



AGENDA

Project Planning & Monitoring Committee Workshop Meeting Monday, 21 October 2024

**I hereby give notice that a Project Planning & Monitoring Committee
Workshop meeting will be held on:**

Date: Monday, 21 October 2024

Time: 1.30pm

**Location: Bay of Plenty Regional Council Chambers
1 Elizabeth Street,
Tauranga**

*Please note that this meeting will be livestreamed and the recording will be publicly available on
Tauranga City Council's website: www.tauranga.govt.nz.*

**Marty Grenfell
Chief Executive**

Order of Business

1 Business..... 4

1.1 Project Delivery Processes and Procurement 4

1 BUSINESS

1.1 Project Delivery Processes and Procurement

File Number: A16782159

Author: James Woodward, **Manager:** Performance, Monitoring & Assurance

Authoriser: Nic Johansson, **General Manager:** Infrastructure

Presenter(s): James Woodward (Capital Projects Assurance Division), Angela Murray (Procurement)

External presenter(s): N/A

Workshop information

Purpose of workshop

1. Provide Elected Members with information about how TCC plans and delivers projects efficiently and effectively, with a commercial approach to attain value for money.
2. Seek feedback on any focus areas in planning, procurement, engagement and/or contract management that Elected Members wish for us to focus on.

Executive summary

3. The scale and complexity of the capital programme requires robust processes, skilled people and an understanding of risk and opportunity to best deliver for the community.
4. Over the past 3 years the TCC has restructured from a centralised project delivery function, to where delivery is the responsibility of either:
 - (a) the asset owner (Transport, Waters and Spaces & Places), or
 - (b) complex large scale programmes of work (Civic Development and Major Projects).

These teams are supported through the Capital Programme Assurance Division, Commercial Advisory, Finance, Legal and other internal support service teams

Input and discussion from Elected Members is sought in relation to project delivery, and expectations and guidance on balancing the risks and opportunities for how projects are delivered to the community.

Background information

5. This workshop follows the Project Planning Monitoring Committee outline work programme, and further direction from the Chair & Deputy Chair.

Next steps

6. Feedback taken from the workshop will be presented back to the Committee as draft principles to guide the project delivery functions of the organization.

Attachments

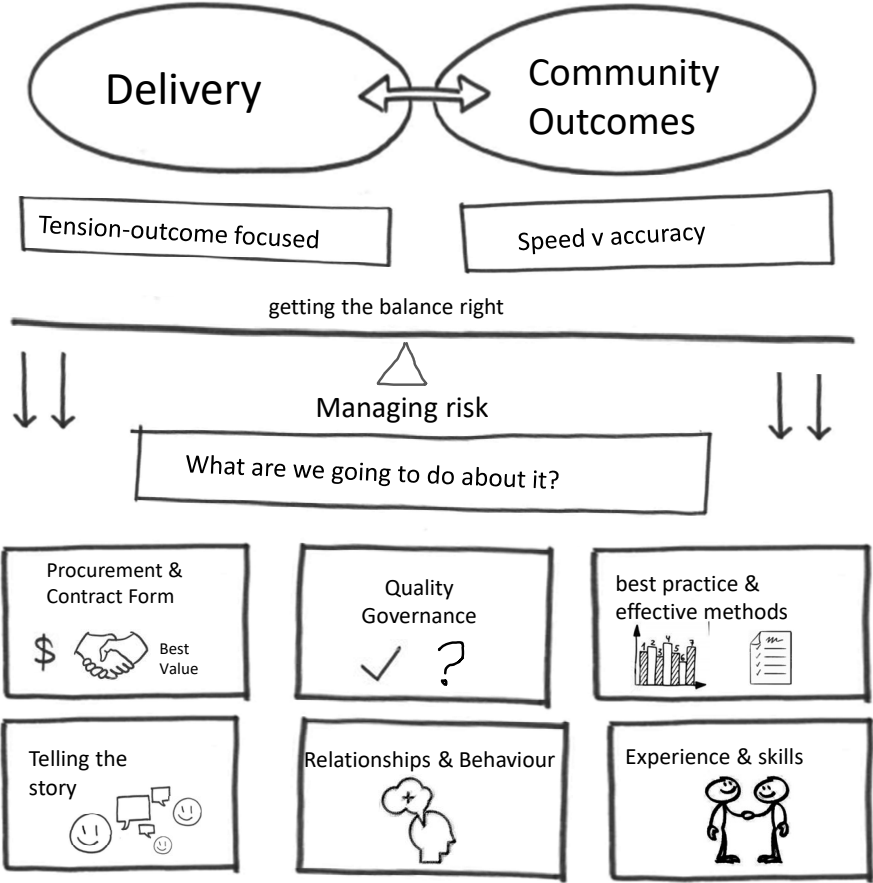
1. **Project Delivery Workshop Slides - 21 October 2024 - A16876313** [↓](#) 



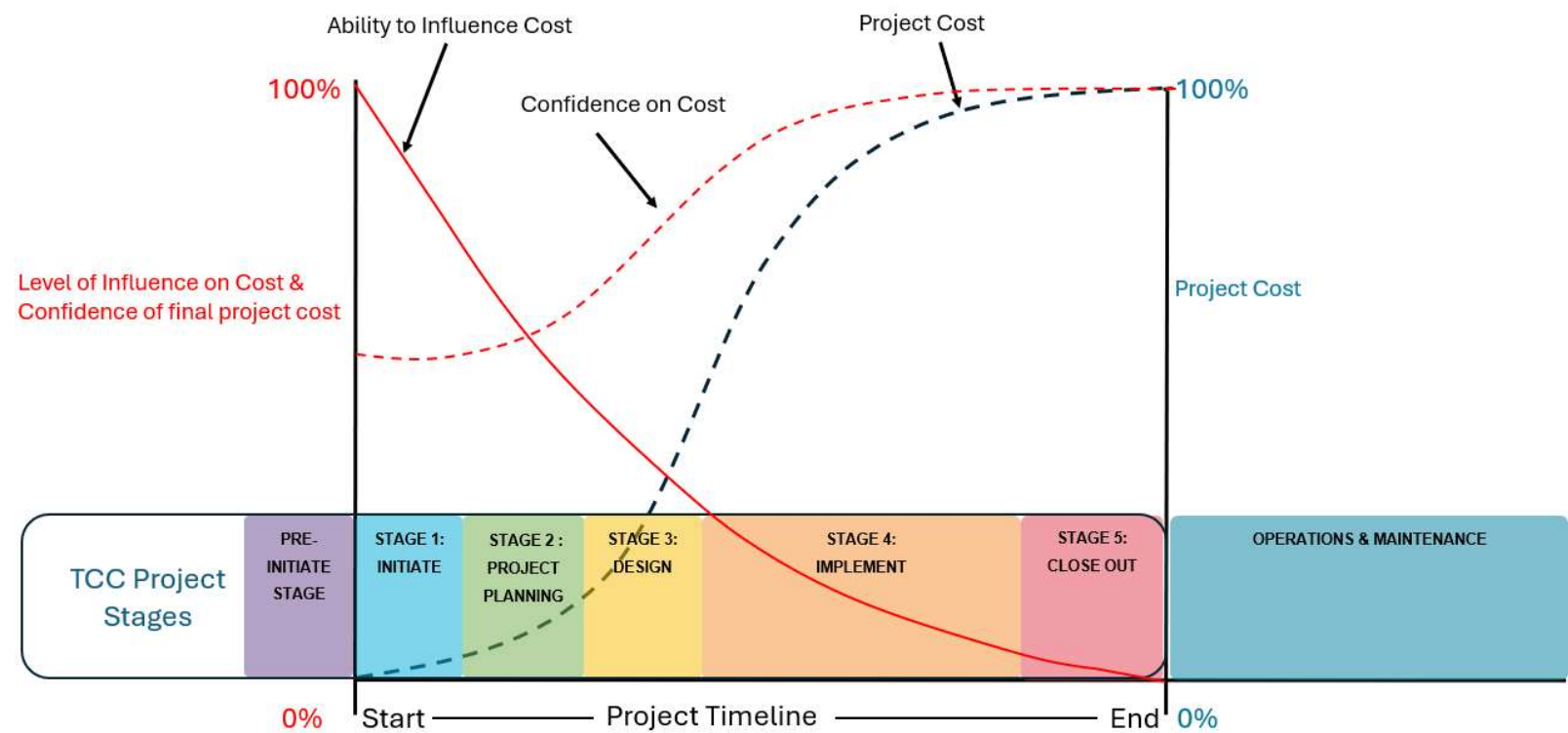
Project Delivery Workshop

Project Planning & Monitoring Committee 21 October 2024

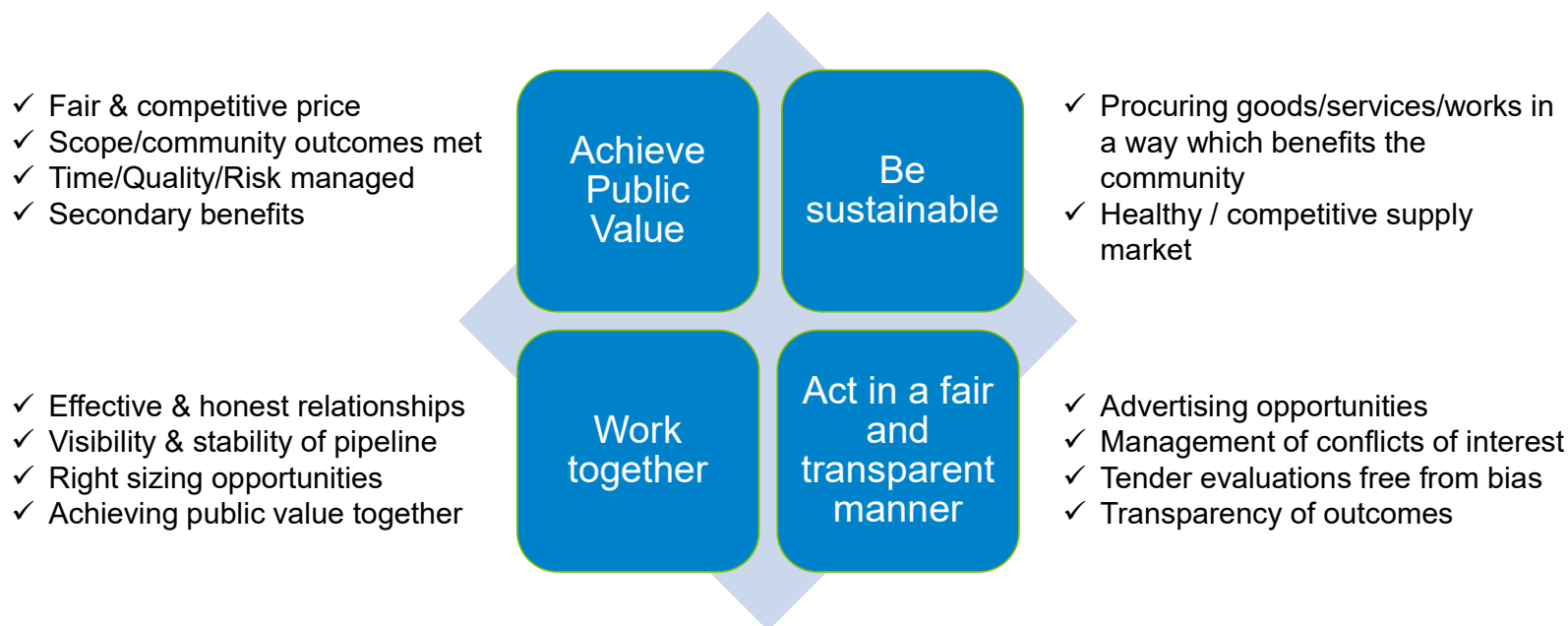




Project Cost Influence Curve



TCC Procurement Principles



❑ NZTA funded projects follow NZTA policies and processes

Appendix

Delivering great outcomes for our community

Value for
money

Fairness

Transparency

Trust and
confidence

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Achieving Value for Money

Selecting the right option

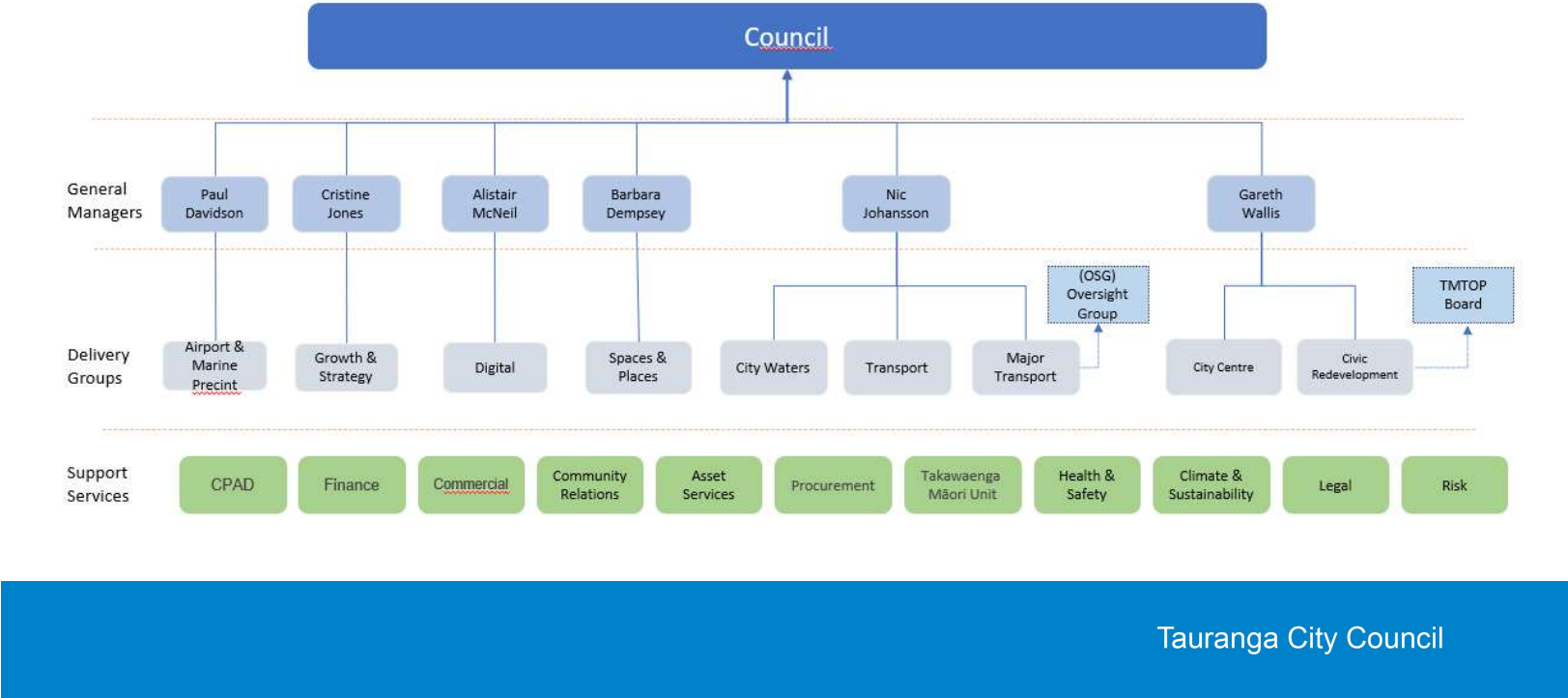
- Business Case
- Asset Management Planning
- Feasibility and Option analysis
- Risk appetite
- Community impact

Driving value through project delivery

- Procurement approach
- Contractual terms
- Value Engineering
- Better Outcomes

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How we are setup to Deliver Projects

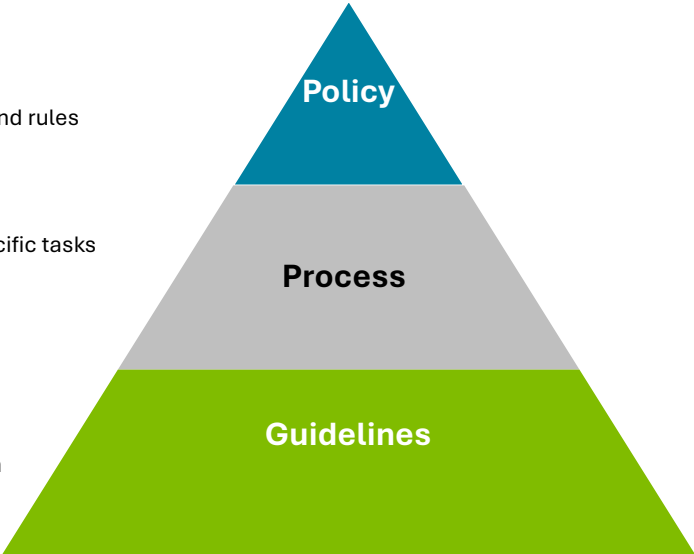


Framework for Delivery

High level statements establishing TCC expectations and rules

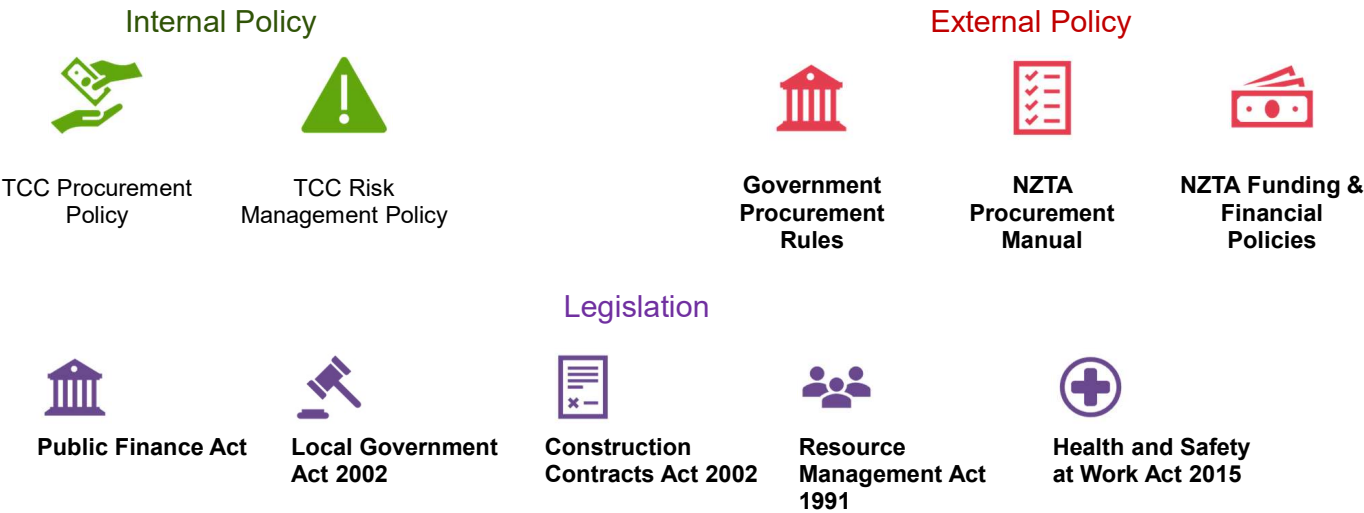
Detailed instructions that explain how to carry out specific tasks or activity in a structured way

Recommendations or suggestions for good practice
Tools that help us ensure the important steps are taken



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Policy and Legislation



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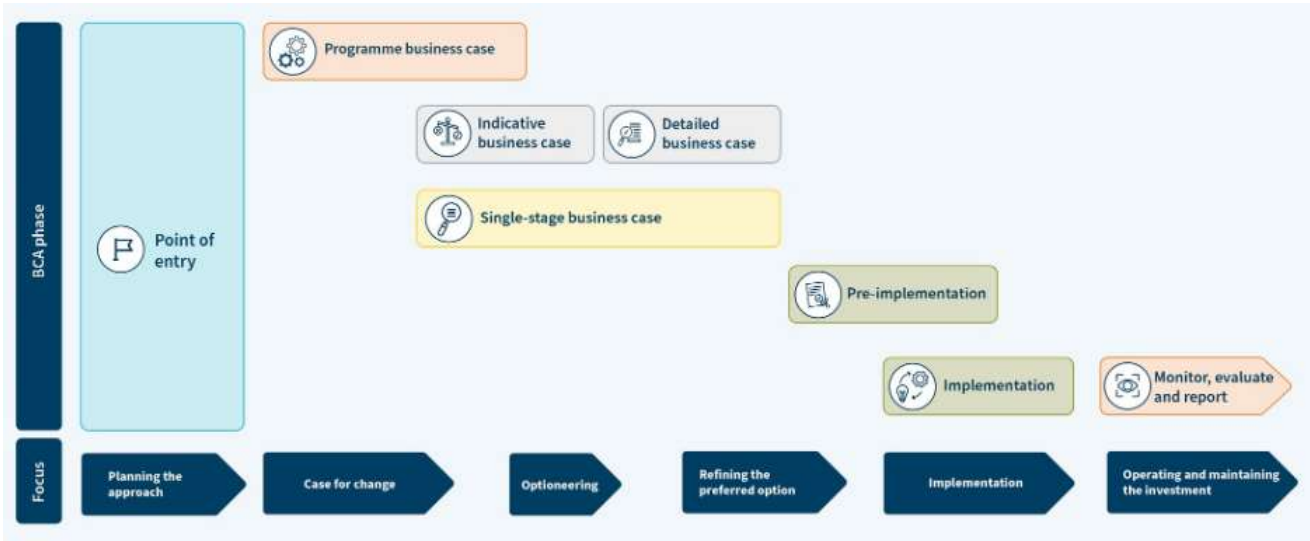
Key Process

TCC Project Delivery Lifecycle (PDLC)

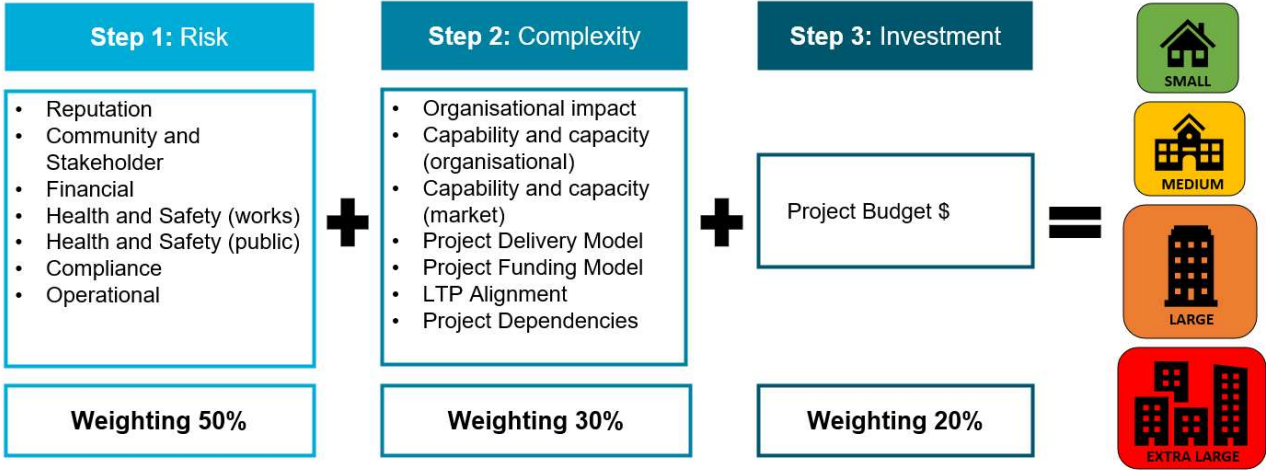


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NZTA Business Case Process



Project Sizing — Determines Project Team and Governance requirements







Project Charter

- Key gateway document that provides a formal handover to the Project Manager
 - Purpose, strategic alignment, and community outcomes
 - Dependencies and stakeholders
 - Project risk and complexity
 - Financials and key milestones

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Building up a Project Budget

- Level of information available determines confidence of project budget
- Clarity on desired outcomes and scope of project important to land as early as possible
- Risk appetite
- Cost escalations over time

Method & Expected Accuracy	Description	Project Delivery Lifecycle Stage	Expected Level of Design - General	Expected Level of Design - Waters	Expected Level of Design - Transport*
High Level Estimate Low +/- 50%	Early in the project lifecycle, a High Level Estimate prepared based on limited information and pro-rata similar projects	Pre-Initiate Stage 	Feasibility	Concept	Programme Business Case
Initial Estimate Low - Moderate +/- 40%	Estimate produced by a suitably experienced practitioner, based on unit rates from previous contracts off a high level design	Stage 1: Initiate Stage 	Concept	Feasibility	Indicative Business case, Detailed Business Case & Single Stage Business Case
Engineers Estimate Moderate +/- 30%	Estimate produced by a suitably experienced practitioner, based on unit rates from previous contracts based on a design	Stage 2: Project Planning 	Preliminary	Preliminary	Pre-Implementation 1
Quantity Surveyor Moderate - High +/- 15%	QS reviewed engineers estimate prepared by a qualified and experienced (in the specific area) Quantity Surveyor based on a detailed design, schedule and design drawings	Stage 3: Design 	Detailed	Detailed	Pre-Implementation 2

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Gateways & Assurance



- Ensuring critical elements are in place before progression
- Releasing budget for next stage
- Governance responsible for alignment with objectives
- May trigger decision making at Council
- PI gate, triggers project going into LTP

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Project Manager Capability

- Range of project managers across the organization, projects allocated to project managers based on skill level and experience
- Ongoing training and certification through Project Management Institute (PMI)

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TCC Procurement De-centralised Model



Commercial Outcomes & Value for Money

Strategic
Planning and
Market
Research

Health and
Robustness
of the Supply
Market

Supplier
Relationship
Management

Visibility and
Stability of
Pipeline

Competitive
Tendering
and
Transparent
Evaluation

Right Size
Approach to
Market

Innovative
Solutions and
Flexibility

Cross
Departmental
Collaboration

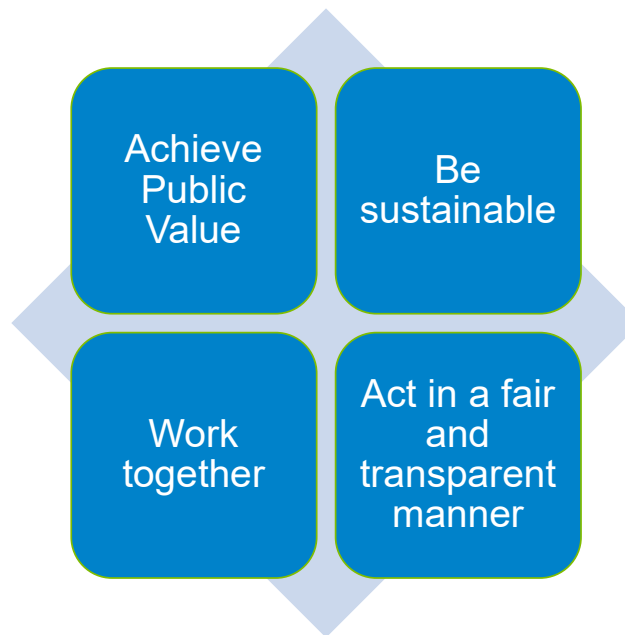


Procurement Rules & Processes

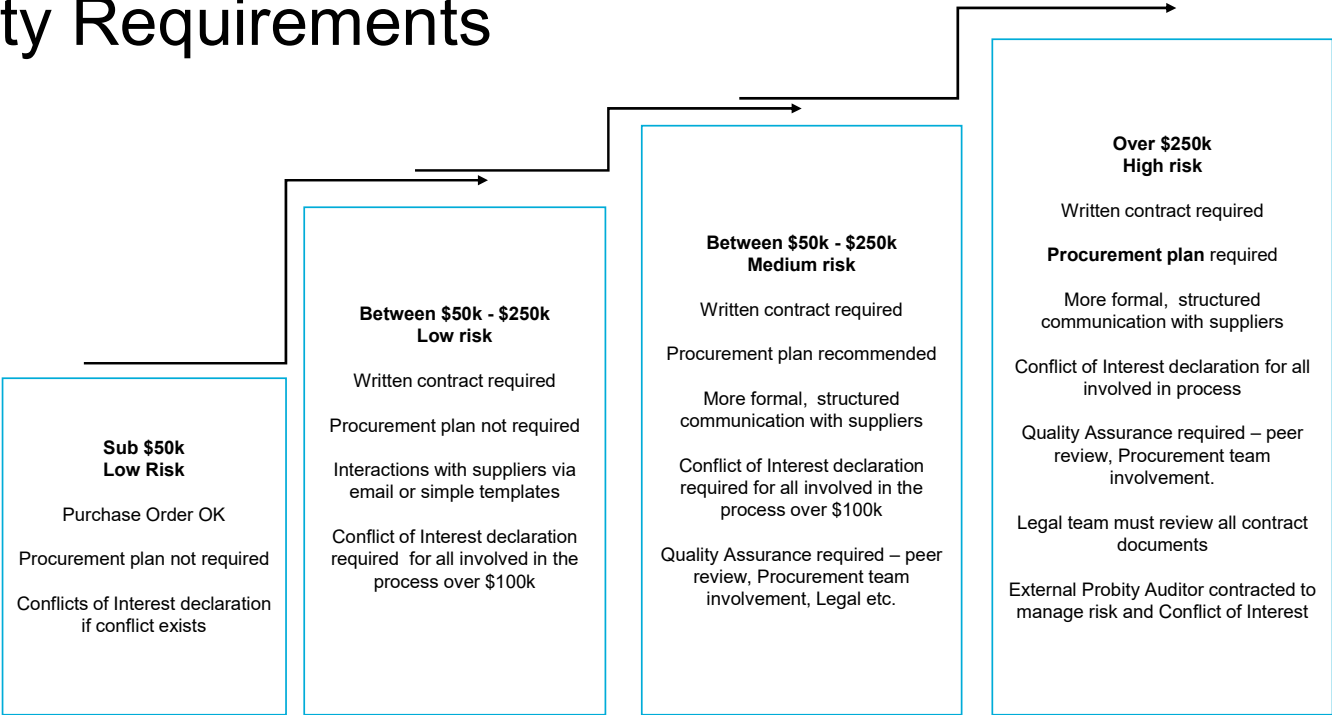
- Processes, procedures, rules and documentation associated with each stage in the procurement lifecycle
- TCC Procurement Policy applies to procurement of any value (Goods/Services/Works)
- Processes and procedures are contained within the TCC Procurement Manual – a 'how to' guide
- Exception - NZTA Waka Kotahi funded projects



Procurement Policy Principles



Probity Requirements



Open / Closed / Direct Appointment

Open	Closed	Direct
<ul style="list-style-type: none">• Openly advertised on GETS (Government Electronic Tender Service)• Any supplier or provider can submit a proposal• National and international reach• Process can take 3 months	<ul style="list-style-type: none">• Invite a limited number of suppliers to respond to an opportunity directly• The opportunity is not openly advertised• GETS can be used, but restricted access to those invited to attend	<ul style="list-style-type: none">• Buying directly from a suitable supplier• Buying selectively from a specific supplier for a specialist service

Each approach has its benefits and disadvantages which must be weighed in optioneering



Exemption from Open Competition

- Closed or direct appointments > \$250k require a formal exemption from open competition
- Grounds for exemption are set out in Schedule 1 of policy:

Valid reasons for exemption to open competition
If only one supplier, or certain suppliers are able to meet highly specialised or technical requirements and it can be verified that there are no reasonable alternatives.
If only one supplier, or certain suppliers are in a unique position to minimise cost or risks and it can be verified that there are no other reasonable alternatives to minimise cost or risk.
If a certain supplier or suppliers are in a unique position to assist Council achieve a strategic objective and it can be verified that there are no reasonable alternatives.
If no acceptable responses were received through open competition for the same core requirements, carried out within the last 12 months.
If the products, services or works are an addition to, and necessary for the complete delivery of an existing supply arrangement, provided that; the original supply arrangement was openly advertised; and a change of supplier cannot be made for economic, technical or practical reasons.
If the purchase is for a prototype for research, experiment, study or original development.
Products purchased on a commodity market.
Procurement in exceptionally advantageous conditions that only exist for the very short term.
The contract is awarded to the winner of a design contest.




Conflict of Interest (Col)

Effective Col management is critical to achieving:

- **Transparency and Trust**
- **Fair decision-making**
- Risk mitigation
- Enhanced reputation
- Compliance and avoidance of penalties
- Improved efficiency and, ultimately **Achieve Public Value**

Real and/or perceived conflict must be identified and managed

Procurement Planning

- Planning is fundamental – crucial point to influence cost
 - Procurement plan is a strategy for the individual procurement - reflects project scope/objectives
 - Formal documented procurement plan for all procurements > \$250k
 - Procurements < \$250k need to evidence the decision-making behind procurement approach and include relevant signoffs
 - General rule - higher the value or risk the more detailed the procurement plan and higher levels of signoff
- 

Selection of Contract Form

New suppliers sign up to
TCC Terms & Conditions
of Purchase

Contract templates
standardised

Limited option to use
vendor-supplied
contracts

Professional services
contracts >\$250k or
physical works contracts
>\$1m trigger inhouse
Legal Team review

Supply agreements
>\$50k and/or
medium/high risk and/or
>1 year duration - formal
contracts

Supply agreements
<\$50k and low risk and
<1 year duration - TCC
Terms & Conditions of
Purchase

Selection of Procurement Model

No two procurements are
created equally

Some considerations for best fit
procurement model:

- Existing supplier panels or agreements
- Key project drivers (Cost/Quality/Time/Risk)
- Market dynamics
- Scope of the procurement and level of supplier engagement
- Evaluation method
- External probity & Cost Construction Mgr
- Competitive tension

Panels & Syndicated Agreements

TCC has 8 vendor panels - openly advertised and closed to new suppliers for the duration

- City Waters Construction Services
- City Waters Detailed Design Services/ Water Supply & Wastewater (Professional Services)
- Stormwater Planning, Design & Modelling
- Low cost low risk – Transport
- Reserves physical works & professional services
- Legal
- Digital Consultancy
- Environmental consent planning

We also take part in various All of Government syndicated agreements and Bay of Plenty Local Authority Shared Services (BOPLASS) syndicated agreements.



Evaluation of Responses



Tender Evaluation Team (TET) formed with TCC subject matter experts



TET must be objective, free from bias, score independently and reach consensus



Evaluators may not discuss proposals or scores outside of TET



Dependent on risk profile/value/complexity external probity or QS may also be engaged

Contract Negotiations and Award Process

