

South Waikato District Council

Open Spaces Maintenance Services Review

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Definitions

- **Funding arrangement** - involves the manner in which the financial resources are provided to support a service, including both the mix of revenue and capital sources and any arrangement or agreement that governs the provision of these resources (contracts, trust deed, etc).
- **Governance arrangement** – revolves around who has the right to make binding decisions about the overall objectives for the provision of the service, and set the strategic framework in which the service operates. In the local authority context, governance options fit into two broad categories – political or arm’s-length.
- **Service delivery arrangement** - describes the body and agreement between agencies for service provision.

Acronyms

CCO	Council Controlled Organisations
CCTO	Council-Controlled Trading Organisations
FTE	Full Time Equivalent
LGA	Local Government Act 2002
LGNZ	Local Government New Zealand
MPDC	Matamata-Piako District Council
NCC	Napier City Council
OSM	Open Space Maintenance
RMA	Resource Management Act 1991
RMP	Reserve Management Plan
RLDC	Rotorua Lakes District Council
SWDC	South Waikato District Council
TA	Territorial Authority
TCDC	Thames-Coromandel District Council
TDC	Taupō District Council
WBPDC	Western Bay of Plenty District Council
WDC	Waipā District Council
WLASS	Waikato Local Authority Shared Services
FTE	Full Time Equivalent
LOS	Level of Service
KPI's	Key Performance Indicators

Executive Summary

The maintenance of open spaces, including public place (non-household) urban litter collection in South Waikato District (SWDC) is currently delivered by a small internal Parks and Reserves operations/administration team working with a primary external contractor who provides a broad range of day-to-day maintenance and servicing activities under the collective umbrella of “Open Space Maintenance” (OSM).

Section 17A of the Local Government Act 2002 requires that a service delivery review should periodically assess “the cost-effectiveness of current arrangements for meeting the needs of communities within its district or region for good quality local infrastructure, local public services, and performance of regulatory functions”.

The recommendations from this process will guide Council decision making in to the future as it relates to OSM. The review has been conducted now – more than six months prior to consideration of renewal of the existing external contract.

The following five delivery options were considered:

- Outsource (status quo)
- Outsource (enhanced status quo)
- In-House Operation
- Shared Services
- CCO or CCTO wholly owned by SWDC

Of these delivery options considered, it has been found that changing to an In-House Operation would require significant additional initial capital investment, change management and ongoing resourcing and funding with minimal additional benefit.

CCO’s and CCTO’s have been found to be considerably more expensive and would not be economically appealing for commercial operators given the lack of auxiliary supporting commercial opportunities of scale in the region.

Neighbouring councils have expressed some interest in a Shared Service Agreement(s), primarily for arboricultural services, however this would require additional political will and cooperation to make this happen. Waikato Local Authority Service Services (WLASS) has not expressed interest in facilitating this to date.

Continuing to offer services via a primary external contractor with some functions being removed and offered via a separate contract and/or via preferred suppliers (enhanced status quo) has been assessed as the preferred option.

The outsourced (enhanced status quo) option would offer additional improvements in service delivery across key areas of asset maintenance, arboriculture, and native vegetation maintenance. While it would require some additional expenditure, costs would remain within the activity budget allocation. It would likely have political support and result in higher levels of community satisfaction.

Overall this option should provide additional value for money and increase the quality of service delivery.

Recommendations

This report recommends the following service delivery structure:

- **Open Space Maintenance Contract:** The core activities of open space maintenance (OSM) continue to be provided via an Open Space Maintenance Contract with exception of specialist arboriculture, native vegetation maintenance, and pensioner housing ground maintenance. Consider also removing the urban litter component and handing back to Solid Waste.
- **Specialist Arboriculture Services:** Specialist arboricultural services continue to be provided using local arborist companies, with work issued on a case-by-case basis via Purchase Order within annual budgets set for Street and Reserve trees. Works to be prioritised from recently completed street tree inspection/condition rating works that will inform Tree Maintenance Programme spreadsheet.
- **Native Vegetation and Wetland Maintenance Contract:** A new external contract is offered up for Native Vegetation and Wetland Maintenance.
- **Park Public Conveniences Servicing Contract or Subcontract:** Consideration is given to bringing public convenience cleaning and day to day servicing for standalone facilities within parks and reserves under the control of the Parks and Reserves team. This may be included in the primary OSM contract or via a separate specialist cleaning/servicing contract.



Figure 1 – Suggested new open spaces and urban litter service delivery structure – internal and contractors

Introduction

Why is Council reviewing this service?

A Section 17A service delivery review under the Local Government Act 2002 is a process of determining whether the existing means for delivering a service remains the most efficient, effective and appropriate means for delivering that service.

The South Waikato District Council (SWDC) provides a range of community parks and recreation facilities for the residents of and visitors to the South Waikato District.

The Council has outsourced the maintenance of community facilities including parks, street trees and urban litter collection. The service is currently delivered by Downer NZ Limited. The final expiry of this contract is in October 2023.

The Council is considering options for the delivery of services including:

- Outsourcing service delivery (status-quo or enhanced status quo)
- Delivering services in-house
- Shared service arrangements with other Councils (via WLASS, CoLab or others)
- Via a Council Controlled Organisation (CCO) or Council-Controlled Trading Organisation (CCTO)

Council may also consider a combination of some of the above options for different open space maintenance activities.

What are the benefits of carrying out this review?

The potential benefits of undertaking a service delivery review include:

- **Efficiency gains** - In reviewing the funding, governance and service delivery arrangements for a particular service, Council may identify cost savings or a reduction in resource requirements, improving the cost-efficiency of the service.
- **Improvements in services** - Council may identify ways to improve the service delivered to the community.
- **Improving relationships** - with other local authorities, community groups, businesses, and private sector providers.
- **Better understanding of available options** - Improving the understanding of the options for this service is a valuable exercise even if Council decides not to make any changes, guarding against complacency.

Scope of the review

This review provides a full and independent review in accordance with Section 17A of the Local Government Act 2002.

The open space maintenance functions subject to this review span a broad range of activities. These activities are:

- park and roadside mowing
- maintenance of sports park turf
- cemeteries operations
- civic gardens/horticulture
- street and park tree care
- open space/urban loose litter collection
- open space/civic bin servicing
- native vegetation and wetland maintenance
- maintenance of park assets, such as furniture, structure and facilities such as playgrounds

Background

Local Context

The South Waikato district is 1818.87km² in size, and incorporates the towns of Tokoroa (pop. 14,500), Putāruru (pop. 4,600) and Tīrau (pop. 800) and a number of smaller rural settlements that from an overall population size of 25,100 (as at June 2020).

The district's central Waikato location has it surround by six neighbouring TA's – Rotorua, Western Bay of Plenty, Matamata-Piako, Waipā, Taupō and Otorohanga District Councils.

After nearly 20 years of population decline the District has seen a 1% per annum increase in population since 2015 and is predicted that overall population is predicted to increase to 27,000 by 2031. The age of the community is also expected to change over the coming decade and while increasing age is aligned with national figures, unlike the rest of New Zealand, the South Waikato community has a large proportion of children and this age bracket is predicted to continue to grow.

The district has a number of socio-economic challenges and is rated as the fifth most deprived district in New Zealand with particularly high ranks of deprivation for employment, income, and education.

In terms of the Section 17A review, this means that with growth expected to accelerate only slightly in the foreseeable future and the district continuing to have reasonably limited economic resources, the current level of service is likely to be appropriate.

Note: Detail on legislation relevant to open space management are included in *Appendix 1*.

Organisational Overview

South Waikato District Council is the TA for the South Waikato district. Council has approximately 140 staff working across multiple activities. The 2021-2031 LTP lists delivery on five service areas, via 11 activities directly attributable to-Section 10 of the LGA 2022. These activities include:

- Governance and corporate
- Economic and community development
- Community facilities
- Parks and reserves
- Property
- Regulatory
- Solid waste and recycling
- Transport/roading and footpaths
- Water supply
- Wastewater
- Stormwater



These activities fulfill the purpose of local government to enable democratic, local decision-making and action by and on behalf of, communities. They also meet the current and future needs of communities for good quality local infrastructure, local public services, and perform regulatory functions in a way that is most cost-effective for households and businesses.

South Waikato District Council has a vision of “Healthy People thriving in a Safe, Vibrant, and Sustainable Community.

Strategic priorities identified in the 2021-2031 Long- Term Plan include:

- A vibrant culture
- Healthy, proud, and connected community
- Environmental sustainability
- Economic development
- Durable infrastructure

The Open Space Network

For this review Open Space refers to:

Areas of Council owned or managed land for the purpose of amenity, recreation, or enjoyment for the public.

Council’s Parks and Reserves team actively manage approximately 272 hectares of parks and reserves within the South Waikato District. It also manages cemeteries, street trees, a number of other Council landholdings including street gardens, public car parks, land outside civic properties such as libraries and other civic buildings, pensioner housing, and a variety of storm water land assets. The team currently does not look after the servicing of public conveniences (toilets and change facilities) on reserves.

Assets maintained throughout the open space network include:

- 48 urban reserves varying in size from 500m² to 25ha
- Eight esplanade reserves (lakeside, river or stream)
- Three sportsgrounds in Putāruru and Tokoroa
- Four cemeteries
- 15 playgrounds located in Tokoroa, Putāruru, Tīrau, Arapuni
- Three skateboard areas (Tokoroa, Putāruru and Tīrau) and one pump track (Tīrau)
- Five scenic reserves
- Ten rural reserves
- Te Waihou Walkway and the Te Kohatu o Hatupatu (Hatupatu Rock) site

Open Space Governance Arrangements

The open space activity is governed by the Council with input from the Council’s Local Services Committee, and Audit, Risk, and Improvement Committee (standing committees), and the Tirau Community Board:

- The **Local Services Committee** is one of three standing committees of Council. Its job is to inform the strategic direction for the Council in relation to locally delivered services and monitor implementation through approved planning and policy frameworks and reporting mechanisms. One of their portfolios is overseeing and monitoring the parks and reserves activity.
- In addition, the **Audit, Risk, and Improvement Committee** maintains an overview of the financial management and performance management framework as included in the Council’s LTP, Annual Plan and Annual Report documents which includes planning and reporting on open space operations.
- The **Tirau Community Board** provides feedback to Council on issues as they relate to the Tirau community, to make annual submissions on expenditure within the Tirau community and to make recommendations to Council on matters of interest or concern to the Tirau community which may include the open space network. It has no delegated authority to make decisions.

Funding Arrangements

The open space activity is funded as shown in *Table 1*.

Table 1 - Funding of the Open Space Maintenance Activity (2020-21 Annual Plan)

Activity	General Rating Mechanisms	Targeted Rates	User Fees	Dividends and Investments
Parks and Reserves (including Sportsgrounds)	95%	0%	5%	0%
Cemeteries	78%	0%	22%	0%
Waste Litter Collection (Urban Litter)	100%	0%	0%	0%

Operational funding is predominately from general rates (including uniform annual general charges and rates penalties) with limited revenue from fees and charges, and interest and dividends from investments. There are no other significant sources of external revenue to offset the cost of service delivery.

Application of operational funding (actual expenditure) is allocated primarily to payments to staff and suppliers, internal charges and overheads, and finance costs.

Review of Service

Introduction

Section 17A of the LGA requires Council to review the cost-effectiveness of current arrangements for meeting the needs of communities within its district or region for good-quality local infrastructure, local public services, and performance of regulatory functions. This section details potential options for each.

In the first instance, the Service Delivery Reviews take a ‘first-pass’ at the options outlined in Section 17A. These have been aggregated to five high level options:

1. **Outsourcing (status-quo)** - the entire activity is outsourced to a single/primary external contractor.
2. **Outsourcing (enhanced status quo)** – Some or all of the activity is outsourced to multiple external contractors.
3. **In-house service delivery** – South Waikato District Council (SWDC) officers are responsible for delivering the parks and reserves maintenance service, while Council governs and makes decisions about funding.
4. **Shared service arrangements with another/other Councils** – this would include entering into shared service arrangements for some or all of the activity, through a joint committee, CCO or merger.
5. **Delivery via a Council-Controlled Organisation (CCO) or Council-Controlled Trading Organisation (CCTO)** wholly owned by SWDC.

A high level (first-pass) analysis of these open space maintenance and urban litter service delivery options is in *Appendix 2*. On consideration of the critical success factors and high level analysis, four of the five options are considered feasible for further analysis.

Table 2 is a high level summary of options assessed as being most feasible for further investigation in this review.

Table 2 – Summary table of available options for open spaces maintenance and urban litter service delivery

	Option 1 – Outsource (status quo)	Option 2- Outsource (enhanced status quo)	Option 3 – In- House Operation	Option 4 – Shared Services	Option 5 – CCO or CCTO wholly owned by SWDC
Open Spaces Maintenance and Urban Litter Service Delivery	yes	yes	yes	yes	no

For CCO/CCTO models to work effectively from a financial perspective, they need to be able to take advantage of commercial opportunities across other councils and the private sector. Currently three of the six neighbouring Waikato councils (Waipā, Taupō and Rotorua District councils) provide the majority of their parks and reserves maintenance services in house. This significantly reduces the potential available commercial opportunities for a CCO/CCTO in the open space maintenance sector. For these reasons Option 5 is not further analysed.

Assessment of Current Service Delivery

The Parks and Reserves Team

The SWDC Parks and Reserves team oversees the operation, maintenance and development of the district's reserves, including urban parks, rural and esplanade reserves, cemeteries, playgrounds and sportsgrounds. They also look after litter operations within open spaces and urban areas, including loose litter collection and bin servicing within reserves, the urban CBD and both primary and secondary streets. The maintenance of these areas is currently delivered through a combined single open space maintenance/litter control contract. This contract was bought together from four separate contracts in 2020 (previously: Southern Open Spaces, Northern Open Spaces and Cemeteries, Sports Parks and Open Spaces and Urban Litter Control) for efficiencies, economies and consistency of service delivery across the district.

Facilities within reserves are also maintained under the OSM contract with the exception of toilet facilities that are maintained under a separate cleaning contract. Council's role is to administer the OSM and other Parks and Reserves contracts, undertake on-site health and safety auditing, issue interment warrants, programme repairs and renewals, and manage condition and usage. Council provides a contact for users and administers the bookings for each of their parks and sportsgrounds.

The Parks and Reserves team manage trees located within reserves, and in urban road reserves and street berms (70km and below areas). They are also involved in planning for and carrying out capital works as set out in the Long- Term Plan and Annual Plans.

Rationale for service delivery

Council is required to provide open spaces services as they are a part of Council's Community Facilities, Parks and Reserves and Property function. These are considered a 'core service' as per Section 10 of the LGA.

The Long- Term Plan 2021-2031 outlines the rationale for the delivery of parks and reserves services as;

"We provide parks and reserves to enable the provision of infrastructural and community-based services. Council undertakes the Parks and Reserves group of activities to ensure that our residents and visitors have a wide range of options to meet their leisure and recreation needs. These facilities play an important role in fostering community pride in our District as they provide for both formal sporting and recreational groups to come together, or for the community to get together in an informal manner."

How is the service currently delivered?

The open space network is managed by an internal primarily administrative team consisting of five full time equivalent (FTE) staff. This includes one third-tier manager

as Parks and Reserves Manager, and four fourth-tier staff comprising of Parks Officers for Contract Management, Sportsgrounds, Cemeteries and Facilities, Trees, Landscaping and Community Liaison, and Asset Management. The Activity has been overseen by the Group Manager: Assets as shown in *Figure 2*.



Figure 2 Internal SWDC open spaces staff structure (and external contractor relationship)

Council currently delivers the majority of open spaces via the primary contract with Downer NZ Limited. A range of independent contractors provide other services including landscape architecture, ecology, archaeology, surveying, traffic management, recreation asset planning, and project management.

A number of other specialist contractors provide services such as security, fencing, animal pest control, arboriculture, specialist building and landscaping construction services and turf renovation when skills, equipment or resources do not permit these tasks to be undertaken by the current primary contractor or internal staff.

Table 3 compares staffing levels between other councils who also currently outsource their open spaces maintenance operations. SWDC looks after 10.8 hectares per FTE worker which means that staffing is considerably lower than both the Thames-Coromandel at 7 hectares per worker and Gisborne District Council at only 6.8 hectares per worker.

Note: These comparisons do not take in to account other activities that the other councils' may complete such as public convenience servicing and maintenance, and general renewal works. Gisborne has six in-house botanical gardens staff.

Table 3 Comparison of staffing levels (FTE) for other Councils with a primary external open space maintenance contractor

Staff	South Waikato District Council	Thames-Coromandel District Council	Gisborne District Council
Internal Manager (Tier 3)	1	1	1
Internal Parks Officers	4	5	10

Internal Office Admin Support	0	1.5	2
External Contractor Admin and Field Staff	20	45	20
Total	25	62.5	33
Actively Managed Open Space (ha)	272	440	225
Hectares/Worker	10.8	7.0	6.8

What is the cost?

The 2022/23 Annual Plan allocates an operating budget for delivery of the open space activity of \$3,997,000 with an expected revenue of \$4,656,000 via general rates, and other revenue. The 2020/21 actuals have been used where possible throughout this report as they are audited accounts and enable accurate comparison with other councils' audited accounts for the delivery of open space services.

Total operating expenditure has increased from \$3,372,000 in 2020 to \$3,474,000 in 2021 representing a moderate increase of 3% compared to inflation during the same period of 1.5%, however in the last year inflation has grown to 6.9%.

Over the last six years however (since 2016) annual expenditure on open space maintenance operations have oscillated significantly. This is shown below in *Table 4*.

Table 4 - Operational budget increase since 2016 for South Waikato District open spaces maintenance and urban litter service delivery

Year	Operational Expenditure	Percentage Change Between Years (Operational Expenditure)
2016	\$1,569,000	
2017	\$1,486,000	5.2% decrease
2018	\$1,768,000	18.9% increase
2019	\$3,530,000	99.6% increase
2020	\$3,372,000	4.4% decrease
2021	\$3,474,000	3.0% increase
2022/23 Annual Plan	\$3,997,000	15% increase
	Total (7 years)	Average (per year)
	\$19,196,000	21% increase

Table 5 shows a comparison of the area of actively maintained open space (open space that is mowed or otherwise actively maintained). SWDC's expenditure is similar per hectare when compared with Taupō District Council, who delivers their

service in house, however Napier City Council spends approximately \$3,000 more per hectare with their in-house model, with Rotorua Lakes District Council spending over \$4,460 more per hectare via their CCO delivery model noting that both NCC and RLDC are much more urbanised areas with higher levels of service.

Table 5 Comparisons of direct operating expenditure per hectare between differing service delivery types (2021/22)

Open Space	SWDC	TDC	NCC	RLDC
	(Outsourced)	(In-house)	(In-house)	(CCO)
Hectares (total open space)	272	1,792	766	1,121
Hectares actively maintained open space	254	844	546	555
Annual direct operating expenditure	\$2,600,729	\$6,966,925	\$8,372,607	\$8,799,354
Annual direct cost per ha (total open space)	\$8,948	\$3,888	\$10,771	\$7,268
Annual operation cost per ha actively maintained open space	\$8,949	\$8,255	\$12,045	\$13,412

What works well now?

A series of online and face to face interviews as well as a workshop was conducted with staff at the latter end of 2022 (see *Appendix 3*). SWDC staff identified a number of areas where activities were currently working well. These included:

General Mowing

Council can be reasonably proud of the overall standard of mowing across the district, when compared to other districts, with priorities working well, albeit difficulties with the Contractor keeping levels of service maintained over high growth periods is encountered from time to time. Suitable specifications are set and generally being met.

Sports and Turf Field Maintenance

Staff report satisfaction in the attention to sports and turf field maintenance across the open space suite. Mowing is again being done to specifications, as is line marking.

Loose Litter Collection

Litter servicing is reported to be very thorough with few instances of bins overflowing and loose litter being left around.

Cemeteries

The specifications and process for burials are reportedly working well, although complaints have been received from time to time around mowing during high growth periods and edging which has been mitigated by an oscillating weed trimming head being utilised when edging near headstones.

Resident Satisfaction

The current service provided by external contractors results in a moderately high level of resident satisfaction. Over 84% of residents were satisfied with the overall maintenance of parks and reserves according to the (Key Research Limited) resident satisfaction survey in 2020/21.

To note, 87% of residents surveyed were satisfied with maintenance of sportsgrounds, and 85% with maintenance of playgrounds and cemeteries. Residents reported their satisfaction with litter management at only 68%, however this does not differentiate between residential bin/kerbside collections and disposal at transfer stations versus public loose litter collection and bin servicing that forms part of open space maintenance contract.

Table 6 shows that neighbouring Waikato councils have a range of residential satisfaction results for their open space maintenance operations. Comparisons with neighbouring Taupō District Council (TDC) and Rotorua Lakes District Council (RLDC) are shown.

Table 6 Comparison of satisfaction with parks maintenance (2021/22)

Satisfaction	SWDC	TDC	RLDC
2020/21 Resident satisfaction with parks	84%	74%	97%

Table 7 shows that SWDC's level of resident satisfaction is on par with Western Bay of Plenty District Council and with a number of Councils such Timaru, Gisborne, Waikato and Central Otago that scored highly when service delivery is outsourced.

Table 7 also shows that Timaru, Rotorua Lakes, Ashburton and Gore are all scoring very high (above 95%) in residential satisfaction surveys, despite being delivered across the full range of delivery options.

There is little evidence that resident satisfaction is significantly different under in-house, CCO or outsourced service delivery. Our assessment of reported resident satisfaction with the open spaces of 18 councils, showed that the average satisfaction score is 86% with the average score for councils with in-house delivery being 84%. This average is not significantly different than those with delivery via a CCO/CCTO (88%) or a contractor (86%) as shown in Table 7.

Table 7 Comparison of resident satisfaction for parks maintenance with various delivery options (2021/22)

Council	in House	CCO/CCTO	Contracted
South Waikato			84%
Timaru			97%
Gisborne			89%
Waikato			89%
Central Otago			87%
Western Bay of Plenty			84%

Dunedin City			75%
Ashburton	95%		
Gore	95%		
Napier	87%		
Wellington	85%		
Porirua	81%		
Taupō	74%		
Ōpōtiki	74%		
Rotorua Lakes		97%	
Waitomo		89%	
Selwyn		87%	
Matamata Piako		82%	
Median Satisfaction	84%	88%	86%

What are the issues and challenges for the future?

Via the staff interviews and workshopping, SWDC staff identified the current key issues and challenges for open spaces in the future;

Additional Reserves, Park Assets and Level of Service Expectations

- Level of service (LOS) expectations increases – due to more people with higher expectations moving in to the district from elsewhere in to new urban subdivisions, and general urban intensification.
- Developers vesting additional land as reserve in Council – requiring Council to manage – more areas to mow, garden and trees to maintain.
- Additional demand for neighbourhood parks assets – playgrounds, barbeques, and accessible facilities due to a high rate of disability in the district and an ageing population etc.
- Additional connectivity to the active transport network – walkways/cycleways and associated maintenance.

Maintenance of Ageing Infrastructure

- Increasing removals and renewals of park assets will be required due to the age of these assets.

Waste/Litter Management Challenges

- Higher expectations regarding environmental protections and proliferation of new products such as nitrox oxide cannisters, vape pens etc.
- Increase in incidences of fly tipping in urban areas and rural reserves if costs of disposal to transfer stations increase

General Climate Change Events

- Flooding, drought, heat etc – may need to change how Council manages assets and maintenance of vegetation.
- More need for additional raingardens/swales/green engineering in our reserves.
- Additional stormwater detention areas on some reserves – i.e. Strathmore Park and the Tokoroa War Memorial Sportsground.

Contractor Staff Skills, Training and Supervision Challenges

- Inability to resource contracts with adequately skilled and trained staff and provide sufficient supervision and ongoing training.

What could be improved?

SWDC staff identified the current areas for improvement and suggested some likely possible solutions as below.

Edging and Spraying

Despite the general satisfaction expressed by staff with the standard of mowing across the open space suite, staff have expressed dissatisfaction with spraying and edging operations including a lack of spraying around park assets, and conversely over spraying and spraying in windy conditions at other locations. Mechanical edging at the cemeteries is often poor. Staff have indicated they believe it is a combination of a lack of operational staff resourcing, training and supervision by the contractor, and ageing equipment.

Possible Solution:

- This operation could feasibly be removed from the OSM contract and bought in-house for higher levels of service, however this would ultimately mean a likely duplication of resources and make coordination difficult. Alternatively better supervision and management by the contractor may be the most appropriate option to improve this activity.

Asset Maintenance and Reporting

Staff have expressed concerns over the lack of general care around park assets when conducting maintenance, as well as a lack of cleaning, product knowledge and reporting of asset breakages. Plant appears not to be getting serviced frequently and health and safety procedures are underutilised in some instances. Standardised processes and software (MS Dynamics) are in place but are not being implemented and utilised by the Contractor very well.

The Parks and Reserves team is currently managing these issues by taking on the primary responsibility of initially processing public reports/requests for service and the Parks Officer - Contract Management is actively auditing and recording issues on the Notice To Contractor spreadsheet, which is a live document that can be updated weekly by the Contractor and the PO-Con Mgmt. These NTCs become an agenda item on each monthly Principal/Contractor meeting.

Possible Solution:

- Further contractor commitment to the pro-active utilisation of MS Dynamics would likely improve service delivery along with staff training and resourcing.

Tree Maintenance and Planning

The Council has substantial and ageing street tree assets with large numbers of street and park trees having been planted in the 1950s-1970s, during the towns establishment and early growth.

Council has begun collecting information on the number, age and condition of the existing street tree asset. To date 2,500 street trees have been inspected and condition rated with an estimated further 500 in urban streets to be completed in the next Financial year, alongside commencing inspections/rating of trees within the district's reserves.

SWDC has a street tree policy and one of the Parks Officers has responsibility for tree management, including responding to public requests for service and enquiries.

The primary contractor currently is engaged to undertake basic technical arboriculture work, including removal of epicormic growth, pedestrian and traffic access and visibility clearances, removal of diseased, damaged and broken branches as well as formative pruning, and juvenile tree care for both street and park trees. However, this service is reportedly been attended to poorly – under planned and under resourced.

Council regularly engages experienced local arborists on a case by case basis for specialist tree work (larger proactive and reactive), where a project is beyond the skills or resources of the primary contractor or where work has not been completed.

This case-by-case basis provides for reasonable rates being offered by the local arborists, although the costs of traffic management is increasing, as per the trend nationwide.

Currently Council spends under \$67,000 per annum (p.a) with the current contractor on programmed tree works. It spends a further \$1,500 per annum (p.a.) on day works with the current OSM contractor but another \$373,250 p.a. with other/local arborists. To note the current OSM contractor also bills another \$35,000 p.a. for tree works on other Council properties and facilities (non-parks).

Possible Solutions:

- Programmed tree maintenance/minor works require more internal monitoring and a higher level of service, as indicated by the recent engagement of a consultant arborist to undertake inspection/condition rating work that will inform the existing Tree Maintenance Programme spreadsheet for better prioritising and implementation. An option is to retain only minor tree works within the primary open space maintenance contract, and the Parks and Reserve team continue dealing with more major tree works on a case-by-case basis using local arborists. This will allow for prioritisation of works within the trees budget funding set annually.
- An alternative would be to further investigate a shared service agreement for arboriculture with neighbouring councils for this specialist work including tree

reports however, this may result in timing issues, and 'smaller cousin' syndrome' - where larger Councils get higher priority by arborists as they have more budget available.

- As traffic management is also a challenge – there may be efficiencies and economies in arboricultural contractors utilising their own traffic management resource rather than having to use the primary contractor.

Loose Litter and Litter Bin Servicing

In 2018 the Urban Litter Collection contract was handed over to Parks and Reserves and added to the OSM Contract. This component combined urban bin servicing, park bin servicing (urban and rural) and loose litter collection from streets and public places in the CBD and all primary and secondary urban streets. Council staff have expressed their general satisfaction with the current contractors performance, however were concerned regarding the lack of receptacle cleaning and the lack of internal contractor auditing.

The current value of this component per annum is approximately \$524,350 which at first glance seems proportionately high comparative to other open space maintenance activities and in comparison to expenditure at other Councils.

Per 1,000 residents that equates to \$22,558 versus the national average at \$3,634. It is noted however that OSM contracts rarely perform the loose street litter removal function at other Councils around New Zealand and this addition component is skewing the numbers. As a proportion of the total cost bin servicing equates to 46% which is significantly lower than the 84% national average. To note: the direct costs to Parks portfolio was only \$273,175 for 2021/22 financial year.

Possible Solutions:

- There may be economic and other efficiency benefits in removing the urban streets loose litter collection component from the primary contract and combining with other existing town litter services managed by Councils Solid Waste team. This may offer an opportunity for a specialist waste management companies who have access to transportation and specialist waste disposal and recycling facilities.
- Council may consider rationalising their bin litter collection service – for example removing bins from locations such as where there are numerous small bins on an urban site or isolated rural bins in roadside rest areas (i.e. to encourage the public to pack it out), replacing ageing steel drum bins with plastic 240 litre restricted access bins on bin stands or automated crusher units for more capacity
- Council could consider lowering frequency of servicing, however this will likely lead to ongoing waste management and environmental contamination issues, particularly as loose litter is an ongoing weekly problem, especially in Tokoroa.

Pensioner Housing

The management of the pensioner house portfolio currently sits with the Property team, however the Parks and Reserves team have been looking after the mowing and manual edging, gardens, and loose litter collection for the sections these houses sit on via the current OSM contract. Pension unit residents and Council Property staff have expressed their dissatisfaction with the lack of consistent ground maintenance being undertaken to the specifications set in the contract needing to have the grass being mown before reaching 40mm in height, as set for other high profile sites.

The value of this activity is approximately \$55,000 per annum.

Possible Solution:

- Due to the low value of this activity, the relatively small number of units in close proximity to one another and the desire from residents to increase service levels/frequencies and responsiveness then there is an argument to remove this activity from the OSM contract and hand it back to the Property team who may be able to engage local specialist mowing and garden maintenance operators to complete this work.

Native Vegetation and Wetland Maintenance

Council manages a relatively large and increasing number of native vegetation and wetland areas. These areas are of environmental importance, providing sites of biodiversity, and, in particular, riparian planting that crucially decreases erosion and run-off, improves water quality and the health of plants, fish and animals living in and around the water. However, history has shown that over the past three open space maintenance contracts, native revegetation and wetland maintenance activity is always kept down on the list, especially when seasonal growth occurs, and emphasis comes on mowing and garden maintenance in high profile areas and cemeteries. The contractor invariably leaves the maintenance of all the native vegetation areas to be completed in winter which is a difficult time to access some sites and means that regular maintenance to keep on top of weed growth (4 times a year) does not occur.

Contractors have been found to have insufficient knowledge of native species, general care around establishing areas, including regularly over-spraying and ringbarking of shrubs and trees. Conversely some areas are not getting attention, and are now overgrown with weeds including blackberry, wild cherry, and broom.

The budget allocated by the current contractor to this activity is considerably undervalued at \$50,000 per annum. Council has recently requested a revised estimate from an alternative specialist environmental contractor that has put the value of the works at just under \$505,000 per annum for servicing of the 16 hectares four times per year.

Possible Solution:

- Council may wish to consider removing this activity from its primary OSM and putting it out via a competitive tender to the market of specialist contractors who have the sufficient knowledge, machinery, and training to complete these works. It would be likely that several local contractors could bid for this work.

Public Conveniences and Change Facilities

The cleaning and day to day servicing of public toilets and change facilities are currently outside of the current OSM contract and is managed by the Property team under an separate external SWDC Cleaning Contract with Spotless (a subsidiary of Downer NZ Limited). However, in the 2021/22 annual report the management of the toilets located in reserves were within the Parks and Reserves activity. Overall public satisfaction with toilets is low at only 64% in the last residential survey. (**Note:** this includes toilets in all locations, including those located in urban areas)

Of the 34 facilities, 24 are standalone and located within parks and reserves with another three in town centres and all part of the OSM contract areas (both urban and rural).

The current value of servicing these 27 facilities is approximately \$127,350 (54%) per annum of a total Spotless contract worth approximately \$231,550. It is estimated that the current expenditure on toilet servicing is undervalued by approximately 15% in comparison to neighbouring Councils and an increase in budget would be appropriate to increase levels of service.

Possible Solutions:

- With the current public convenience cleaning and servicing contract due to expire in 2025 (or be mutually terminated earlier) to improve the level of service, it may be worth considering bringing the cleaning and day to day servicing of the 24 toilets and changing rooms located within parks and reserves only into a new OSM contract. This may make the OSM contract more appealing to tenderers as a number of open space contractors conduct toilet and change room cleaning activities as part of their open spaces Council contracts. There could be additional cost savings with the OSM contractors regularly travelling to the same sites for other operations such as bin servicing.
- Conversely this may make the SWDC Cleaning Contract for the ten remaining toilets less attractive for potential bidders if/when this contract is retendered.
- Alternatively Council could leave the cleaning and servicing activity of parks based toilets and changing rooms with the Property team and retender with improved KPIs for this specialist work.

Note: As cleaners are considered 'vulnerable workers' under the Employment Act 2000 any new contractor must offer employment to these individuals.

Analysis of Future Delivery Options

Four options are considered for the delivery of this service;

Option 1: Status Quo (Outsourced Open Space Maintenance Delivery)

Under this option Council would continue to provide the majority of open space management and administration with in-house staff but contract out maintenance delivery to an external contractor.

The following contracted services would be provided externally under a term-contract arrangement:

- amenity horticulture/garden maintenance
- mowing
- park asset maintenance
- cemetery operations and maintenance
- playgrounds and skateparks maintenance
- sports fields maintenance and sports field seasonal turf renovation
- cycleways and walkways maintenance
- arboriculture/tree management and maintenance
- native vegetation and wetland maintenance
- pensioner housing ground maintenance
- open space/urban loose litter collection
- open space/civic bin servicing

This would likely mean the cost of service would remain similar factoring inflationary increases. However there would likely be an inability to progress even small improvements in the level or service due to insufficient resourcing across the different activity areas. This would not provide maximised value for money or address the numerous issues identified in this report requiring improvement.

Option 2: Enhanced Status Quo (Outsourced Delivery Supported by Specialist External Contractors)

Under this option Council would continue to provide the open space management and administration with in-house staff but contract out the primary maintenance delivery to an external contractor supported by greater use of other external contractors and/or preferred supplier panels.

Primary Open Spaces (OSM) Contract

The following contracted services would be provided externally under a term-contract arrangement:

- amenity horticulture/garden maintenance
- mowing
- park asset maintenance
- cemetery operations and maintenance
- playgrounds and skateparks maintenance
- sports fields maintenance and sports field seasonal turf renovation
- cycleways and walkways maintenance

- open space/urban loose litter collection
- open space/civic bin servicing

The following functions would however be removed from the primary OSM contract:

- arboricultural assessments and maintenance (with exception of minor works)
- native vegetation and wetland maintenance

The following functions would be removed from the contract and allocated over to the Property team.

- pensioner housing ground maintenance

Consideration could be given to securing the day to day toilet and change room cleaning and servicing function for the 24 facilities on parks and reserves from the Property team and bringing this in to the primary OSM contract to make the contract value higher and encourage specialist open spaces businesses to tender.

Professional Services under Preferred Supplier Panel Engagement and/or Separate Specialist Engagement

The following professional services would, however, be provided externally ideally under a preferred supplier arrangement or separate specialist contract/s:

- arboriculture/tree management and maintenance
- native vegetation and wetland maintenance

We estimate the cost of this option to be similar to the current budget allocation in the most recent LTP as shown in *Table 8*. If this were approved the annual cost of this option would be approximately \$4,055,000.

Table 8 Resource requirements enhanced status quo - outsourced option (from LTP 2021-2031)

Component	Est Required Budget
Internal Staffing – Management and Admin (5 FTE) and Overheads	\$1,380,000
Primary Open Spaces (OSM) Contract (Pensioner Housing and Native Vege removed)	\$2,170,000
Native Vegetation and Wetland Management Contract (Preferred Supplier Panel Engagement or Specialist Contract)	\$505,000*
Total Cost Estimate	\$4,055,000

*Current market rate estimate.

Option 3: In-House Delivery

Under this option all open space maintenance services would be moved in-house along with existing management/administration.

The Parks Officer – Contract Management role, responsible for monitoring the delivery of the contract, along with the other Parks Officer positions would become responsible for the operational field team/s. Tasks would include training, programming works, issuing works orders works, undertaking auditing, managing renewals and minor capital projects and resolving customer issues.

Moving from a full service contract to an in-house operation would require considerable change management, establishment costs and time. As a minimum, we expect the following key tasks would be essential components of any successful transition to an in house delivery model:

Planning

- in-depth and detailed analysis and investigation of operational requirements and cost forecasting
- business case and council decision to retain outsourced service delivery or move to an in-house operation. If bought in-house;
- consultation process with subject to proposal for change
- finance for investment setup – including purchase of land, buildings, plant/machinery, and internal administration
- development of internal parks service delivery agreement
- parks and reserves team structure review, role development and recruiting for specialist operational roles and team managers
- termination of contract and transition between outsourced and in-house operation
- consideration of employment rights for existing employees of the contractor who do cleaning, catering, laundry, caretaking or provide security services under the Employee Relations Act 2000

Capital Investment

- purchase of land, buildings, plant, machinery and internal administration

Development of Service Agreement and Team

- service agreement specification and key performance indicators (KPI's)
- role specification
- recruiting
- induction and initial training

Operation Set Up

- staff induction and training including drug testing, uniform/PPE, immigration etc
- development of operational programming /scheduling, standard operating procedures and policies, health and safety planning, auditing and performance monitoring

Annual Costs

- maintenance and renewal of plant, depreciation, insurances
- direct labour costs
- uniforms, PPE
- training
- ACC and KiwiSaver
- additional corporate overhead costs and resource pressures in HR and staff management, payroll costs

The tables (*Tables 9 and 10*) provide an estimate of initial capital investment costs likely to be required to set up, as well as annual operating costs estimates if delivery of services was moved in-house.

Table 9 - Indicative capital cost estimate of bringing services in-house

Item	Est. cost (each)	Total Est Cost
Land and Buildings		
Land purchase (2ha)	\$1,500,000	\$1,500,000
2 Sheds	\$350,000	\$1,000,000
Amenity Buildings	\$500,000	\$500,000
Washdown	\$100,000	\$100,000
Nursery Buildings	\$80,000	\$80,000
		\$2,880,000
Plant and Machinery		
Small Plant	\$100,000	\$100,000
4 x Utes	\$65,000	\$260,000
3 x Gardening tip deck Trucks	\$110,000	\$330,000
2 x Compacting rubbish Trucks	\$110,000	\$220,000
3 x OutFront Mowers with 100 litre spray tanks	\$75,000	\$225,000
2 x Walker Mowers Or Zero Turn Mowers	\$75,000	\$150,000
1 x Low cabbed Tractor	\$100,000	\$100,000
1 x Trimax Mower	\$75,000	\$75,000
1 x Pegasus Mower	\$90,000	\$90,000
1 x Out Reach Mower	\$90,000	\$90,000
1 x Rubber tracked Digger 3 Ton cabbed for Grave excavations	\$60,000	\$60,000
1 x Line marking spray Gator	\$50,000	\$50,000
		\$1,750,000
Total Capital Estimate		\$4,630,000

Table 10 - Indicative annual operating cost estimate of bringing services in-house

Operational Component	Est. cost
Staffing and Employment Costs (26 staff)	\$2,765,000
Operations and Maintenance	\$675,000
Rental, Rates and Insurance	\$185,000
Utilities	\$75,000

Depreciation	\$275,000
Internal Overheads	\$350,000
Total Operational Estimate	\$4,325,000

To note the 26 staff required are based on the current resourcing and include the following:

- 1 Parks Manager
- 4 Parks Officers
- 5 Gardeners
- 2 OutFront Operators
- 1 Tractor Operator
- 1 High Profile Sites Walker Mower Operator
- 3 Litter Operators
- 2 STMS Traffic Controllers
- 2 Sextons
- 1 Playground Operator
- 2 Tree/Native Vegetation Maintenance/Reactive Work Operators
- 1 Mechanical Breakdown Staff Member
- 1 Line Marking Staff Member

Over 10 years this would equal approximately \$47,880,000 (not inflation adjusted). For budgetary reasons this may be untenable.

In our view a comprehensive transition process would also be required. We estimate a minimum of 18 months lead-in, with a dedicated team to oversee the transition.

Option 4: Shared Services

SWDC is part of the Waikato Local Authority Shared Services (WLASS). The key purpose of WLASS is to drive collaboration between councils, to improve customer service and reduce costs. This includes contractor Health and Safety pre-qualifications, procurement, infrastructure technical specifications and others. WLASS/Co-Lab has not provided positive interest in facilitation of Shared-Services contract to date.

A number of councils have expressed some interest in a Shared Service agreement with SWDC. The strongest interest comes in the area of arboriculture. Matamata-Piako District Council recently commenced a new contract with Arborcare. Taupō District Council also utilise a local contractor for works. However, TDC envisage that if a more proactive programme of tree works is initiated, a smaller local operator may not be able to provide a priority service or have sufficient capacity to cope with work volumes. Western-Bay of Plenty also see some potential in having shared arboricultural services with a neighbouring Councils.

Another area that Shared Services may be appropriate for is native vegetation, and pest plant and animal management. This specialist work requires knowledge as well as certification and training, specialist machinery and equipment. Many councils have expressed some difficulty in achieving the level of service required via their

general operations contract and outsourced this service. Arco Environmental has been suggested as an example of one such supplier.

As part of this review neighbouring councils were contacted regarding the opportunity of possible shared services for open space maintenance. Responses are shown in *Table 11*.

Table 11 - Feedback regarding shared services possibilities with South Waikato District Council

Council	Date of Last S17A Review	Interest in Shared Services with SWDC?
Matamata-Piako District Council	2022	Yes – for Street Sweeping, Arborist Services (currently in first year with Arborcare), Playground Inspections and Repairs, Mowing, Weed-spraying
Taupō District Council	Unknown	Yes – possibly mowing near Atiamuri and Whakamaru (Taupō currently using DMMS Contracting in this area) i.e. Dunham Creek and Lake Whakamaru Reserve. Tree works – currently informal arrangement with PKV Treeworx in Taupō. Possibly native vegetation and weed control – Arco for example doing lots of work with mana whenua
Waipā District Council	2023	No
Western-Bay of Plenty District Council	2018	Reserves maintenance contract awarded in 2018 – with contract term of 3 years with two rights of renewal. Anticipate going out to the market again in 2027. Possibly to consider Arboriculture for shared services.
Rotorua Lakes District Council	Unknown	No – are happy with their current contract with Infracore

The above options could be further investigated if SWDC decides to separate out arboriculture and/or native vegetation and wetland management from the primary contract.

Specialist suppliers could also be utilised via the Waikato Local Authority Shared Services (WLASS) preferred supplier list for independent playground inspection and repair for example.

It is extremely difficult to ascertain what this option may cost without further working through details with an interested neighbouring party.

Summary of Options

Table 12 is a brief summary of the options considered in this review of SWDC open space maintenance operations.

Table 12 - Brief summary of service delivery options for open space maintenance

Delivery Option	1. Outsourced (status-quo)	2. Outsourced (enhanced status quo)	3. In-house	4. Shared Services with another Council/s
Brief Description	Entire activity is outsourced to a single/primary external contractor	Some or all of the activity is outsourced to multiple external contractors and/or preferred suppliers	SWDC staff are responsible for delivering the full parks and reserves maintenance service	Entering into shared service arrangements (with neighbouring councils) for some or all of the activity, through a joint committee, CCO or merger
Feasibility	Yes	Yes – requires additional budget provision and recruitment	Difficult - requires minimum 18 months lead in and significant financial investment	Limited – some interest for some functions from other Councils but not full service
Community views and preferences	Likely continued moderate satisfaction	Likely higher levels of satisfaction	Likely negligibly higher levels of satisfaction over time – but only if well managed	Likely lack of political and/or managerial commitment as seen as risky
Cost of option (annually)	\$ 3,997,000	\$4,055,000	\$4,630,000 for initial set up and \$4,325,000 for ongoing annual operational costs.	Undetermined – depends on what services are shared. Indications are significantly higher than other options.
10-year total cost estimate (not inflation adjusted)	\$39,970,000	\$40,550,000	\$47,880,000	Undetermined

Table 13 summarises the key benefits and risks of each option considered in this review.

Table 13 - Key benefits and risks for open space service delivery options

Delivery Option	Benefits	Risks
1. Outsourced (status-quo)	<ul style="list-style-type: none"> • resident satisfaction remain as is • low - median cost of service delivery compared with CCO and In-house option • known service • specialist skills and local knowledge 	<ul style="list-style-type: none"> • inability to progress improvement programme due to insufficient resources
2. Outsourced (enhanced status quo)	<ul style="list-style-type: none"> • levels of resident satisfaction enhanced with more responsive programmes - improved asset maintenance and planning, improved tree maintenance and risk management, improved native vegetation and wetland maintenance • enables flexibility between external and internal resources as needs change • improves ability to make strategic and tactical decisions in future over service delivery options 	<ul style="list-style-type: none"> • additional cost to ratepayer
3. In-house	<ul style="list-style-type: none"> • levels of resident satisfaction uncertain may be higher if managed well • local employment and investment in training • improved all-round level of service and responsiveness • likely savings for operations over long term 	<ul style="list-style-type: none"> • potential political interference in operational decision making and prioritisation • some risk of non-critical service failure especially during start up • additional cost to ratepayer in short-term
4. Shared Services with another Council/s	<ul style="list-style-type: none"> • levels of resident satisfaction uncertain • possible cost-efficiencies through economies of scale • access to specialist expertise • improved compliance with regulations and standards 	<ul style="list-style-type: none"> • uncertain benefits • conflicting objectives • process complexities • additional cost to ratepayer

Conclusion

Xyst, on behalf of South Waikato District Council, has conducted a review of their open space maintenance service delivery in accordance with Section 17A of the LGA which requires Council to consider the cost-effectiveness of current arrangements for meeting the needs of communities within its district or region for good-quality local infrastructure, local public services, and performance of regulatory functions.

This report has considered in detail the following options:

1. **Outsourcing (status-quo)** - the entire activity is outsourced to a single/primary external contractor.
2. **Outsourcing (enhanced status quo)** – Some or all of the activity is outsourced to a primary OSM contractor, and via other external contractors or preferred supplier panel engagement.
3. **In-house service delivery** – South Waikato District Council (SWDC) officers are responsible for delivering the parks and reserves maintenance service, while Council governs and makes decisions about funding.
4. **Shared service arrangements with another/other Councils** – this would include entering into shared service arrangements for some or all of the activity, through a joint committee, CCO or merger.
5. **Delivery via a Council-Controlled Organisation (CCO) or Council-Controlled Trading Organisation (CCTO)** wholly owned by SWDC

In our view:

- Bringing the service in-house would require considerable upfront financial investment and ongoing commitment to management with minimal service level improvements.
- A shared service agreement has some merits in terms of economies of scale, however was not found overly desirable to neighbouring Councils at this time but would be worth further investigation in the future for some activities.
- A CCO or CCTO was not considered feasible due to its cost, complexity, risk and the small number of auxiliary commercial activities available.

Continuing to outsource the OSM activity has been found to be the most feasible option, however to increase value for money and the quality of service delivered, splitting of the OSM contract and engagement of specialist contracts and/or preferred suppliers for some service delivery is recommended.

This would allow the primary open space contractor to focus on core KPIs and allow for additional capacity to complete day-works as required. It would allow specialist contractors to take on specific tasks such as complex arboriculture works, native vegetation and pest plant control and others under more direct internal guidance. This option would have additional cost but it would most likely be well within currently allocated operational budgets.

Recommendations

1. Continue to group the core activities of OSM via a primary **Open Space Maintenance Contract**. This contract would include park and roadside mowing, maintenance of sports park turf, cemeteries operations, civic gardens/horticulture, loose litter and bin servicing, and maintenance of park structures and furniture. However, remove aspects of specialist arboriculture and native vegetation and wetland maintenance (as below)
2. Continue to provide **Specialist Arboricultural Services** utilising local arborist companies, works issues on a case-by-case basis via Purchase Order within annual budgets set for Street and Reserve trees. Works to be prioritised from recently completed street tree inspection/condition rating works that will inform Tree Maintenance Programme spreadsheet.
Note: Basic tree care including watering, mulching, removal of epicormic growth, disease monitoring and treatment, fallen branch removal etc would remain under the primary OSM contract, and activities under tree establishment and juvenile tree monitoring are the responsibility of the specific planting contractor for a period of at least 3 years following planting.
3. Establish a separate **Native Vegetation and Wetland Maintenance** with the view of engaging a specialist contractor under a competitive procurement process.
4. Remove mowing and general maintenance of **pensioner sections** from the primary OSM contract and engage a specialist local contractor under a separate contract administered and funded by the Property team.
5. Consider bringing toilet and change room cleaning and day to day servicing for the 24 facilities on parks and reserves under the control of the Parks and Reserves team portfolio. This would allow for more control over the service delivery and a likely lead to an increase in service levels. This could either be offered as part of the primary OSM contract or remain separate under a specialist **Park Public Conveniences Servicing Contract**. Building maintenance and renewal and capital works would remain with the Property team.
6. Consider bringing the **Urban Litter** component (urban streets/CBD bin servicing and urban street loose litter patrols) under Council's *Solid Waste Activity*, as part of their core services. This could perhaps be added as a variation to the Solid Waste Services Contract (i.e., to household waste/recycling collection), as only litter control within open spaces (green spaces/reserves) should be considered to be part of the Parks Activity's essential core services.

Appendices

Appendix 1: Legislation Pertinent to Open Space Management

National Context

The main piece of legislation for administering public reserves/open spaces in New Zealand is the Reserves Act 1977. This Act is listed as one of the enactments of the Department of Conservation under the Conservation Act 1987¹. Advising the Minister of Conservation is the Department of Conservation, who are Government's principal advisors on public reserves.

Under the Reserves Act, Territorial Authorities (TAs) are given the ability to act as a 'reserve administering body' reflecting central government's devolution of responsibility to councils. The Minister of Conservation delegated many powers under the Reserves Act to councils in 2013 including the power to approve RMP's, reclassify reserves and grant leases and licences under certain circumstances.

Reserves Act 1977: This sets out the management and administration requirements for all land in the district held under this Act and of particular relevance are:

- Part II: Acquisition of land for Reserves (Sections 14-15)
- Classification and Purpose of Reserves (Sections 17-18, 23-25)
- Management and Control of Reserves (Sections 26-39)
- Functions of Administering Body – Management plans (Sections 40-41)
- General Powers of Minister and of Administering Body (Sections 42- 52)
- Powers (other than leasing) in respect of recreation reserves.
- Leasing powers in respect to recreation reserves.
- Powers in respect of historic reserves.
- Powers (including leasing) in respect to local purpose reserves.
- Farming and other leases (Sections 71-74).
- Afforestation (Section 75).
- Part IV: Financial Provisions.
- Offences (Sections 93-105).
- Bylaws (Sections 106-108).

Other Open Spaces Legislation

Other legislation pertinent to open spaces management include the Burial and Cremation Act 1964, Civil Defence Emergency Management Act 2002, Heritage New Zealand Pouhere Taonga Act 2014, Health Act 1956, Health and Safety at Work Act 2015, Local Government Act 2002 (LGA), Resource Management Act (RMA) 1991 and Amendments. This is not a fully exhaustive list.

Burial and Cremation Act 1964: The Burial and Cremation Act 1964 sets out the broad range of statutory roles and responsibilities that TA's have in relation to burial and cremation activities. Section 4 prescribes a duty on local authorities to ensure sufficient provision is made "for the burial of the bodies of persons dying within its district, to establish and maintain a suitable cemetery". The Act provides for the sale of exclusive rights of burial and the setting aside of burial grounds for religious denominations and defence force personnel. Provision is also made for the establishment of bylaws to regulate burial practices, such as

depth and position of graves, timing of burials and to control the erection of monuments and other memorials.

Civil Defence Emergency Management Act 2002: This Act covers the role and responsibilities of local government and other government agencies such as the police in the event of a civil defence emergency. Section 85 (1) (g) assigns the responsibility for the recovery and identification of human remains to the police. The police may liaise closely with TA's who have powers to undertake the emergency disposal of the dead.

Heritage New Zealand Pouhere Taonga Act 2014: The purpose of this Act is to promote the identification, protection, preservation, and conservation of the historical and cultural heritage of New Zealand.

Health Act 1956: This places a duty on every local authority in Section 23 to, improve, promote, and protect public health within its district. This involves identifying potential health risks and ensuring that these risks are managed to within acceptable levels. Section 25 requires a local authority to provide cemeteries and other sanitary services for the benefit of its district.

Section 86 in Part 3 of the Act which covers infectious and notifiable diseases provides for burial or cremation within a nominated time if a body is considered by the Medical Officer of Health as being dangerous to health.

Health and Safety at Work Act 2015: This Act is intended to reduce and minimise harm to both people working in and those moving around places of work. There are obligations within the Act for employers and other controllers of places of works. Council has multiple obligations for open space activities with regard to employees, contractors and also the public to manage safety.

Local Government Act 2002 (LGA): States the purpose of local government and provides a framework and powers for local authorities to decide which activities they undertake and the manner in which they will undertake them. For open spaces it provides for local authorities to assume a broad role in meeting the current and future needs of their communities for good-quality local infrastructure, local public services, and performance of regulatory functions.

Resource Management Act (RMA) 1991 and Amendments: Provides a statutory framework for Local and Regional Authorities to administer and balance land development with sustainable management of natural resources. The RMA focuses on the effects of activities on the environment rather than on the activities themselves.

Appendix 2: High Level (first-pass) Analysis of Open Space Maintenance Service Delivery Options for SWDC

1. Outsourcing (Status-Quo)

Outsourcing the service delivery of an activity to another person or agency (LGA, 2002 S17 (A) (4) (b) (iii) and (iv)) requires a clear understanding of the governance, funding and delivery structure. A clear rationale needs to underpin why the activity is being outsourced.

Benefits of outsourcing an activity can include greater effectiveness as the contractor is generally considered a 'specialist' in their field with the skills and processes to get the work done efficiently, minimising organisational risk, and a reduction in capital, operational and staff costs (including recruitment, training and retention).

Disadvantages of outsourcing can include a reduced customer-focused service with not having staff based in-house, less understanding of local needs and issues and, depending on the governance structure chosen, challenges with maintaining local autonomy in governance and decision making. Outsourcing also requires contract management including regular procurement, processing claims, reviewing and auditing performance and resolving disputes in the event that the outcomes of outsourcing do not deliver as promised.

This is the current situation at SWDC for the full open spaces maintenance portfolio.

2. Outsourcing (Enhanced Status Quo)

An alternative option is to outsource as above – but to separate out parts of the contact to allow for specialist contractors or preferred supplier engagement as required.

3. In-House Service Delivery

Delivering services through an in-house option (LGA, 2002 S17 (A) (4) (a)) would mean that SWDC is responsible for the governance, funding and delivery of the full service. The delivery of services in-house is often the result of historical delivery.

In many instances there are obvious reasons for delivering internally, including providing customer-focused service, understanding local needs and issues and maintaining local autonomy with governance and decision-making.

On the other hand, service delivery in-house would require staff recruitment, retention and training costs, which can be challenging in high-skilled positions where retention is often an issue for smaller provincial local authorities. For activities with small teams, covering staff absences can be a concern, particularly in compliance-based activities with legislative timeframes.

SWDC already has five staff that manage the current contract so these positions would likely remain with additional staff recruiting required for the field and administration positions.

4. Shared Services Arrangement with another/other Councils

The delivery of a service through a shared model (LGA, 2002 S17 (A) (4) (b) (ii,); S17 (A) (4) (c)), whether it be through a joint committee, CCO or merger with another council, requires a clear understanding of the governance, funding and delivery structure.

Shared services models, when they work effectively, can deliver a range of benefits to local councils and their communities. The key benefits can include:

- cost-efficiencies through economies of scale
- access to specialist expertise

- improvements in service
- improved compliance with regulations and standards

The realisation of these benefits is challenging, and can be constrained by:

- lack of political or managerial commitment
- uncertain benefits
- conflicting objectives
- process complexities

The conditions for successful shared service models have been considered by Local Government New Zealand (LGNZ) in their 2011 paper titled 'Shared Services for Local Government'². The filters outlined in Part B of the paper assist in the assessment of an activity's suitability for shared service arrangements.

If deemed suitable, then a business case needs to be developed for the activity to determine the type of shared service arrangement. A key part of this process is consultation with affected parties, including a thorough assessment of the commitment of other organisations to a shared service model. Community engagement would also need to be considered early in the process.

Waikato councils are unique in that the Waikato Local Authority Service Services (WLASS and CoLab) encourages Waikato councils to work together and consider collaborations on preferred suppliers, technical specifications for development/development standards and a number of other activities, however to date no Waikato councils have entered into Shared Services Agreements.

5. Delivery via a Council-Controlled Organisation (CCO) or Council-Controlled Trading Organisation (CCTO) wholly owned by SWDC

Delivery by a CCO or CCTO would entail governance and funding by SWDC, with delivery by a CCO or CCTO wholly owned by SWDC (LGA, 2002 S17A (4) (b) (i)).

A CCO/CCTO model provides a level of independence which encourages the CCO or CCTO to operate in a more business-like manner including engaging in competitive tendering for work across other councils and the private sector.

Our experience of CCO and CTTO models in the open space area is that there is considerable duplication of governance and overhead costs with the existing governance and support structures (such as finance, HR, IT) that exist in councils. We have also noted a tendency for Council's open space management teams to feel they are not getting best value from the CCO or CCTO compared to the value that they might achieve on the open market.

Regardless of whether the CCO or CCTO is performing well or not, these tensions are unhelpful and the duplication in support services and management leads to costs, which can extend beyond financial costs, to reputational costs.

Open space is a function that both politicians and the community are actively engaged with. If service delivery is below expectation this can quickly result in dissatisfaction with the CCO/CCTO which can be difficult to recover from.

Appendix 3: South Waikato District Council Staff Workshop Notes (November 2022)

Review of Open Spaces Maintenance Service Delivery – Assessment Chart

Activity	What is working well?	What is not working well?	How can this be improved?
Mowing	<ul style="list-style-type: none"> Not frequency based - performance based Priority working well Specs are good Mown to fit location Having specific specs work well when mown to specs/season is right 	<ul style="list-style-type: none"> Lack of alternative mower options if plant breaks down Spraying/edging around playgrounds is poor Overspray and spray in wrong conditions regularly Lack of operators – i.e. tractor/Pegasus 	<ul style="list-style-type: none"> Ensure sufficient mowing plant is provided in contract Ensure training and specs re spraying/edging and kept to Ensure enough operators – train more
Sports Parks /Turf	<ul style="list-style-type: none"> Mowing to spec Line marking is being kept up Sports park specs on the money 	<ul style="list-style-type: none"> Machinery is not fit for purpose Some mowing not done on same occasion in one area Lack of monitoring of sports posts – broken etc Line marking using old gear and takes ages 	<ul style="list-style-type: none"> Ensure dedicated fit for purpose machinery – sports park versus reserves Require mowing of one area at some time no matter if different specs Ensure monitoring of sports park posts Better line marking options – i.e. Gator/Motorised line marker
Cemeteries	<ul style="list-style-type: none"> Specs and process for burials work well Less complaints re cemetery mowing due to new machinery 	<ul style="list-style-type: none"> Breakages not being reported (i.e. headstones) Gardens and mowing not being kept up to customer expectations 	<ul style="list-style-type: none"> Ensure better mandatory reporting and reduce barriers to reporting Change specs for mowing and garden beds in this area to match customer expectations/best practice
Gardens /Horticulture	<ul style="list-style-type: none"> Specs are adequate Most of CBD gardens generally tidy Annual bed implementation working well Comments re colour schemes and layout initiatives 	<ul style="list-style-type: none"> Lack of programming re regular weeding Some areas don't meet specs Not particularly specialised horticultural knowledge (i.e. species and pests and diseases, fertilisation etc) 	<ul style="list-style-type: none"> Ensure programming re regular weeding in contract Checking of sights against specs/spot checking Ensure specialised horticultural knowledge (i.e. species and pests and diseases, fertilisation etc) across key roles
Trees	<ul style="list-style-type: none"> Local arborists doing as required work very well Local response times excellent Local arb offering very reasonable rates 	<ul style="list-style-type: none"> Tree minor works activity done poorly – do not pick up damage to trees (sometimes do this themselves when mowing) Taking prolonged time to complete Road works – TMP is generic. When other contractors use them Downer is double dipping. 	<ul style="list-style-type: none"> Ensure minor tree works are being done or take out of contract entirely Retain local contractor/s for staff initiated work Encourage incident reporting and if not then consequences Ensure jobs completed in specified time Require/request external contractors do not use main contractor as primary Traffic Management
Litter	<ul style="list-style-type: none"> Litter very thorough – bins don't overflow and very few instance off loose litter left Always see operator working hard 	<ul style="list-style-type: none"> 200 litre drums not being cleaned or painted Lack of internal auditing 	<ul style="list-style-type: none"> Change old drums out Ensure that they have quarterly cleans Required reporting of internal audits – randomised spot reporting built in to contract
Revegetation	<ul style="list-style-type: none"> Specs are clear and good 	<ul style="list-style-type: none"> Lack of knowledge or keeping to spec – overspray and ring bark trees 	<ul style="list-style-type: none"> Training and ensuring right procedure is used for this work

		<ul style="list-style-type: none"> • Not doing work at all – ignoring this activity 	<ul style="list-style-type: none"> • Use alternative contractors and take out of primary contract • Training in plant id, weed eating and spraying • Better programming – dedicated staff with knowledge • Proactive mulching, hand releasing, spray barriers etc
Park Assets	<ul style="list-style-type: none"> • Council management of assets in general – oversight and control – not expecting contractor to do more than basic maintenance up to \$100 	<ul style="list-style-type: none"> • Lack of general care around assets when undertaking maintenance – cleaning etc • Lack of knowledge of products used • Lack of reporting on asset breakages – signs, seats, barbeques, bridges etc • Plant is not getting serviced and failing H & S – lack of signage when operating 	<ul style="list-style-type: none"> • Will need to up basic maintenance without sign off to \$500 (as \$100 insufficient) • Culture of care • Training on asset care and products used • Ensure evidence of servicing of machinery and plant • Ensure evidence of signage
Contractor Personnel Management and Systems	<ul style="list-style-type: none"> • Seem to have enough roles and roles are clear 	<ul style="list-style-type: none"> • Staff are not getting trained and supervised adequately and work culture is poor • Appears to be lack of work ethic/incentive • Not enough role cover • Lack of cyclic run and programming • Use of new staff and temps regularly in skilled jobs • Staff getting redirected regularly • Lack of transparency on internal auditing (no evidence) H & S practices need improvement – ensure training and auditing • RFS system to contractor works well but implementation and reporting doesn't always happen 	<ul style="list-style-type: none"> • Ensure training and supervision and encourage reporting • Work performance reviews and recruit correctly/pay sufficiently • Ensure fat in contract for role cover and succession • Ensure that there is a cyclic run and programming • Ensure sufficient skills and quals for key staff • Ensure staffing and programme sufficient to not have to redirect • Ensure evidence of internal auditing in real time provided as evidence to Council when requested
Contract Management and Auditing	<ul style="list-style-type: none"> • Combined client and contractor monthly audits are useful • Quarterly reviews allow opportunity to adjust • Reduction of audits to 20 random sites per month 	<ul style="list-style-type: none"> • Significant staff time in explaining contract standards to contract staff • Fails however cause a 10% reduction in payment – penalties have not been motivating. Have had to reimburse • Incentives are only to extend contract – current contractor may no longer find this attractive 	<ul style="list-style-type: none"> • More key contract staff that understand and can relay the contract standards to their staff • Ensure based contract is priced at market rate – i.e. place lower value on price in evaluation (than methodology, track record, experience etc) • Create incentives for completion of primary work completed well or above and beyond that are more enticing than disincentives. • Allow for incentives that are related to other positive outcomes (than financial) that can also be passed to staff on the ground.

Review of Open Spaces Maintenance Service Delivery – What are the issues/opportunities for the future?

- Level of service expectations increase – due to more people moving in to the district from elsewhere in to new subdivisions
- More demand for neighbourhood parks and assets - barbeques, playgrounds etc
- More reserve use in general with parks being more important with urban intensification
- Additional connectivity to the active transport network – walkways/cycleways and associated maintenance
- Waste/litter management may be challenging – with higher expectations regarding environmental protections and proliferation of new products such as nitrox oxide cannisters, vape pens etc. Possibly of fly tipping in urban areas if costs of disposal increase
- Need for accessible assets for ageing population
- Maintaining ageing infrastructure – additional removals and renewals
- Developers vesting additional land as reserve in council – requiring council to manage – more areas to mow, garden and trees to maintain
- Less active sport and leisure grounds
- Inability to service the suite using the same resources – may need to reduce some of the specifications in areas
- General climate change events – flooding, drought, heat etc – may need to change how we manage assets and maintenance of vegetation
- More need for additional raingardens/swales and – green engineering in our reserves
- Additional stormwater detention areas on some reserves – i.e. Strathmore Park and the Memorial Grounds
- Potentially an opportunity to engage with youth in the new trade training and apprentice for roles in parks
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Review of Open Spaces Maintenance Service Delivery – Options Analysis Chart

Service Delivery Method	Pros	Cons
In-House	<ul style="list-style-type: none"> • Get done what you want done when you want it • More staff buy-in/stronger relationships • Easier to modify specification • Council already has depot/land • Public accountability/responsiveness • Staff stability/less staff turnover • Very long-term savings? • Ability to train properly 	<ul style="list-style-type: none"> • Initial significant set up cost – land, buildings, plant, machinery, new internal admin, staff for roles etc • Cost in recruiting • General time in training and resourcing • High level of ongoing staff management • Lack of ability to perform specialist work cost effectively – some tasks unable to be completed • Traffic management and other expertise required • Hard to get rid of staff that are underperforming • Maintenance of plant, depreciation and insurances • Pressure from elected bodies to change LOS priorities • Staff leave and other council-wide duties/requirements
Full Contracted Out	<ul style="list-style-type: none"> • Ability to find larger specialist contractor that can full service across all activities • Ability for contractor to share specialist plant and staff across areas/districts to provide service • Continued council control over renewal works • Cost and risk on contractor – not council 	<ul style="list-style-type: none"> • Lack of interest from specialist contractors in this contract due to size, value etc • Local contractor unable to provide full spectrum of services • Limited ability for council to apply punitive consequences if underperforming

	<ul style="list-style-type: none"> • Less internal staff conflicts • Ability to manage out underperforming staff • Economy of scale cost efficiencies – eg buying power • Specialist activity can be separated from primary contract as required – i.e. revegetation or tree works 	<ul style="list-style-type: none"> • Difficulty in managing compliance • Lack of control over personnel – down time etc • Can't influence staff culture/provide direct work incentives
Hybrid Model - Multiple Contracts: Mix Primary and Specialist Contractors	<ul style="list-style-type: none"> • Ability to move some very specialist activities where contractor has been severely underperforming to local contractor – i.e. minor and major tree works, revegetation, pensioner unit external servicing, playground cleaning etc • Allow contractor to concentrate on core business • Opportunity for specialist local contractors/support local business • More satisfied public as work is getting completed • Possibility of some reasonable rates as less overheads as council only one client 	<ul style="list-style-type: none"> • Larger open space contractor may not see be attracted to a reduced primary contract • Risk that specialist contractor may not prioritise council over other clients • Small contractor may want to pass on gear costs to client – as may be very specific to activity (i.e. cannot be shared) • District may not be big enough to have multiple contractors • Conflict between primary and other contractors
Hybrid Model - Mix In-house and Primary Contractor	<ul style="list-style-type: none"> • High profile areas such as civic gardens/cemeteries with high spec etc could be better managed with specialist horticulture staff with not too much plant required • Less specialist roles – that are easily filled/don't require too much training but require lots of plant costs – mowing, edging, spraying, litter etc could be with primary operator 	<ul style="list-style-type: none"> • Additional HR cost in creation of new roles, recruiting and payroll • Additional costs in buildings, plant, gear and ongoing training will be required • Additional management of teams may be required • There may be some conflict between Council and primary contractor regarding responsibilities