Waingaroro Road - Hakarimata Track**

**Map Reference:**  
**Wdc\_2016\_15**

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Parcel

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## Freedom Camping

**Description:**  
Brownlee Avenue

**Map Reference:**  
Wdc\_2016\_16

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# Freedom Camping

**Description:**  
Hopuhopu Reserve

**Map Reference:**  
Wdc\_2016\_17

### Legend

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## Freedom Camping

**Description:**  
Maraetai Bay Road

**Map Reference:**  
Wdc\_2016\_18

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## Freedom Camping

**Description:**  
Ngaruwahia The Point

**Map Reference:**  
Wdc\_2016\_19

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## Freedom Camping

**Description:**  
St Stephens Avenue - Tuakau

**Map Reference:**  
Wdc\_2016\_20

### Legend

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## Freedom Camping

**Description:**  
Onewhero Domain

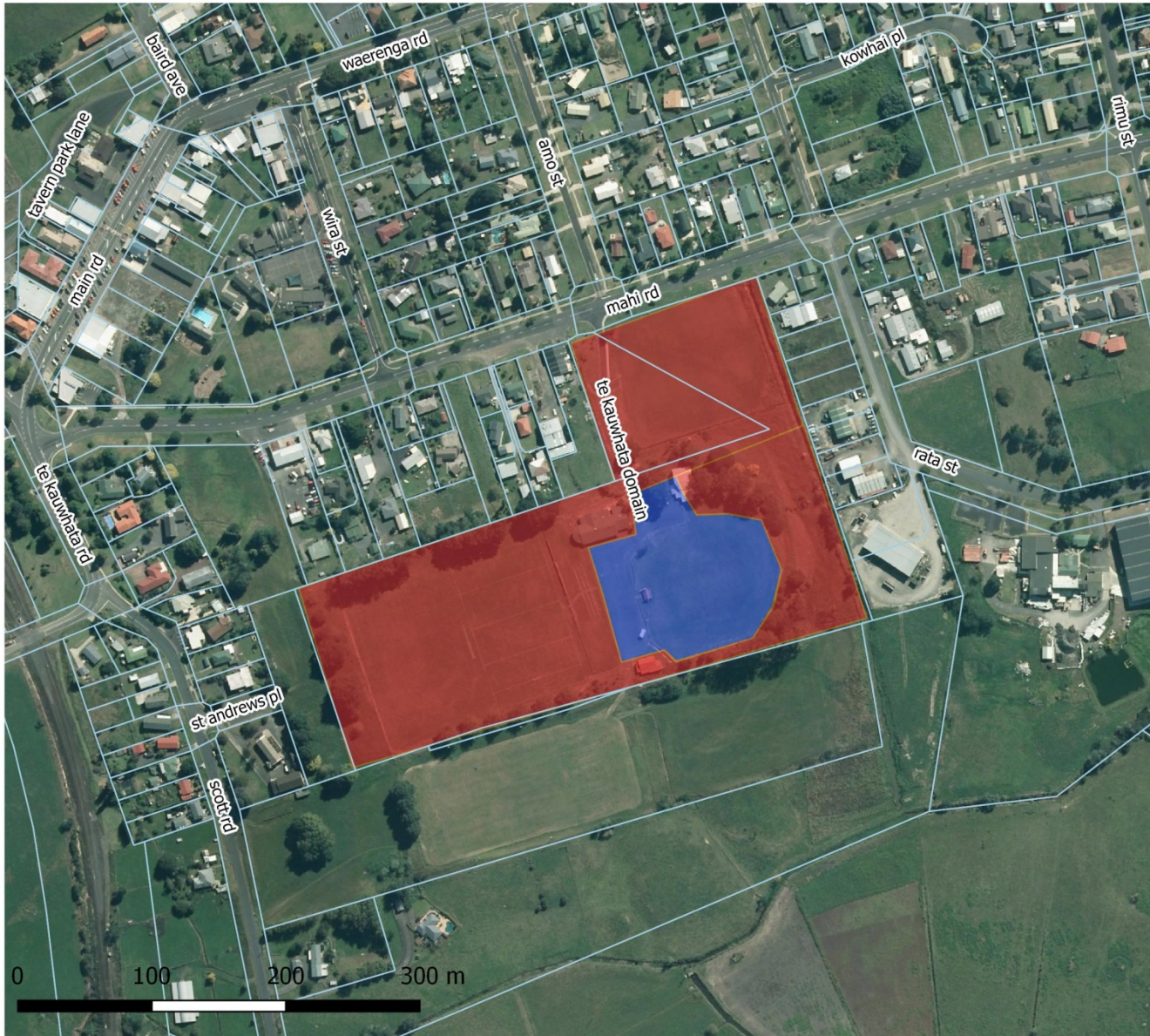
**Map Reference:**  
Wdc\_2016\_21

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## Freedom Camping

**Description:**  
Te Kauwhata Prohibited Reserve Area

**Map Reference:**  
Wdc\_2016\_22

### Legend

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## Freedom Camping

**Description:**  
Wainui Road Firesation Carpark Area

**Map Reference:**  
Wdc\_2016\_23

### Legend

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## Freedom Camping

**Description:**  
Western End Of Stewart Street

**Map Reference:**  
Wdc\_2016\_24

### Legend

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- FreeCamp
  -  Permitted
  -  Prohibited
  -  Restricted



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### **Open Meeting**

<b>To</b>	Waikato District Council
<b>From</b>	TN Harty General Manager Service Delivery
<b>Date</b>	13 April 2016
<b>Prepared by</b>	G Bailey Open Spaces Team Leader
<b>Chief Executive Approved</b>	Y
<b>DWS Document Set #</b>	1496040
<b>Report Title</b>	Award of Tender Contract No 15-162 - Parks and Open Spaces Maintenance Services

## **I. EXECUTIVE SUMMARY**

---

This report is to advise the Council of the results of the long term maintenance contract for Parks and Open Spaces recently tendered.

Attached is a copy of the report presented to the relevant delegated authority seeking approval for appointing the preferred tenderer. The authorised report provides full details of the tenders received and the results of the tender evaluation process.

This contract value is over \$2,000,000 and therefore Council resolution is required to award this contract.

## **2. RECOMMENDATION**

---

**THAT the report from the General Manager Service Delivery be received.**

**AND THAT the tender submitted by City Care Limited in the sum of \$3,928,581 excluding GST, be approved for Contract No 15/162: Parks & Open Spaces Maintenance Services;**

**AND FURTHER THAT the Approved Contract Sum total be set at \$59,300,000 for a 10 year period from 1 August 2016 to 30 June 2026, subject to performance;**

**AND FURTHER THAT the assessed annual value may be increased by no more than 3% to adjust for annual inflation;**

**AND FURTHER THAT** the assessed annual value may be increased by no more than 5% to allow for changes in assets.

### **3. ATTACHMENTS**

---

- Tender Evaluation Report – Contract No 15-162, Parks and Open Spaces Maintenance Services
- Waikato District Council – Parks and Open Spaces Maintenance Services Supplier Recommendation Report (15/162) – Infrastructure
- Audit New Zealand Probity Report

Our ref: H618 201

12 April 2016

Level 2 (Reception), 100 Molesworth Street  
Thorndon, Wellington  
PO Box 99, Wellington 6140

04 496 3099

Tim Harty  
General Manager Service Delivery  
Waikato District Council  
Private Bag 544  
Ngaruawahia 3742

[www.auditnz.govt.nz](http://www.auditnz.govt.nz)

Dear Tim

## **Assurance over Waikato District Council's procurement process for the Open Spaces contract**

Audit New Zealand was engaged to provide independent probity assurance in relation to Waikato District Council's procurement process to identify a preferred main contractor and sub-contractors for the Parks and Open Space Maintenance Services contract.

### **Background**

Waikato DC wanted to ensure that:

- Key stages of the process including competitive dialogue aspects were in accordance with applicable policy and planning for the process.
- That the process conformed with accepted good practice for the procurement.
- Any obvious potential risks identified during the course of the process were managed and/or mitigated.
- The issue of probity was addressed to ensure the integrity and consistency of the process so that no parties were unfairly treated.

Our assurance review was designed to assist in achieving that goal by providing real time independent review.

### **Scope and approach**

The scope and terms of the engagement were set out in a Consultancy Services Order dated 19 February 2016 agreed between us. In particular, it was agreed our services would be performed on the basis of a real time involvement and review of the procurement process. Specifically our work considered whether:

- The approved policy and plans were complied with.
- A good practice approach was taken to the identification, mitigation and management of conflicts of interest for both management and its advisors.

- The processes associated with the procurement including the development of the tender documentation, advertising the tender opportunity, and receiving and securing the responses were robust, consistent and based on good practice.
- The criteria set for the evaluation of responses were consistent with those advised in the tender documents and were consistently applied to all respondents.
- The evaluation of responses and any post submission communications with respondents particularly through presentations and workshops were undertaken with appropriate attention to confidentiality and fairness.

Our assurance review did not include:

- Assurance over the suitability of the provider selected from the procurement process (that is the role of the evaluation team and WDC).
- Assurance as to whether the successful proposal from the preferred provider represented value for money
- Review of or assurance over, the processes to identify and mitigate or manage conflicts of interest at approving authority level for the contract.

### **Summary of work done**

We have:

#### *First stage (Expressions of Interest and shortlisting)*

- Reviewed the Procurement Plan setting out the approach for this procurement process to ensure it met good practice. It was approved by the GM Service Delivery on 8 January.
- Reviewed the draft Expression of Interest (EOI) document for the main contractor and the draft Request for Expressions of Interest for subcontractors (REOI) received from WDC on 8 January. We provided some comments to WDC on 11 January which were mainly around aligning the tender documentation terminology and phrasing with the process. WDC made some improvements to the documentation and the tender documents were issued to the market on 12 January.
- Discussed with WDC the processes in place for identifying, recording, assessing and managing conflicts of interest (COI). We reviewed COI declarations completed by Evaluation Team members and advisors provided to us on 20 January. We discussed possible mitigations for potential conflicts identified and re-reviewed the forms which WDC had then completed with mitigations and signed off by the Project Manager.
- Reviewed the questions and answers issued during the EOI phase. No issues noted. There were no commercial in confidence communications with any participants.
- Attended individual interactive briefing meetings held with main contractor participants on 19 and 20 January. No issues noted.
- Reviewed WDC's minutes of the briefing meeting (we did not attend) held for subcontractors (for the REOI) on 27 January. No issues noted.



- Discussed the EOI closing process and security arrangements with WDC and their procurement advisor. Six submissions were received. Some minor issues were identified at closing related to completeness of documentation between hard copy and electronic submissions. These issues were resolved appropriately.
- Reviewed the register of submitters for the REOI which closed on 11 February. No issues noted.
- Attended the group meeting of the Evaluation Team (ET) on 12 February. The EOI evaluation scores were moderated. We noted one ET member listed in the EOI was not present and we were informed that he would not be involved in the EOI evaluation. We observed the application of the evaluation methodology as set out in the EOI and the behaviours of the ET. An initial shortlist of four contractors was determined to invite for presentations. No issues noted.
- Attended presentations to the ET on 15 February by the shortlisted four main contractor participants determined from the 12 February ET evaluation moderation meeting. Contractors were advised of the change to the composition of the ET for the EOI evaluation. No issues noted.
- Attended and observed the meeting of the ET on 15 February to agree final scores for the four main contractor EOI participants. A final shortlist of two contractors to take through to the next stage was agreed. No issues noted.
- Reviewed the notification letters prepared by WDC to advise participants of the results of the EOI stage. No issues noted.

#### *Second Stage (Competitive Dialogue and RFP)*

- Received the draft Competitive Dialogue (CD) information pack including a draft Request for Proposals (RFP) prepared for shortlisted contractors and the evaluation team. We reviewed the CD pack and RFP to ensure they were in line with the procurement plan and the process for the second stage as described in the EOI. We provided some comments for improvement. We reviewed a revised pack which addressed our main comments and the documents were issued to tenderers on 22 February.
- Attended and observed meetings held with the contractors as part of the CD phase. A group meeting to launch the CD phase and set ground rules for the interactive sessions was held on 7 March. Individual meetings were held with the two contractors on 7, 9 and 10 March. Two further individual meetings were held on 11 March (which we did not attend) to give contractors an opportunity to demonstrate their IT capability to WDC.
- Reviewed the list of subcontractors determined from the REOI process that was provided to the shortlisted contractors on 7 March. No issues noted.
- Reviewed the updated RFP draft following the CD meetings on 14 March to ensure it was consistent with previous planning documents but updated for changes and clarifications established through the CD phase. No issues noted and the RFP was issued to contractors on 15 March.

- Reviewed all notices issued. A notice was issued to both contractors at the end of each CD meeting day to ensure both contractors had the same information. Responses were also provided to both in relation to any additional individual queries received. There were no commercial in confidence communications with any participants. No issues noted.
- Discussed RFP closing arrangements with the RFP Administrator prior to tender close at noon on 24 March. After closing we confirmed RFP submissions had been received before the deadline. We ensured appropriate arrangements were in place to securely hold price submission envelopes and we retrospectively reviewed the Tender register. No issues noted.
- Attended the ET's evaluation moderation meeting which commenced at 2pm on 29 March to observe the application of the RFP evaluation methodology. No issues noted.
- Attended and observed contractor presentation meetings on 30 March. The contractors presented key aspects of their submissions and there was an opportunity for the ET to ask questions and seek clarifications where required. No issues noted.
- Attended the ET's final evaluation meeting on 30 March which occurred after the contractor presentations. We observed the ET's consideration of the impact of the presentations and clarifications in arriving at their final scores for each contractor and the Supplier Quality Premium (SQP). Evaluation scores at this point were signed off by the ET members. No issues noted.
- Observed opening of price envelopes and confirmed the submitted tender prices. The SQP was applied and a final evaluation result and preferred contractor determined. These completed evaluation results were then signed off by ET members. No issues noted.
- Noted that the price submissions were compliance checked by the procurement advisor. Some corrections were made to one of the contractor's tender price submissions as they had used an out of date template. These corrections were handled appropriately and had no bearing on the result anyway.
- Received a draft evaluation team report (Supplier Recommendation Report) on 3 April. We reviewed the report to ensure it was consistent with our observations of the process and the evaluation result. We provided some comments on 5 April suggesting an increase in the level of detail provided in the report.
- Received an updated version of the evaluation report on 6 April which had addressed our earlier feedback and was updated to reflect discussions that took place with the preferred contractor on 5 April. No issues noted.

In reviewing the processes and assessing compliance with good practice, we applied the standards, principles and best practice guidance set out in the CSO, as well as our understanding of how those principles operate in practice.

This report completes our work on this assurance engagement.

## Conclusion

Based on the information provided to us by Waikato District Council, and the steps we have taken as set out above, nothing has come to our attention to indicate that the tender process has not been conducted in accordance with recognised good practice and with due regard to probity.

Yours sincerely



Jonathan Roylance  
Associate Director, Specialist Audit and Assurance Services

cc Peter Davies, Director Specialist Audit and Assurance Services  
Leon Pieterse, Audit Director

**MEMORANDUM**

To	Tony Whittaker, Acting Chief Executive and Tim Harty, General Manager Service Delivery
From	Gordon Bailey Open Space Operations Team Leader
Subject	<b>Tender Evaluation : Contract No 15-162, Parks and Open Spaces Maintenance Services</b>
File	15/162 1495977
Date	11 April 2016

**1.0 INTRODUCTION**

1.1 Contract No. 15/162 Parks and Open Spaces Maintenance Contract is a lump sum long term maintenance contract.

1.2 The contract deliverables include:

- 1.2.1
- Mowing parks and reserves
  - Sports turf management including hard surfaces – broadleaf weed control and fertiliser application
  - Gardens (excluding Woodlands Heritage Garden)
  - Spraying (edges, bollards, tree circles etc)
  - Noxious weed control
  - Walkway maintenance, including associated structures
  - Burials/Interments
  - Loose litter in all Open Space areas
  - Playground safety inspections (including skate parks, tennis courts and other play amenities)
  - Graffiti removal on Council property, including working with Huntly and Tuakau Community groups involved in graffiti removal
  - Open Spaces furniture and structures repairs, maintenance and inspection eg seats, tables, bollards, goal posts, buildings boat ramps, jetties etc
  - Beach grooming
  - Re-vegetation / Ecological Enhancement maintenance

1.2.2 Performance based allocation of capital and renewal works is included in the contract scope as a provisional term.

1.3 This is a term maintenance contract with an initial term of five years and a right of renewal of a further five years, for a total maximum term of ten years.

1.4 Project Allocation Budget

The following table outlines indicative operational (OPEX) budgets based on the 2015-2025 Long Term Plan (LTP) for Open Space Maintenance over the next five years. These numbers are inflation adjusted.

	2016/17	2017/18	2018/19	2019/20	2020/21
OPEX	\$4.1m	\$4.3m	\$4.5m	\$4.6m	\$4.8m

Capital works were not part of the Parks & Open Spaces tender process but were referred to as being potentially available if Key Performance Indicators (KPIs) are being achieved consistently by the contractor. Of the available LTP capital budgets (within the Parks & Reserves area) it is anticipated up to \$2,000,000 (per annum) of the works may be awarded to the contractor under Contract 15/162. These capital works may consist of renewal, level of service or growth/capital works projects.

## 2.0 REPORT

This report outlines the process followed and recommends Council enter into a contract with the preferred supplier. As a major long term contract, the process was overseen by an independent procurement expert and a probity auditor.

Attached to this tender report are the reports from both advisors, Infracore for procurement services and Audit New Zealand for probity matters.

### 2.1 Tenders Received

Two tenders were received prior to the closing time of noon on 24 March 2016.

### 2.2 Tender Evaluation

2.2.1 The tenders were assessed in accordance with the process outlined within the attached Infracore report and New Zealand Transport Agency's Procurement Manual, using the 'Price Quality Method' for physical works as detailed in the tender documents. This procedure recommends that the proposal with the lowest price, less supplier quality premium and less any added value premium, is the preferred proposal.

A summary of the tenders received and the result of their evaluation is as follows:

Rank	Contractor	Tendered Price	Supplier Quality Premium (SQP)	Tender price less SQP
1	City Care Limited	\$ 4,593,224	\$2,550,000	\$2,043,224
2	Downer Limited	\$5,277,637	\$0	\$5,277,637

Note that the tendered prices submitted were for one year of operational works and are priced for the 2016-2017 year.

As outlined in the tender documents, the price submitted by City Care Limited (City Care) included prices for both scheduled work and unscheduled (or provisional) works. Provisional work is operational work that may not be undertaken every year (such as verti-draining, painting play equipment, mulching etc). However, during a tender process these items need to be priced to provide both parties with an idea of total contract cost.

During negotiations it was agreed between Council and City Care that the price for scheduled works would be \$3,328,581 per annum and the provisional works \$600,000 per annum. The tendered price included a provisional sum that included activities not required each year. Post tender dialogue with City Care agreed this sum to be not more than \$600,000 pa. This was based on an average spend on these items over the last two years. The agreed price is within the available LTP budgets noted in section I.4.

The Engineer's Estimate for the Open Spaces maintenance was \$4,000,000 per annum.

## 2.3 Preferred Tenderer

2.3.1 Following tender evaluation, the preferred tenderer is City Care, who operates a number of Open Spaces Maintenance contracts throughout the country (the closest to Waikato being the West Auckland Open Spaces Maintenance contract). As part of the procurement process Council staff conducted site visits to City Care Auckland operations, which included Zero Harm audits.

A number of local contractors have been aligned through this contract and will be engaged directly by City Care.

## 2.4 Financial

### 2.4.1 Expected Project Costs

Following the tender process, the total commitment for the Open Spaces Maintenance (operational works) is expected to be \$3,928,581 per annum, which is made up as follows:

Scheduled work:	\$3,328,581
Provisional work:	\$ 600,000 (Council estimate post evaluation – average last two years)
<b>Total:</b>	<b>\$3,928,581</b>

Works undertaken in subsequent years will be required to meet the available LTP budgets.

### 2.4.2 Budget Surplus/Deficit

It is proposed that increased funding approved through the LTP will be used to improve levels of service across the District in the Open Space area.

### 2.4.3 Credit Check

A Credit check was not required for this contract. Due diligence and supplier background are covered in the Supplier Recommendation report, see attachment I.

### 2.4.4 Finance Check

The Management Accountant has checked numeric calculations within the report and confirmed that the budget and funding for this contract is available and correct.

## 2.5 Health & Safety Register

The preferred tenderer was not previously on our Approved Contractors Register but will be added following receipt of all required documentation and records.

Part of the process involved Council's Zero Harm Manager undertaking several on-site safety conversations with City Care ground staff. No issues were identified during this process.

## 2.6 Contract Risk

A risk assessment previously carried out on this project identified the risk as low to medium. Any risks have been addressed in the contract document.

## 2.7 Approved Contract Sum

2.7.1 This contract runs over more than one financial year and requires a provision for cost fluctuation adjustments. The actual amount of work and rates will vary year by year. The Approved Contract Sum is made up of the following (per annum):

Scheduled work: \$3,328,581  
 Provisional work: \$ 600,000 (Council estimate post evaluation – average last two years)  
 Capital work: \$2,000,000 (maximum per annum)

As noted in section 1.2.2, subject to City Care achieving satisfactory KPI targets, it is intended to allocate up to \$2,000,000 per annum of Council's approved capital budgets to City Care Limited. This will enable Council to take advantage of the competitive prices received through this tender process and to enable better utilisation of the local subcontractors and suppliers aligned with City Care.

## 3.0 RECOMMENDATION

3.1 It is recommended that:

3.1.1 The tender submitted by City Care Limited in the sum of \$3,928,581 excluding GST, be approved for Contract No 15/162: Parks & Open Spaces Maintenance Services.

3.1.2 And that the Approved Contract Sum total be set at \$59,300,000 for a 10 year period from 1 August 2016 to 30 June 2026, subject to performance.

3.1.3 And further that the assessed annual value may be increased by no more than 3% to adjust for annual inflation.

3.1.4 And further that the assessed annual value may be increased by no more than 5% to allow for changes in assets.

## 4.0 ATTACHMENTS:

- Attachment 1 - Waikato District Council– Parks and Open Spaces Maintenance Services Supplier Recommendation Report (15/162) – Infracore.
- Attachment 2 - Audit New Zealand Probity Report

**Recommended**

  
 .....  
**Gordon Bailey**  
**OPEN SPACES OPERATIONS TEAM LEADER**

**Financial information reviewed by**

  
 .....  
**Donna Rawlings**  
**MANAGEMENT ACCOUNTANT**

.....  
**Andrew Corkill**  
**PARKS & RESERVES MANAGER**

  
 .....  
**Tim Harty**  
**GENERAL MANAGER SERVICE DELIVERY**

.....  
**Tony Whittaker**  
**CHIEF EXECUTIVE (ACTING)**

  
 .....  
**Allan Sanson & Tony Whittaker**  
**HIS WORSHIP THE MAYOR AND ACTING**  
**CHIEF EXECUTIVE**





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INFRASTRUCTURE SUPPLY TEAMS THAT WORK

Waikato District Council

**Parks and Open Spaces  
Maintenance Services–  
Supplier Recommendation  
Report**

Author: Tim Munro  
Date: 08 April 2016

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## Document Control

### Document history

Version	Date	Author and Role	Notes
1.0	08 April 2015	Tim Munro – Procurement Advisor	

### Document location

Name	Electronic document location
Parks and Open Spaces Contracts Supplier Recommendation report	15/162

### References

Name	Electronic document location
Procurement Plan	15/162

## Summary and Recommendation

This report summarises the results of the procurement process for a Parks and Open Spaces contractor and recommends that Council enter into a contract with the preferred supplier – City Care Ltd.

### SCOPE OF WORK

Parks and Open Spaces planned and reactive maintenance and minor capital works have been packaged as follows:

- Mowing parks and reserves
- Sports turf management including hard surfaces – broadleaf weed control and fertiliser application
- Gardens,(excluding Woodlands Heritage Garden)
- Spraying (edges, bollards, tree circles etc)
- Noxious weed control
- Walkway maintenance including associated structures
- Burials / Interments
- Loose litter in all Open Space areas
- Playground safety inspections (including skate parks, tennis courts and other play amenities)
- Graffiti removal on Council property including working with Huntly and Tuakau Community groups involved in graffiti removal
- Open spaces furniture and structures repairs, maintenance and inspection e.g. seats, tables, bollards, goal posts, buildings boat ramps, jetties etc
- Beach grooming
- Re-vegetation / Ecological Enhancement maintenance

### PROCUREMENT OVERVIEW

WDC currently manages its parks and open spaces maintenance through two contracts. Council has negotiated an agreement with Asplundh and Downer to deliver services until 31 July 2016 with a new contract commencing 1 August 2016.

Council also has a number of smaller contracts in place for maintenance of ecological areas that will also form part of a new contract moving forward.

In December 2015 Council approved the procurement plan for a new parks and open spaces maintenance contract that prescribed two concurrent procurement processes:

- 1) **Master contractor** – a two stage interactive price quality procurement process to source a suitably qualified master contractor to deliver all parks and open spaces maintenance services for the district
- 2) **Local and smaller contractors** – a single stage quality only process to identify suitably qualified local suppliers who could support the master contractor as nominated sub-contractors

The approach has been well received by both staff and suppliers. It has enabled contractors and staff to develop the delivery model collaboratively and achieve alignment to Council's current and potential requirements.

- 3) **Form of contract** - during the procurement process both shortlisted master contractors confirmed their agreement to use NZS3917:2013 with special conditions as presented in the RFP.

## Commercial In Confidence

CONTRACTS APPROVAL PROCESS

The Procurement Plan requires the Supplier Recommendation Report to be approved by resolution of Council.

PROCUREMENT PROCESS DEVIATIONS

There were no deviations from the process approved in the procurement plan.

SUMMARY OF OUTCOME**1) Master Contractor**

City Care Ltd is the Preferred Supplier.

The Stage One Expression of Interest (EOI) resulted in:

- Complying submissions from seven suppliers; Asplundh, City Care, City Parks Services, Downer, Fulton Hogan with Franklin Trees and Rotorua Contracting
- Two suppliers being shortlisted; City Care and Downer

The Stage Two Competitive Dialogue (CD) and Request for Proposal (RFP) resulted in:

- City Care Ltd and Downer both submitting a well-developed and comprehensive solution to deliver Council's requirements
- Both contractors incorporating nominated local sub-contractors into their submissions
- City Care's proposal being preferred on quality attributes and they also submitted the lowest price

**2) Local Suppliers**

The Request for Expressions of Interest (REOI) resulted in submissions from the following suppliers:

Xtreme Zero Waste	Landscape Management Services Ltd	New Zealand Biosecurity Services Ltd
TROW Group	Forest Flora	Cambrilea Weed Spraying Services Ltd
Raglan Lawns Ltd	Wildlands Consultants Ltd	Green Top Sports Turf Services Ltd
McCann's Mowing	JD Environmental	Inform Landscapes Limited
Taupiri Engineering	Ohautira Fencing	P A Fairhead Otd
Action Bobcats Ltd		

- All suppliers met Council's health and safety requirements
- All suppliers were assessed as being local
- All suppliers details were passed to the shortlisted master contractors
- Council facilitated Downer and City Care Ltd meeting with local suppliers prior to the Stage Two interactive CD process commencing
- Only one local supplier (Ohautira Fencing) wasn't considered by the preferred supplier as they were not able to contact them after multiple attempts

### 3) Meeting objectives

The procurement sought to meet the following objectives:

Objective	How met
<b>Cooperative and collaborative working</b> – actively working with Council and its stakeholders to optimise Levels of Provision (LOP) and Levels of Service (LOS) within budget and achieve consistency in service delivery across the District	City Care Ltd has clearly demonstrated their experience in collaborative working in the best long term interests of their clients through their reference contracts and their approach and behaviours throughout the procurement
<b>Value for money</b> – leveraging scale, investment and knowledge to deliver affordable and sustainable LOS	The procurement has delivered a price that supports increased levels of service within current budgets
<b>Flexibility and agility</b> – effective and efficient in managing day to day planned, seasonal and response services as well as responding to changing community demand and funding over the life of the contract	City Care Ltd have clearly demonstrated a willingness and experience in working on an ‘open book’ basis to facilitate the best use of resources to meet changing demand
<b>Local content</b> – effective use of local suppliers to deliver some contract works in local communities	Both master contractors worked hard to incorporate local suppliers into their proposed teams and local suppliers will benefit from City Care’s experienced and proactive approach to sub-contractor development
<b>Quality assurance</b> – proven systems and processes that support an ethos of ‘doing what we said we’d do’	City Care Ltd is a proven contractor who has demonstrated quality assurance systems that will meet Council’s requirements

### 4) Financial Impact

Budget 2016/17	RFP Submitted Price
<b>\$4.1m</b>	Scheduled work: \$3,328,581
	Provisional work: \$ 600,000 (Council estimate post evaluation – average last two years)
	<b>Total: \$3,928,581</b>

Notes:

- The submitted price was a total of \$4,593,223 but included pricing for a volume and range of provisional work that included activities not required every year. The affordability review therefore is based on an average provisional spend of \$600,000
- This is a good result for Council as it means that the additional funding Council approved through the 2015/25 LTP will be used to improve levels of service across the District.

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SUPPLIER RECOMMENDATION

That Council approves the awarding of a contract as follows:

Contract	Supplier	Contract Term	Assessed Annual Contract Maximum Value (full year)	Assessed Total Contract Value (10 years)
Parks and Open Space Management 15 / 162	City Care Ltd	Up to 10 years subject to performance	Scheduled works ( <b>as tendered</b> ) - \$3.3m Provisional works ( <b>estimate</b> ) - \$0.60m Capital renewals( <b>estimate</b> ) - \$2.0m Total (maximum) - \$5.9m	\$59.3m (does not include cost inflation adjustments)
<b>Cost inflation and changes in assets</b>		The assessed annual value maybe increased by no more that 3% to adjust for annual inflation The assessed annual value may be increased by no more than 5% to allow for changes in assets		

**Notes:**

- Assessed Annual contract value shows the maximum that would be spent with the Contractor expected based on current budgets
- Capital renewals may be awarded to City Care Ltd if they are meeting performance objectives and they have the capability to undertake the work
- No capital work will be directly awarded to the Contactor during the first year of operation
- Contract Term - the detail of the mechanism for term renewals will be finalised during contract mobilisation and tested during the first year of operations. It will be developed on the basis that additional years are earned through performance during the life of the contract eg:
  - Minimum term of five years
  - End of year two – additional year six earned if performance criteria met
  - End of year three – additional year seven earned if performance criteria met
  - ...etc to a maximum term of 10 years

LEGAL REVIEW

The Preferred Supplier has agreed to terms and conditions based on NZS3917:2013. Council's legal team has reviewed and approved the draft.

City Care's final submission was free of any contract departures (tags).

PROBITY

Probity was provided by Jonathan Roylance from Audit NZ and his report is appended

## Detailed results

### PROCUREMENT – MASTER CONTRACTOR

The procurement was a two stage process and detailed results are as follows:

#### Stage 1 – Expression of Interest (EOI)

Supplier	Relevant experience (40%)	Presentation and interview (60%)	Overall score
Asplundh	70	60	<b>64</b>
City Care	80	75	<b>77</b>
City Parks Services	45	Not interviewed	
Downer	90	85	<b>87</b>
Fulton Hogan / Franklin Trees	65	50	<b>56</b>
Rotorua Contracting	40	Not interviewed	

**Result:** City Care Ltd and Downer were invited to participate in stage two CD and RFP processes.

#### Stage 2 – Competitive Dialogue and Request for Proposal

*Competitive dialogue process:*

27 February 16: Following shortlisting City Care Ltd and Downer were give a CD agenda and draft of the RFP and contract documents

Prior to the CD commencing suppliers had time to meet nominated sub-contractors and to visit WDC's parks and open spaces

7 to 11 March 16: The CD was a series of structured meetings over three days that discussed information; methodology, pricing, team and resources, terms and conditions, systems and general queries and clarifications. Following each meeting a notice to participants was issued to ensure both suppliers were working with the same information. The process allowed operations staff from WDC and the suppliers to meet each other and for suppliers to gain a better understanding of WDC's environment and culture and what it is wanting to deliver in its parks and open spaces

*RFP Process:*

14 March 16: Following conclusion of the CD meetings a final RFP document set was issued to suppliers who could then finalise their detailed submissions for quality attributes and price.

24 March 16: Final submissions received and evaluation commenced

30 March 16: The suppliers were then invited to a final presentation following which the price quality evaluation was completed.



### Non price attributes

The detailed results of the evaluation are:

Non price attributes (total 80%)	City Care	Downer
Value for money / Lifecycle costs (10%)	85	65
Stage 1 Score (10%)	77	87
Team (25%)	80	60
Methodology (15%)	80	55
WDC alignment (20%)	85	70
<b>Total (weighted score n/80)</b>	<b>65.20</b>	<b>52.45</b>
Supplier Quality Premium based on estimate of \$4.0m pa	\$2,550,000	Nil

### Price

Once non price scores had been reviewed and finalised the price envelopes were opened. City Care's prices required clarification as the latest version of the template had not been used which contained a significant change to mowing frequencies. They resubmitted their price accordingly and other minor clarifications were addressed.

	City Care	Downer
Price	\$4,593,224	\$5,277,637

### Outcome

City Care Ltd has won on both non price and price attributes.

### Detailed negotiations

WDC met with City Care on 5 April 2016 for detailed negotiations. Significant items discussed were:

- Sub-contractors: City Care Ltd re-confirmed their intent to enter into negotiations with nominated sub-contractors once Council has confirmed contract award. A summary of how they intend to use nominated sub-contractors in appended
- Rates for provisional and unscheduled work: agreed that rates submitted would be received as maximum rates and that WDC and City Care Ltd would work collaboratively to optimise work packages for quoting prior to commencement
- Depots: discussed pending availability of sites in Ngaruawahia, Tuakau and Raglan and co-location with roading Alliance at these sites
- Programme and resource optimisation: Council and City Care Ltd will work collaboratively to plan and optimise resources through variable growing seasons and periods of peak demand such as annual events
- Dual branding: agreed that people, plant and vehicles will be dual branded

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### PROCUREMENT LOCAL SUPPLIERS

Procurement of local suppliers was undertaken via a simple one stage request for expressions of interest (REOI) followed by direct discussions with shortlisted master contractors. During the REOI preparation period local suppliers were invited to attend a briefing held in Council Chambers so that they could better understand the approach and intent for the process.

Council staff reviewed suppliers submissions for compliance in terms of health and safety and maintaining local operations.

#### **Outcome**

All of the suppliers were approved and nominated to the shortlisted master contractors. All but one have been included in City Care's submission as part of their delivery team. City Care have also demonstrated good experience in managing sub-contractors and proactively develop them as they would their own staff.

### EVALUATION TEAM

The Evaluation team was as follows:

- Tim Munro, Infracure Ltd – procurement advisor and evaluation facilitator
- Gordon Bailey, WDC - evaluator
- Andrew Corkill, WDC - evaluator
- Tim Harty, WDC - evaluator
- Chris Rutherford, Xyst – independent evaluator - evaluator
- Probity was provided by Jonathan Roylance from Audit NZ

Specialist advice to the evaluation team was also provided by:

- Dave Proctor, GHD – engineer to the contract
- Kevin Lockley, WDC – H&S reviews
- Jonathan Crawford and Duncan MacDougall, WDC – parks operations
- Vanessa Jenkins, WDC – HR
- Hadleigh McGowan and Annetta Purdy, WDC – systems and asset management

### CONFLICTS OF INTEREST

All evaluators and advisors completed conflict of interest declarations and any potential conflicts identified and managed.

### SUPPLIER BACKGROUND

- City Care is a Christchurch City Council owned CCTO. Christchurch City Council is currently in the due diligence phase for selling City Care Ltd. City Care Ltd should be able to confirm new ownership (if any) prior to the WDC contract commencing
- Its annual turnover is over \$330million and it has a workforce of around 1500
- City Care Ltd has parks contracts in Auckland, Tauranga and South Wairarapa in the North Island
- It also maintains extensive businesses in infrastructure construction and 3 waters maintenance

#### **Due Diligence**

City Care Ltd has provided a Directors declaration that they:

- are solvent

## Commercial In Confidence

- have the ability to fund the establishment of the new contract
- do not have any known legal proceedings which could affect their ability to deliver the services

<b>Evaluators signatures</b>	<b>Name</b>	<b>Signature</b>
Evaluator	Gordon Bailey	
Evaluator	Andrew Corkill	
Evaluator	Tim Harty	
Independent Evaluator	Chris Rutherford - Xyst	
Probity Auditor	Jonathan Roylance – Audit NZ	
Independent Facilitator	Tim Munro - Infracure	

**CITY CARE STATEMENT ON THE USE OF NOMINATED SUB-CONTRACTORS PROVIDED 6 APRIL 2016:**

*City Care executive gives Waikato District Council their assurance that the company will undertake proactive dialogue with the nominated sub-contractors, to endeavour to utilise their services to compliment the companies service delivery as identified in our RFP submission. Every effort will be made to engage subcontracts where mutually beneficial commercial arrangements can be concluded and that H&S standards and compliance are not compromised.*

**EXTRACT FROM CITY CARE RFP SUBMISSION**

# SUBCONTRACTORS

Subcontractors who are well managed can deliver cost advantages to clients; in particular where they offer specialist skills or service remote areas.

City Care delivers the majority of our service delivery requirements through the use of internal labour resources on all our current maintenance contracts, supplemented by local providers where this adds value for the client.

It is our intention to use local providers in the Waikato area, particularly for your more remote sites and specialist activities. However, due to timeframes and a reluctance by most shortlisted subcontractors to price to Council's schedule, we have been unable to include any subcontractor pricing at time of tender. Pricing received has been on an hourly rate basis; clearly this exposes City Care to unacceptable levels of risk.

We will use Asplundh for burials and sexton services to provide continuity in this sensitive area. We stress our commitment to local suppliers and will work with them during the mobilisation phase to negotiate pricing arrangements, and will support them where necessary. Potential providers are detailed below; we will work closely with Council and will provide referees as part of the selection process.

**SCHEDULED WORKS POTENTIAL PROVIDERS:**

SUBCONTRACTOR	ACTIVITIES	COMMENTS
ASPLUNDH	Sexton services and burial work; sports field mowing across district	Incumbent providing services in Northern sector
INFORM LANDSCAPES	PM2 high profile mowing and mechanical edge control and horticulture tasks in Te Kauwhata and cemeteries across District	Shortlisted participant under WDC EOI
JD ENVIRONMENTAL	Reach arm and flail mowing; back up chemical edge control if required	Shortlisted participant under WDC EOI
MCCANN'S MOWING	Passive mowing/edging of smaller sites in Tamahere, Whatawhata, Te Kowhai and Horotiu	Shortlisted participant under WDC EOI
RAGLAN LAWNS LIMITED	Passive mowing/edging of smaller sites in Raglan	Shortlisted participant under WDC EOI
CAMBRILEA WEED	Chemical edge and NB1 edge	Shortlisted participant under WDC

## Commercial In Confidence

SPRAYING SERVICES LIMITED	control (back up across district)	EOI
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**UNSCHEDULED WORKS POTENTIAL PROVIDERS:**

SUBCONTRACTOR	ACTIVITIES	COMMENTS
LANDSCAPE MANAGEMENT SERVICES	Noxious weed control and ecological restoration projects	Shortlisted participant under WDC EOI
FOREST FLORA	Noxious weed control and ecological restoration projects Ecological restoration projects	Shortlisted participant under WDC EOI
ACTION BOB CATS	Civil works; cushion fall dig outs and renewals; walkway aggregate top ups and construction	Shortlisted participant under WDC EOI
NEW ZEALAND BIOSECURITY SERVICES LIMITED	Noxious weed control and ecological restoration projects Ecological restoration projects	Shortlisted participant under WDC EOI
P A FAIRHEAD LIMITED	Structural works relating to park furniture and walkway construction; back up mowing. Registered chemical applicator – back up spraying. Geared up for graffiti control so ability to provide back up here when required.	Shortlisted participant under WDC EOI
WILDLAND CONSULTANTS	Noxious weed control and ecological restoration projects Ecological restoration projects	Shortlisted participant under WDC EOI
TAUPIRI ENGINEERING	Mobile welding service; ability to under repairs or installation of parks furniture, playgrounds, park fencing, etc	Shortlisted participant under WDC EOI
TURF AND DRAINAGE	Sports field renovation specialist	Subcontractor utilised currently by City Care
GREEN TOP SPORTS TURF SERVICES	Sports field renovation specialist	Shortlisted participant under WDC EOI

A formal agreement will be entered into with each subcontractor. Our detailed processes cover selection, induction and auditing, assessing the subcontractor's quality standards, work ethics and ability to deliver on time. Before engaging any subcontractors, City Care will ensure that the subcontractor:

- Can meet client requirements
- Will work to the health and safety standards of both City Care and the client
- Commits to providing resources to assist in emergencies

We have elected not to use the following companies:

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**COMPANIES THAT WILL NOT BE USED:**

SUBCONTRACTOR	REASON WHY
OHAUTIRA FENCING, SPRAYING AND MAINTENANCE	Did not return calls, emails or texts

1.

### **Open Meeting**

<b>To</b>	Waikato District Council
<b>From</b>	TN Harty General Manager Service Delivery
<b>Date</b>	13 April 2016
<b>Prepared by</b>	M McIntyre Waters Operations Team Leader
<b>Chief Executive Approved</b>	Y
<b>DWS Document Set #</b>	1496092
<b>Report Title</b>	Award of Tender Contract 15-127 – North Waikato Waste and Recyclables Collection

## **I. EXECUTIVE SUMMARY**

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This report is to advise the Council of the results of the measure and value contract for the collections of refuse and recycling in the defined area of the North Waikato recently tendered.

Attached is a copy of the report presented to the relevant delegated authority seeking approval for appointing the preferred tenderer. The authorised report provides full details of the tenders received and the results of the tender evaluation process.

This contract value is over \$2,000,000 and therefore Council resolution is required to award this contract.

## **2. RECOMMENDATION**

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**THAT** the report from the **General Manager Service Delivery** be received.

**AND THAT** the negotiated price from **Smart Environment** in the sum **\$5,597,894** for a 5 year period for **Contract No: 15/127, North Waikato Waste and Recyclables Collection** be approved;

**AND FURTHER THAT** the approved contract sum be set at **Six Million One Hundred and Fifty Seven Thousand and Six Hundred and Eighty Four Dollars (\$6,157,684), excluding GST.**

### **3. ATTACHMENTS**

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- Tender Evaluation Report – Contract No 15-127 – North Waikato Waste and Recyclables Collection
- Map of Area



**MEMORANDUM**

To	Tony Whittaker, Acting Chief Executive and Tim Harty, General Manager Service Delivery
From	Marie McIntyre, Operations Team Leader (Waters)
Subject	<b>Tender Evaluation : Contract No. 15/127 : Name: North Waikato Waste and Recyclables Collection</b>
File	1494997
Date	11 April 2016

**1.0 INTRODUCTION**

- 1.1 Contract No. 15/127 is a Measure and Value contract for the collections of refuse and recycling in the defined area of the North Waikato (Serviced Area).
- 1.2 The contract period is for 5 years with further right of renewal for 5 years at Council's sole discretion. The commencement date is 1 July 2016.
- 1.3 The Scope of Works within the contract includes:
- The supply of wheelie bins for waste collection to Service Entitled Premises<sup>1</sup> (SEP) in Tuakau.
  - The weekly emptying of supplied wheelie bins from SEP's within Tuakau on a pay-per-lift basis.
  - The weekly collection of pre-paid stickered bags from SEP within the Service Area, but outside of Tuakau.
  - The weekly emptying of recyclables crates at SEP in the Service Area.
  - The weekly collection of recyclables from scheduled schools and early childhood centres in the Service Area.
  - The design, supply, installation, testing, commissioning, operation and maintenance of a Pay by Lift system for the kerbside wheelie bin collection in Tuakau.
  - Monthly collection of refuse and recycling from all other areas on an as defined basis. This item is a provisional item within the contract.

Additional add-on services that contractor will be providing and that are within the tendered contract sum:

- The contractor has elected to provide a full time team leader/supervisor available for use by both parties. This resource will be available for waste minimisation, education or any other support matters, in conjunction with Council staff and resourcing.

<sup>1</sup> Service Entitled Properties are those within a defined area and that pay the designated Waste Rate

- This role will also work with Council to protect Council market share of the collection of bags and bins as this is critical to ensuring the long term viability of this contract.
- The daily tasks the role is committed to undertaking are:
  - Collections supervision
  - Enquiry resolution
  - Recycling material loading into pods
  - Wheelie Bin maintenance
  - Any other contract or service related matter
- Contractor will provide a drop-off point for recycling within Tuakau. Hours/days are yet to be agreed, but provision is allowed for within the contract sum.
- Contractor will provide a drop-off point for stickered refuse bags. Hours/days to be agreed, but provision is allowed for within the contract sum.
- Contractor will work with Council to consider the viability of establishing a northern transfer station. This is to be done at their own risk. Details to be worked through.

#### 1.4 Project Allocation Budget

The available budget for this project is \$5,015,420, which comes from Operation budgets in the 2015/2025 Long Term Plan.

## 2.0 REPORT

### 2.1 Tenders Received

Two tenders were received from one tenderer prior to the advertised closing time of 4.00pm on 23 February 2016. Both were from the same tenderer (one compliant and one alternate).

### 2.2 Tender Evaluation

A summary of tenders received and a result of their evaluation is as follows:

Rank	Contractor	Tendered Price (Year 1)
1	Smart Environmental	\$1,515,600.28 conforming \$1,415,158.12 non-conforming

The alternate tender received did not consider the online pay-per-lift system.

The Engineer's estimate for this contract was \$5,015,420 for 5 years and was deemed non-compliant.

2.2.1 As only one compliant tender had been received, staff entered into direct contract negotiations. These negotiations were carried out in accordance with the tender terms and conditions and Council's procurement policy.

2.2.2 Tender negotiations focused on the contract price and determining the best approach for the roll out of the Radio Frequency Identification (RFID) pay per lift system. RFID was intended to be rolled out through year two of the contract, but this has now been deferred due to cost. In the interim the contractor has proposed a tag system be implemented until such time as RFID's become affordable.

2.2.3 These negotiations resulted in a contract price reduction from \$1,515,600 to \$1,095,854 and an overall contract value of \$5,597,894.

## 2.3 Preferred Tenderer

2.3.1 Following negotiations the preferred tenderer is Smart Environmental Limited who has completed similar local authority work to a satisfactory standard. Through the process, staff undertook a series of reference checks with a number of local authorities and Smart Environmental Limited.

## 2.4 Financial

### 2.4.1 Expected Project Costs

Following the tender process, the total commitment for this project is expected to be \$6,157,684 for the first five years. This includes a 10% per annum contingency.

### 2.4.2 Budget Surplus/Deficit

The submitted five year contract price with inflation, growth and contingency could result in an overall reserve deficit in the order of \$1.1m over the initial 5 year contract period. Staff are proposing to address this potential deficit via a structured approach over the life of the contract and as described within the attached budget memo.

### 2.4.3 Credit Check

A credit report was carried out on the company in March 2016, and no adverse results were found.

### 2.4.4 Finance Check

The Management Accountant has checked numeric calculations within the report and confirmed that the budget and funding for this contract is available subject to budget review memo approval.

## 2.5 Health & Safety Register

The preferred tenderer was not previously on Council's Approved Contractors Register but has now been added following receipt of all required documentation and records.

## 2.6 Contract Risk

A risk assessment previously carried out on this project identified the risk as low. These risks have been addressed in the contract document.

## 2.7 Approved Contract Sum

2.7.1 This Contract runs over more than one financial year and has provision for cost fluctuation adjustments. The actual amount of work and rates will vary year by year. The Approved Contract Sum should be set as follows:

Contract amount (years 1 to 5)	\$5,597,894
Contingency (10%)	<u>\$ 559,790</u>
TOTAL	<u>\$6,157,684</u>

### **3.0 RECOMMENDATION**

3.1 It is recommended that:

3.1.1 The negotiated price from Smart Environment in the sum **\$5,597,894** for a 5 year period for Contract No: 15/127, North Waikato Waste and Recyclables Collection be approved.

3.1.2 And that the approved contract sum be set at Six Million One Hundred and Fifty Seven Thousand and Six Hundred and Eighty Four Dollars (**\$6,157,684**), excluding GST

**Recommended**

  
.....

**Marie McIntyre**  
**PROJECT ENGINEER/MANAGER**

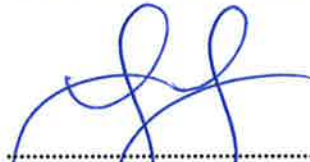
**Financial information reviewed by**

  
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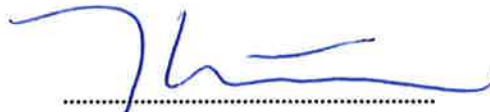
**Carol Nutt**  
**MANAGEMENT ACCOUNTANT**

  
.....

**Martin Mould**  
**WATERS MANAGER**

  
.....

**Tim Harty**  
**GENERAL MANAGER SERVICE DELIVERY**

  
.....

**Tony Whittaker**  
**CHIEF EXECUTIVE (ACTING)**

  
.....

**Allan Sanson & Tony Whittaker**  
**HIS WORSHIP THE MAYOR AND CHIEF**  
**EXECUTIVE (ACTING)**

Map of Area



### **Open Meeting**

<b>To</b>	Waikato District Council
<b>From</b>	TN Harty General Manager Service Delivery
<b>Date</b>	13 April 2016
<b>Chief Executive Approved</b>	Y
<b>DWS Document Set #</b>	1496323
<b>Report Title</b>	Budget Shortfall – North Waikato Waste and Recyclables Collection Contract

## **I. EXECUTIVE SUMMARY**

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This report is to advise the Council of the budget shortfall in funding for the Contract No 15-127, North Waikato Waste and Recyclables Collection.

Attached to this report is the supporting budget memorandum and documentation outlining the issue in detail, three options available to address the funding issue and a recommended option being option 1.

The recommended option will see Long Term Plan funding for the operation of Resource and Recovery Centre (RRC) in 2016/17 transferred to year two of the contract to offset increased expenditure. The ongoing long term deficit in the budget will need to be funded by a target rates review during the next Long Term Plan and applied from 2018/19 onwards. This would equate to a target rates increase of approximately \$12 excluding GST per property per annum.

## **2. RECOMMENDATION**

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**THAT the report from the General Manager Service Delivery be received;**

**AND THAT Option 1 as outlined in the attached budget memo be approved as the appropriate way forward for managing the budget deficit for Contract No 15-127.**

## **3. ATTACHMENTS**

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- Memo dated 11 April 2016 – Budget Shortfall – North Waikato Waste and Recyclables Collection Contract Level 4

## MEMORANDUM

To	Executive Team
From	Tim Harty, General Manager Service Delivery
Subject	Budget Shortfall - North Waikato Waste and Recyclables Collection Contract Level 4
File	ECM 1496341
Date	11 April 2016

**Post Approval Notification:** Carole Nutt & Marie McIntyre

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### PURPOSE OF REPORT

To communicate the budget shortfall in funding the proposed North Waikato Waste and Recyclables Collection Contract No. 15/127 and table options to fund the shortfall.

### DISCUSSION AND OPTION ANALYSIS

Following the tender process, total commitment for this contract is expected to be \$6,157,684 (which includes a 10% per annum contingency). The available budget for this contract is \$5,015,420. This comes from Operation budgets in the 2015/25 Long Term Plan (LTP). The contract price, with inflation, growth and contingency could result in an overall reserve deficit in the order of \$1.1m over the initial five year contract period.

The 2015/25 LTP was forecasting a reserve deficit movement in 2016/17 of \$365K, neutral in 2017/18 and surplus in each of the remaining years of the LTP to move out of deficit by 2025.

There are three options available to address this funding issue:

#### Option 1- 2018/28 Long Term Plan

The LTP has capital expenditure to upgrade the Refuse Transfer Stations in Huntly and Te Kauwhata to Resource and Recovery Centre (RRC) in 2016/17. This funding has with it increased operational costs from 2017/18 onwards. The upgrade has been delayed due to contractual negotiations and will result in an operational saving of \$199,814 in 2017/18 (General Rate funded). These savings could be used to partially fund the shortfall as these funds were allocated to refuse and recycling activities.

The remaining deficit in the budget will need to be funded by a target rates review during the next Long Term Plan and applied from 2018/19 onwards. This would equate to a target rates increase of approximately \$12 excluding GST per property per annum.



Financial Year	Funding Deficit	Funding Solutions
2016/17	\$319K	Increase reserve deficit and recover over the 2018/28 LTP
2017/18	\$207K	\$200K RRC operational savings
2018/19	\$206K	Change in 2018/28 LTP
2019/20	\$205K	Change in 2018/28 LTP
2020/21	\$205K	Change in 2018/28 LTP
<b>TOTAL</b>	<b>\$1,142K</b>	

### Option 2 - 2017/18 Annual Plan

The deficit in the budget will need to be funded by a target rates review during the next Annual Plan and applied from 2017/18 onwards assuming an Annual Plan Adjustment is carried out in the coming year. This would equate to a target rates increase of approximately \$11 excluding GST per property per annum.

Financial Year	Funding Deficit	Funding Solutions
2016/17	\$319K	Increase reserve deficit and recover over the 2018/28 LTP
2017/18	\$207K	Annual Plan Adjustment
2018/19	\$206K	Change in 2018/28 LTP
2019/20	\$205K	Change in 2018/28 LTP
2020/21	\$205K	Change in 2018/28 LTP
<b>TOTAL</b>	<b>\$1,142K</b>	

### Option 3 - Retender the works

This option would see Council returning to the market to readvertise the tender. Contract 15/127 was an open market tender and as such represents the true cost of providing the service. The costs have been benchmarked with other Local Authorities and they represent good value in the current market place.

In both option 1 and 2, there may be some new income collected if extra services are introduced to Pukekawa and surrounding areas. These areas currently receive a very limited service that is not rated funded. Consultation would need to occur with the residents prior to any service being introduced. The income received from the service could be used to reduce the district wide (excluding Raglan) proposed increase in targeted rates by \$1.50 per property per annum (option 1 decreases to \$10.50 and option 2 decreases to \$9.50). As the potential income is yet to be quantified, it has not been included in the options above.

The main difference between option 1 and 2 is the timing of increase in target rates and whether it is an Annual Plan or LTP consultation. Option 3 is not viable due to timing and the current market place.

Staff recommend option 1 as the preferred option.

**FUNDING IMPLICATION**

The funding deficit cannot be fully covered from within existing budgets. Target rates will need to be increased in the outer years to cover the deficit.

Internal interest expense will increase as the reserve deficit will initially increase from the budgeted deficit. Over the remaining 9 years of the 2015/25 LTP, the estimated increase in interest expense is \$73K (under Option 1) and will be funded from within the operational budgets. The reserve balance will be in funds in 2025 in-line with the current LTP.

**MANAGEMENT ACCOUNTANT AUTHORISATION**

The Management Accountant has checked that the budget movement and funding is appropriate and correct for this request. The Management Accountant has confirmed the budget review memo process is the correct mechanism to request approval for this adjustment.

**RECOMMENDATION**

Option 1 is recommended for approval.