

# A JOURNEY OF CHANGE

## CONTRACT PROCUREMENT – CITY WATERS

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### **ABSTRACT**

The development of the new City Waters Maintenance Contract was an important project in 2011/2012. The Contract's budget exceeds \$5million per year and would be a 4 year performance based contract with extensions up to 4 years.

This was the start of a long journey.

There was a changing political environment due to recessionary pressures at that time that needed consideration. Smaller contractors wanted to be given the opportunity to form a relationship with Council. It was thought that cost savings could be gained by managing segments of work separately from the main underground contract, these were identified as activity areas that did not require a 24/7 service delivery.

The procurement process was managed in-house. The process started August 2012 and went through ROI, invited RFP, price clarification and negotiation phases. In total 21 responses were evaluated.

At the completion of this process it was found that the most efficient and effective delivery of the Contract(s) was through one Contractor. In March 2013 one whole work package was offered to Downer NZ.

With only 90 days to transition the Contract into the new environment both parties were presented with a number of challenges. Significant challenges were around business systems integration and human resources.

### **KEYWORDS**

**Tauranga City Council, Maintenance Contract, Procurement Process, Downer.**

# 1 INTRODUCTION

In 2012 Tauranga City Council (TCC) committed to testing the “market” to secure a Contractor that would undertake the services for the 24/7 maintenance of its water, wastewater and stormwater networks. This followed a ten year relationship with a previous Contractor.

At that time New Zealand was in the midst of a worldwide economic recession. There were some very strong messages coming back from the community telling TCC that small to medium sized contractors would like to be given the opportunity to form a contractual relationship with Council. It was felt that there were cost savings to be gained by managing some segments of work separately from the main underground contract works.

The maintenance of the drainage reserves, the services for the reading of the water meters and the backflow testing processes were all advertised as separate contracts.

All mechanical and electrical maintenance for pump stations, wastewater treatment plants, and water treatment plants were to be included as part of the large maintenance contract.

The Contract(s) were advertised for a four year term with the potential of the maximum term of eight years based on measured performance. The mechanism for this renewal process which managed the term extension intervals would be linked to agreed KPI criteria.

The procurement process adopted a high emphasis on selecting “best fit” contractor(s) that were able to demonstrate their overall ability to deliver a consistently high level of customer services and a demonstrated commitment to working in a performance environment. Finding a contractor that could clearly demonstrate being innovative and one who wasn’t afraid of cost tension was important.

An eight phase procurement process was formally kicked off in August 2012. In total TCC engaged with and evaluated 21 responses to the group of work packages.

The end result surprised us all. After a lengthy process it was found that the most efficient and effective delivery of the City Waters Maintenance Contract(s) was through one Contractor. This Contractor not only provided the best value for service to our community, but also fulfilled all the strategic objectives that TCC were looking for.

In March of 2013 TCC completed the process by formally advising Downer New Zealand Ltd of their success. Then the work really started. With only 90 days to transition away from the previous 10 year environment and into the new relationship, both teams were presented with a number of challenges that needed to be managed in order to make the “go live” date a success.

Critical areas around business system integration, attracting a new team that would deliver on strategic outcomes and the acquisition of suitable plant and equipment, all presented their own unique problems. It was through a dedicated effort by a large number of people that saw a successful 01 July 2013 start.

One year into the relationship, there have already been some very successful results for such a new Contract. Customer survey results are exemplary and the KPIs for the Contract are well managed and delivering the cost tension and innovation that was sought from the early stages.

## **2 BACKGROUND**

The Tauranga City Council City Waters Division manages water supply, wastewater and stormwater assets with a replacement value in excess of \$754,000,000. Since 2003 the maintenance of these assets had been consolidated into one combined Contract.

A TCC project team was established in order to develop the next generation contract which was capable of delivering better value to customers and that underpinned sound financial and asset management. A procurement plan was developed and agreed with the Chief Executive.

All aspects of the business were considered throughout this process. This ranged from the definition of work schedules and specifications, business processes, customer business processes, performance management of the contractor, optimised administration and reporting mechanisms, asset management and our own information (data) requirements. There was a strong focus on the innovations and cost tension arrangements around this contract.

The procurement process identified the main points for that process and clearly signalled the intention to unbundle the current maintenance work. It was felt that there could be potential savings by managing some segments separately from the main underground contract. This approach allowed for locally based small to medium sized contractors to have an opportunity to form a contractual relationship with Council.

### **2.1 UNBUNDLING**

The smaller pieces of work in the previous Contract (ancillary services) that were advertised separately as part of the Registration of Interest process were:

- City Waters Grounds Maintenance
- Water Meter Reading Service
- Backflow Meter Testing

The main motivation for these particular segments to be separated was to test the market for cost savings and to ensure our ratepayers were getting value for money. TCC wanted to avoid any “Clipping the ticket” for services by minimizing subcontractor relationships.

It was also significant that all the ancillary services that were separated out, were components of work that did not require a 24/7 service delivery.

### **2.2 STRATEGIC OBJECTIVE**

The strategic objectives were to select a Contractor (or group of contractors) that could demonstrate a high level of confidence in the following areas:

- Financial Stability
- In-House Resource
- Customer Service
- Demonstrated Performance
- Health and Safety
- Emergency Preparedness

- Open Relationship
- Information Management Systems
- IT Strengths
- Innovation

All of the attributes described above were seen as being necessary for the larger Contract work. The application of these was to be “as practical” to the smaller contracts.

### 2.3 DEVELOPING THE CONTRACT(S)

The strategic objectives were to select a Contractor (or group of contractors) that could demonstrate a high level of confidence in the areas identified in Table 1.

The previous contract had been written by an external consultant in 2003, the cost to the organization was significant. There was the opportunity this time to do things differently and to ensure there was total ownership by those people who would be working on a daily basis with this contract.

It was decided that these contract documents would be developed in house and would be put together by Cathy Davidson, with some specialist help around conditions of contract. The documents were also subjected to a peer reviewed by an independent law firm prior to them being released with the RFP.

These Contract documents needed to draw on many sources and needed to satisfy the aspirations of multiple stakeholders. They took into account the changing needs from the various stakeholders and kept the vision of achieving ‘top class’ performance.

An example of how we gained both knowledge and understanding from our stakeholders was:

*Table 1: Gaining Knowledge and Understanding*

KNOWLEDGE	UNDERSTANDING
One to one surveys with council staff	Travel to Australia to observe Australian contract conditions
One to one surveys with contractor staff	Consultation with industry expert
Analysis of entire current contract detail with 4 key people (page by page analysis)	Consultation with other councils in NZ
Analysis of other council contracts	Fact finding about other contract standards (traditionally NZ councils use a NZ Standard known as NZS:3910)
	<b>Discussion with the elected members to ensure their desired outcomes (which is largely around costs and community levels of service) are achievable and realistic</b>

### 2.4 TYPE OF CONTRACT

It was decided very early in the process for the Contract to be based on the New Zealand Standard 3910.

This met with a lot of internal discussions with TCC staff and with our legal team. There was a strong push for a “bespoke” contract to be written.

Given the early decision by the Contract Team that there would be a high emphasis on selecting a “best fit” contractor(s) and the desire for the community outcome of “best value for money” it was decided that by sticking with a Contract standard that the industry knew and understood would ensure that risk around unknown contract conditions and components being priced into the schedules being minimised.

It was also felt that NZS:3910 was a standard that is known to the small to medium sized contractors and that if successful, they would understand the environment that they were entering into.

## 2.5 PROCUREMENT PROCESS

It was decided that the process needed to ensure that the contracts could be let as one large Contract if the outcomes of the procurement process identified cost and service benefits by keeping it altogether.

In order to ensure that the whole process was conducted fairly, an independent Probity Auditor was also appointed to oversee the process.

The development of the Contracts focused on measuring Contractor performance over a term of four years. Incentives were built in so that good performance was rewarded with term extension. This allowed for the potential for an eight year relationship based on the KPI results. KPI conditions would be critical to these Contracts.

The procurement followed eight phases, starting with a Registration of Interest process, a Request for Proposal process (based on proposed Contract documents), and a price clarification and negotiation phase.

The procurement process has been divided into eight phases that started in August 2012 and was completed with an offer to Downer New Zealand Ltd in March 2013.

*Table 2: TCC Procurement Process*

Phase 1	The preparation of an ROI Document and development of ROI evaluation procedures
Phase 2	Advertisement of ROI and selection of a short list of contractors to proceed to the next phase
Phase 3	Preparation of <b>Proposed</b> Contract document and RFP document. Issue of documents to short listed submitters
Phase 4	RFP Evaluation and short-listing
Phase 5	Relationships / Business Processes / Price Clarification
Phase 6	Contract negotiation with preferred submitter(s), leading to agreement or withdrawal from the process
Phase 7	Final agreement and formalisation of contract documentation
Phase 8	Contractor Appointment and Mobilisation

## 2.6 SUBMISSIONS RECEIVED

In total 21 submissions were received across the four work packages advertised in the ROI. From the 21 submissions a shortlist of 13 was established. It was very hard to achieve a smaller shortlist given the mandate not to disadvantage smaller contractors.

Table 3: Submissions Received – ROI Process

Contract Works	Number of Submitters	Number Shortlisted
All Works	7	3
Grounds maintenance	7	3
Meter Reading services	3	3
Backflow testing	4	4

The City Waters Maintenance Contract was advertised as Weighted Attributes Negotiated / Price 0% and the ancillary contracts were Weighted Attributes Negotiated / Price 40%.

The 0% pricing attribute for the City Waters Maintenance Contract clearly informed our submitters that this process was about being able to demonstrate confidence around the strategic objectives.

The 40% price attributes for the ancillary contracts clearly indicated that these areas of work are of a lower risk to the business and did not require a 24/7 service delivery. Therefore contractors would need to demonstrate exceptional planning capabilities to drive efficiencies through these work packages.

## 2.7 PRICE CLARIFICATION AND NEGOTIATION

The price clarification phase involved full workshops with the top ranked submitters. These workshops allowed the Project Evaluation Team to gain a full understanding of the levels of service, assurance on work quality standards and price clarification against their specific contract requirements.

This phase was very important to us as it gave the Project Evaluation Team the chance to clarify how the contractor(s) would manage their business processes, both back office and in the field, particularly with respect to the use of the asset management system Accela (TCC's Asset management system) and the field devices.

It was following the completion of these workshops, together with some very informative site visits, that a final ranking was achieved and Project Evaluation Team proceeded to the negotiation phase with only one preferred submitter.

## 2.8 PROBITY AUDITOR

A significant and important part of the overall process was the appointment of an independent probity auditor.

The role of this probity auditor was to independently observe, review and report on the integrity of the tendering and procurement process. Council wanted to ensure that the process was seen to be undertaken fairly and without bias. This purpose of this role was also to add value whereby it could provide reassurance to the community and those wishing to do business with the Council that they could trust the outcome.

## **2.8.1 TERMS OF REFERENCE FOR THE PROBITY AUDITOR**

- To clearly identify the objective and purpose of the process and to verify the relevance of the actual process and its outcome to the identified objective and purpose.
- To independently and impartially observe the evaluation and procurement process, providing an independent opinion on probity and general fairness issues that may arise during the process.
- To verify that the processes followed are consistent with all guidelines, best practice principles and relevant legislation.
- To provide a written report to the Group Manager City Services, giving an independent opinion on whether the concluded process has met all probity requirements and providing reasons if it has not.

## **3 RESULTS OF THE PROCESS**

It came as quite a surprise to the Project team that the best value for money for our community and the best service delivery was going to come from one Contractor with all four packages of work combined.

Having just been through the lengthy and extensive process, we could certainly rest assured that we had tested the market. Not only had we tested it by offering smaller packages of work, we had tested it during a worldwide economic recession when best price for work could safely be expected.

The three shortlisted contractors for the main City Waters Maintenance Contract were all contenders for the complete work packages.

### **3.1 APPOINTMENT**

In March 2013, Downer was advised that they had been successful with their proposal for all works with TCC. The second part of our journey of change had just begun.

## **4 CHALLENGES – TRANSITION PHASE**

Mobilising resources for a Contract such as this can be compared to starting a new business. There are not many new businesses which are resourced and delivering to specification from a standing start within 90 days. The pressure on both transition teams to implement the change could be fairly described as intense.

### **4.1 KEY FACTORS**

The factors having most effect on the successful outcome were:

- **Effective Planning** – It was vital to identify very early on in the process (in fact long before the Contract was awarded) the longest lead items and to deal to those first. These were primarily staff recruitment, vehicle procurement, and business system integration.
- **Downer Resources** – Downer were able to draw on vast resources within their own water group located throughout New Zealand. Some multidisciplinary resources were already established at Downer's facility in Tauranga and there were also resources available in the wider Downer group. By mid May Downer had in place in Tauranga the bones of what was to become the new management and administrative team. This approach gave the advantage of the management team having intimate knowledge of systems and processes by "go live" date, rather than inheriting a project from a separate transition team.

- Collaboration with TCC – The transition phase was made much easier due to the close collaboration and consultation with TCC staff in matters such as recruitment, IT integration, local specialist suppliers etc.

#### **4.1.1 BUSINESS SYSTEM INTEGRATION**

IT integration can often pose the biggest risk to transition programmes and budgets, but in this case the two IT teams worked extremely well together to allow the Downer Integration Project Team to deliver a system that was complete and tested before “go live” day. The size of the task should not be under-estimated as it included not only integration between Downer’s Job Management system, Contract Workbench and TCC’s Asset Management System, Accela, but it also had to integrate Downer’s field computing system, Mobile Frame and financial management system, JD Edwards.

The Downer Integration Project Manager kept very strict control with team progress meetings held weekly and governance meetings held fortnightly. This was imperative as a significant amount of work was carried out for Downer by external parties.

Also delivered as part of the project was a full operating manual for the Downer Job Management and Field Computing package. These included all training manuals that encompassed workflow diagrams etc.

All of this could very clearly not have been delivered within 90 days without the resources available to the Downer team and without the level of collaboration with TCC’s own Accela project team.

#### **4.1.2 HUMAN RESOURCES**

Right from ROI stage it was Downer’s stated intention to not merely enter a Contract delivering the same service with the same people but with a different corporate name over the door. This did present the transition manager with a dilemma as the final team deployed on the Contract had to be prepared to deliver the change that TCC desired. At the same time the new team would need to bring a certain amount of local knowledge to the Contract as the intricacies of water and drainage networks and four sizeable treatment plants of various ages cannot be mastered by an entirely new team overnight.

As a number of the new Downer team were recruited from the incumbent contractor, there was the problem that we weren’t able to access staff until the last day of the old Contract. We were able to source most the key roles for the contract management team and the administrative staff from within Downer. Locally based Dr Jeremy Wilson, our Asset and Maintenance Manager also joined our team early.

With that team in place early on in the transition phase, and with support from Downer’s in-house recruitment and plant specialists, we were able to build a team which was commenced work on 1st July. In addition to the permanent team, we were able to deploy alternative trained resources from our Tauranga branch to assist whilst the permanent team during the first month as the team went through inductions and training.

#### **4.1.3 PLANT AND EQUIPMENT**

The budget for plant required to deliver the service contract in Tauranga was significant. This included items from \$5 screwdrivers through to all office equipment. Field computers were required for a compliment of 15, and pump station service truck were a large investment. These trucks came complete with Hiab cranes, and purpose built tool chests.

Having staff on the team experienced in the delivery of this type of Contract helped enormously as they drew on their experience in identifying equipment requirements, detailing the specifications and procuring the plant and equipment in time for our “go live”.

## **5 DELIVERY PHASE**

The success of a Contract such as this depends largely on actions taken long before the delivery phase even starts. With the right Contract model, and a collaborative management team assembled by both parties, success whilst not guaranteed, is highly likely. Having effective processes in place and the appropriate field staff hired and trained with the right equipment was essential.



The first year of the Contract has produced a number of notable successes, most of which could not have been achieved without the above building blocks being in place. These successes range from Health and Safety outcomes, customer satisfaction (TCC Ratepayers) results, through to the Contract relationships at all levels.

## **5.1 ZERO HARM**

Downer's passionate focus on returning every team member home to their families each night in good health starts from the very top and is reflected in the behaviours observed at all levels of management throughout the business. This is a passion shared by TCC and is reflected in the early portrayal of the strategic outcomes.

An important practice leading to this good result is the focus by Downer managers on changing behaviours. A significant milestone in behavioural change is achieved when the crews start demonstrating the key safety messages that the supporting processes reinforce.

## **5.2 KEY PERFORMANCE INDICATORS**

When the Contract commenced, seventeen Key Performance Indicators had been agreed upon. This was on the basis that there would be a six month amnesty period whereby the Contract works would be allowed a bedding-in period and no financial penalties would be applied. It was also agreed that at the end of this 6 month period the KPI targets would be reassessed.

This allowed Downer the time and space to concentrate on the planning aspects of the Contract. It also allowed TCC the time to assess whether the performance targets were realistic and achieving the desired results.

Following the first six months, key TCC staff associated with the delivery of the contract works met to discuss the targets and the results.

There were a couple of areas where the team unanimously agreed they could be more flexible (on-site time) and also an area whereby it was agreed that there was no flexibility (service restored).

We introduced a few fundamental rules around failures (i.e. one failed 1 work order will be allowable), and that made a significant difference to the results for the second six month term. The second six month term reflects the emphasis that Downer were then able to apply to performance in the field.

The overriding philosophy of the KPIs was that of a carrot and stick approach.

### **5.2.1 THE CARROT**

The Contract term is a 4 + 1 +1 +1 +1. Unlike other Contracts, this Contract provided for term extensions of one year, starting after year two. This approach is designed to keep a focus on performance and cost tension throughout the Contract term, rather than a rush of performance improvements in the last year of the initial term. The extensions are dependent on achieving pre-set levels of performance measured against the Key Performance Indicators and are obligatory rather than at the discretion of the Principal.

### **5.2.2 THE STICK**

Financial penalties were enforced in the seventh month of the Contract. To date, whilst there hasn't been a perfect result across all KPIs, overall the achievements are creditable.

## **6 SUCCESSES**

Having just celebrated our first anniversary for the Contract relationship, we wanted to reflect on a few of what we see as highlights.

### **6.1 HEALTH AND SAFETY**

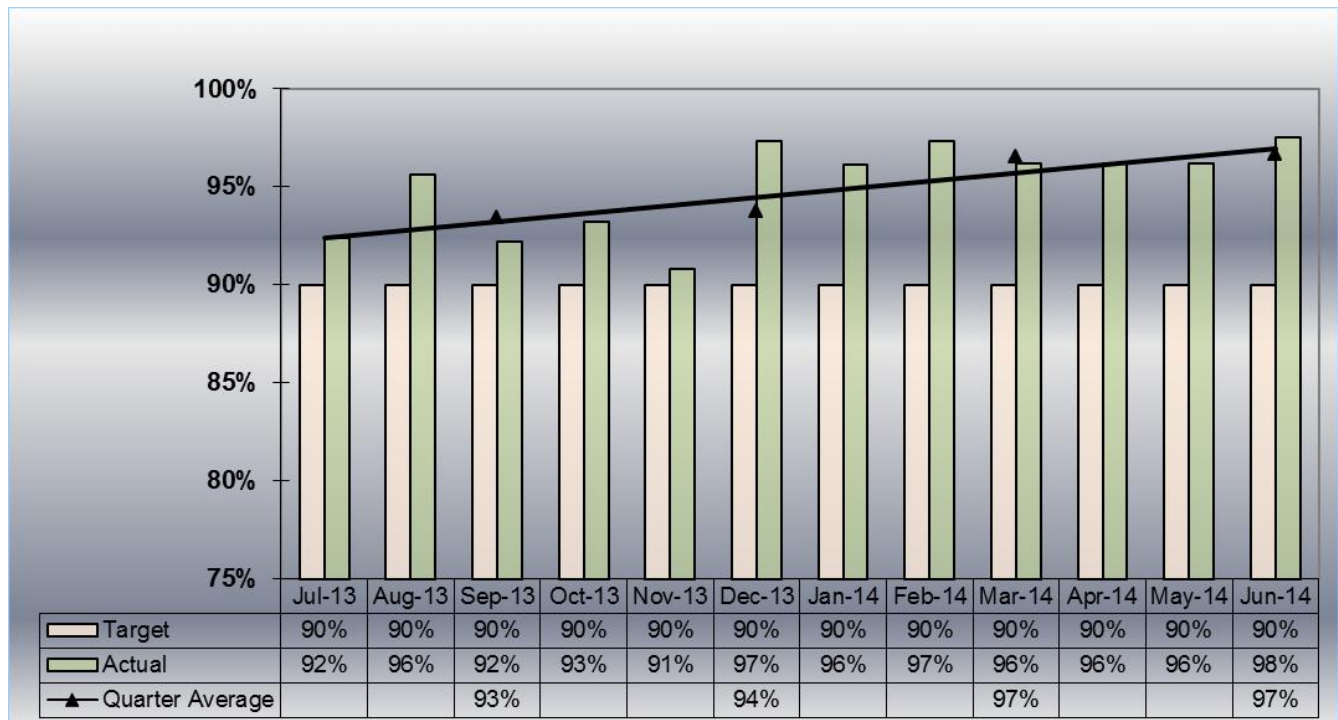
To date there have been zero lost time injuries in this Contract. The result for this first year was achieved during a phase that would be seen to be a higher risk. This is due to the service being delivered by new crews with new plant and new procedures. Both Downer and TCC are very proud of this significant result.

## 6.2 CUSTOMER SURVEY RESULTS

One of the key successes for this contract since its inception has to be the results that are being achieved out in the field. Customer satisfaction is a very important outcome for Council and this is reflected in the KPI targets.

The last six month period for this Contract has seen an average of 97% satisfaction rating from an independently managed survey.

Figure 1: Monthly Customer Satisfaction Survey (12 Month Period to 30 June 2014)



The below sample of comments is indicative of what we are receiving back from our community:

- Fantastic, really cool guy. Knocked on the door and they had a chat, was explained what had been done to correct the issue.
- A really lovely guy, quick and sharp
- Downer were there within 15 minutes. Very impressive :)
- Really good, friendly, really obliging and eager to get it fixed for customer
- The 2 boys that picked up the sandbags were 10/10. Very friendly and professional.
- Very pleased with the job and said between Council and Downer we are a great team working together.

### 6.2.1 TARGETING HIGH STANDARDS

These levels of customer satisfaction did not just happen; they were achieved by attention to detail in a number of different areas, namely:

- Hire the right people – The interviews focused as much on behaviours and personality as they did on technical competence.
- Train them properly – Inductions and training emphasised the fact that the field servicemen are, in many cases the only face to face engagement that Council has with its ratepayers and customers. As such, the field servicemen realise that the manner in which they engage with customers reflects not only on Downer, but also on TCC and, above all, on themselves as competent professionals..
- Keep them focused – Monthly toolbox meetings and contact between field crews and managers in the field always include detailed reference to customer service and customer satisfaction levels..
- Keep them happy – Downer understands that if field servicemen are treated well and provided with the appropriate equipment and processes to do their jobs well, they will engage positively with the Council's customers.
- Set customer expectations - A vital factor in maintaining customer satisfaction is to set customer expectations to an achievable level as early as possible when engaging with the customer. This makes the initial call centre conversation with the customer vitally important. TCC's staff are very well practiced in this technique and, in the most part make Downer's task in meeting expectations easier to accomplish.
- Presentation – Arriving on a customer's doorstep chewing gum, wearing reflective sunglasses and dirty reflective vest hanging open and with no Council ID Card in obvious view is most likely to make customers very uncomfortable. Paying attention to these apparently minor details makes a huge difference in dealing with customers.
- Engage with customers. – Time and again customer feedback emphasises the importance of initially being told what work is being done, why, how long it will take and what effect it will have on the customer. In addition, updating the customer on any change to outcomes and checking back once the job is complete are also important to customers. Downer's field crews are trained in these processes and customer feedback suggests that they are successful in engaging with customers.
- Monitor Performance – It would be dangerous to merely assume that field servicemen are engaging with customers in an appropriate manner. Monthly telephone surveys are carried out and managers will from time to time attend with servicemen to ensure that they always use best practice in engaging with customers.

*Figure 2: SMILE Programme*

**#Downer**

**SMILE**



**Smile  
Manners  
Impression  
Language  
Extra mile**

### 6.3 PARTNERING - COLLABORATION

Collaboration in this Contract is seen to be achieving each party's desired outcomes. Council wanted to take the opportunity of ensuring that the community know who is who on the street. One way of achieving that is through taking advantage of dual branding opportunities. We also took the opportunity to utilise the vehicles to deliver on Council's educational objectives.

*Photograph 1: Dual Branding of Vehicles*



## 6.4 KPI MEASUREMENTS

The third and fourth quarters of this Contract saw a greater emphasis on the performance measurements areas. Some very satisfactory results have been achieved over this period of time.

All results are reported and moderated by the appropriate contract managers and supervisors. They are then communicated to the entire workforce via tool box meetings. Any failures are taken seriously and are reported through the monthly Contract Liaison Report. The KPIs that are reported and measured as part of this Contract are:

*Table 4: KPI Descriptions and Targets*

<b>1</b>	<b>Customer Service</b>	<b>Targets</b>
1.1	Customer Satisfaction	90%
1.2	Customer Service - Public Complaints	<b>No more than 1</b> valid customer complaint in any one activity (2 complaints for Grounds Maintenance) <b>AND no more than 4 complaints in total</b> in a month.
1.3	Customer Response Times - Priority A's & B's:- <b>On site</b>	<b>95%</b> <b>Priority A - On site within 1 hr</b>
1.4		<b>95%</b> <b>Priority B - On site within 18 hrs</b>
1.5	Customer Response Times - Priority A's & B's:- <b>Service Restored</b>	<b>98%</b> <b>Priority A - 8 hrs</b>
1.6		<b>98%</b> <b>Priority B - 3 days</b>
1.7	Customer Response Times - Priority A's & B's <b>Job Complete</b>	<b>98%</b> <b>Priority A - 7 days</b>
1.8		<b>98%</b> <b>Priority B - 7 days</b>
<b>2</b>	<b>Physical Works</b>	<b>Targets</b>
2.1	<b>Service Restored</b> of Priority C Work Orders	<b>98%</b> Completion date as per agreed Target date
2.2	<b>Job Complete</b> of Priority C Work Orders	<b>98%</b> 7 days
2.3	Rework	<b>Maximum 1 per activity OR 6</b> for all activities
2.4	<b>Job Complete</b> of Priority D Work Orders	<b>98%</b> 90 days
<b>3</b>	<b>Health &amp; Safety, and Quality (Audits)</b>	<b>Targets</b>
3.1	Site Audits –Quality Site Audits - H & S	<b>100% Compliance</b>
<b>4</b>	<b>Environment</b>	<b>Targets</b>
4.1	Environmental Compliance	<b>100% Compliance</b>
<b>5</b>	<b>Claims, Reporting, and Data Integrity</b>	<b>Targets</b>
5.1	Monthly/ Quarterly Reporting	<b>100% Compliance</b>

5.2	Work Order, Data and Claim Process Accuracy	<b>95% Compliance</b>
5.3	Meter Reading Data Integrity	No greater than <b>0.05%</b> data errors
<b>6</b>	<b>Innovation/Value Added</b>	<b>Targets</b>
6.1	Innovation Proposals	Evidence of innovations communicated monthly. (KPI Assessed quarterly).

#### **6.4.1 KPI - INNOVATIONS**

From very early in the relationship both TCC and Downer committed themselves to delivering cost savings and efficiencies through innovation. Both parties needed to (and did) take a flexible approach to the scope and methodology in order to deliver savings. A structured Contractual mechanism was agreed for dealing with efficiency savings and some significant savings have been delivered to date.

Downer's National Asset and Maintenance Manager (Water), Dr Jeremy Wilson has devoted a significant amount of his time during the first year of this Contract to delivering savings and efficiencies. He has used his planning and scheduling experience in the heavy industrial sector for delivering day to day efficiencies in the Mechanical and Electrical maintenance teams. In addition, he has worked with our consulting partner, AECOM to generate savings by deferring capital upgrades of mechanical and electrical assets based on analysis of operational data collected as part of our management of TCC's pump stations. Working with a compressor supplier, Jeremy tabled a proposal to replace two compressors which alone account for a net operational cost savings of the order of \$15k/annum. The two compressors will be installed in year two of the Contract.

#### **6.5 CLAIMS PROCESS**

Historically, TCC had had issues with the Contract claiming process. The time that was having to be spent processing the claim was excessive and the tasks were frustrating. This was a key business process that was identified at the start of the process and needed to be addressed via the structure of the integration between the two business systems. This Contact has seen a huge improvement on the time and resource that is spent by the administration teams on this process. The achievement in this area cannot be underestimated.

### **7 CONCLUSION**

In 2011 Tauranga City Council took the first steps towards securing a contractual relationship that would see them partner with a service provider for an eight year term. The contracts would be underpinned by a suite of key performance indicators that would deliver on the strategic outcomes that had been identified as part of the process.

The initial approach was that in order to deliver the cost savings and service standards that the community sought might result in what had historically been one large contract, becoming four separate pieces of work. The message from the community was that smaller contractors wanted an opportunity to work with Council. The change journey was expected to be large.

However, after extensively testing the market it was established that one large contract was the most effective delivery. Downer were appointed as the new maintenance contractor for the delivery of services. A 90 day transition period had just begun.

With a sound management approach by a large team on both sides of this Contract, the challenges of this short transition phase were overcome, and on 1<sup>st</sup> July 2013 a successful "go live" date was achieved. The majority of effort and costs that were consumed were the integration of business systems, the procurement of the plant and the securing of the right people for the jobs.

There has been a lot of growth and maturing that has taken place throughout the first year of this Contract. This has been underpinned by a relationship that is collaborative and open to new ideas. It is not a relationship

that is threatened by being measured, rather, it is a relationship that builds on its mistakes and strives for excellence.

There are some key successes that have been achieved in the last year that have been the result of good management practices. This is evident in the independent customer survey that is undertaken on a monthly basis, and also by the zero lost time injuries in this Contract. The overall successes have provided both parties with good building blocks and will be the basis for the relationship moving forward.