



November 2020

Project to Develop a Leading Spa Business within the Te Aroha Domain

Draft Project Plan

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1. The Purpose of this Plan

This plan sets out the framework by which the project phases will be delivered, governed and managed as an integrated plan based on the brief provided to the Project Manager. This plan sets out:

- The scope, deliverables and timelines for each project phase
- Project governance and management arrangements
- Initial project budget and financial management
- Resource Consents and other Statutory Permissions
- Risk management
- Safety and Wellbeing
- Procurement
- Communication Management
- Stakeholder Consultation and Engagement

As the project is in its infancy, this project plan needs to be considered as slightly dynamic and can be updated as new information comes in or changed circumstances arise.

2. Project Scope, Deliverables and Timelines

2.1 Project Scope: Context and Background

Following the work completed under the PGF process, including the Feasibility Study, Business Case and Post Covid-19 Addendum, MPDC wishes to pursue a project that contemplates bring to life a leading spa business situated within the Te Aroha Domain to replace the existing business facility. The existing spa and hot pool business has been successful when measured by client demand and financial metrics but the spa/beauty treatment facility has insufficient capacity to meet annual client demand with only 1 treatment room.

Consideration has also been given to the 'fitness for purpose' of the existing building and overall utility of the building that incorporates the existing spa/beauty treatment business. The conclusion is that to meet forecast client demand, treatment capacity needs to be increased and that to achieve this, a new facility is required, subject to further scoping within Phase 1 of the project. Any new facility should be aligned to benchmark industry standards for spa and beauty therapy business. This project ties into a larger vision around attracting more visitors to Te Aroha, economic development and the use of public spaces within the Domain for visitors and local people.

The envisaged project is dissected into 3 phases where proceeding from Phase 1 to each subsequent phase is contingent upon satisfactory outcomes from the Phase 1 work and approval from the MPDC Councillors to proceed any further or not. In terms of a satisfactory outcome from Phase 1 for decision making purposes, a key milestone will be outputs arising from a review of the Feasibility Study, Business Case and Post Covid-19 Addendum documents that were developed within the PGF project. Should this review process broadly endorse earlier findings and/or provide further generally sufficient confidence around the viability of developing a new spa business/facility, the project can proceed to Phase 2 and potentially 3, subject to appropriate approval(s) from Council being provided at each stage.

Part of the Phase 2 scope is to define the scale and nature of any new spa facility where the Feasibility Study has provided conceptual drawings and business/facility details as a starting point. Building out from there will be an options analysis covering build/facility options.

Throughout the project phases, it is recognised that Ngati Tumutumu are a unique stakeholder and will therefore be afforded consultation and general engagement that reflects their unique stakeholder status.

Phase 1 Scope and Deliverables

- Produce a Project Plan (this document) for approval by Council
- Generate a report on findings from a review of the Feasibility Study, Business Case and Post Covid-19 Addendum documents. This review will incorporate relooking at and retesting the key assumptions and other key details used to support the findings and conclusions within those documents
- Implement the Project Plan Phase 1 tasks (refer to Project Deliverables Planner)

Phase 2 Scope and Deliverables (in no particular order)

- Produce a business plan for the new spa business
- Consider the nature of and scale options for the new spa business and facility (options assessment) and report on these, including budget costings for facility development
- Produce a spa business facility proposal for Council's consideration and decision making processes (this may entail providing more than one option for consideration)
- Produce a plan for obtaining resource and other statutory consents or permissions

- Produce a costed new spa business facility, including design, associated infrastructure and associated operating assets
- Prepare and lodge consents
- Produce a consultation and community engagement plan
- Produce a project implementation plan

Phase 3 Scope and Deliverables

- Consenting processes
- Begin construction and development of the new spa business facility
- Implement the business plan for the new spa business
- Open the new spa business facility

3. Project Governance and Management

3.1 Context and Background

The Mayor and Councillors bear ultimate responsibility and accountability for this project. Strong and effective project governance and management structures will be implemented so that elected members are well supported and informed and are therefore well positioned to discharge their responsibilities.

The MPDC Councillors will act as the link between MPDC governance of the Council and the project governance. The project will be governed by its own Project Governance Group (PGG) and will report, through its Chair, to the MPDC Councillors. The Councillors will approve the appointment of the PGG members, their delegations and terms of reference for the project. Delivery of the project will be managed through a Project Management Group (PMG) that will have the ability and authority to deliver each phase of the project following the required approvals from Council. PMG members will be approved by the MPDC Chief Executive Officer.

The Project Manager will manage and coordinate day to day activities for and on behalf of the PMG as well as executing on specific deliverables within each phase. With this structure the aim is to have robust accountability at each level and separation of the functions of governance (oversight and strategic direction) and that of management (project delivery). The Chairs of these 2 groups will be particularly responsible for maintaining a strong integrated approach between these two teams and the arms of MPDC. A chart showing the structure of governance and management and how this links to the Council is shown in the appendices.

An interests register will be established at the time of the and PGG being formed. This register will summarise the names of the people involved and any businesses, entities or charities that they're actively involved with at a governance/directorship, managerial or operational decision and control level. Such a register will identify whether or not a person has a conflict of interest being in a governance role within the project. A thorough process when recruiting members for the PGG should identify whether or not an individual has an actual or perceived conflict of interest. The interests register will be a standing item at all PGG and PMG meetings and shall be updated as new information comes along from members.

3.2 Project Governance Group

Reporting to the MPDC Councillors, at a governance level, this Group is accountable for the oversight, strategic direction and delivery of any project approved by the MPDC Councillors. Their Terms of Reference and membership will be approved by the MPDC Councillors. Draft Terms of Reference are set out in the appendices at 11.1.

The PGG will comprise of an independent Chair plus 6 members with the appointment of members being approved by the MPDC Councillors. The suggested make up of the PGG is as follows:

- A representative from elected Council
- A representative from Ngati Tumutumu
- A representative from Heritage New Zealand
- 3 additional members who will have appropriate skill sets around business development, project development and project implementation. Within this skill set will be a person who has experience in the spa and beauty therapy industry

Although the Group has a relatively succinct number of members, it has sufficient diversity of membership to cover key stakeholder interests as well as bringing commercial acumen and skills needed to deliver a successful project and yet maintain efficiency in terms of decision making and execution. Remuneration for independent PGG members who are not part of MPDC will be decided by Council on recommendation from the MPDC Chief Executive. At the Chair's discretion, MPDC executives may be asked for advice or input to support the business of the PGG and attendance at a PGG meeting by an MPDC executive/s may be requested from time to time as appropriate.

Overarching rules governing PGG membership are that:

- No member or any entity they're associated with will stand to benefit financially from services or goods required throughout the project, or in any way have a conflict of interest with the aims of the project
- Nothing in their background will preclude them from being associated with a publicly funded project of this nature
- Members will bring a perspective that is relevant to their stakeholder interest or commercial skills appropriate to the aims of the project
- Members are appointed to and removed from the PGG by recommendation from the Chair to and approved by the MPDC Councillors

The PGG will require a level of secretarial/administrative support at/for meetings and it is envisaged that this support will be provided from within existing MPDC staff.

A forward meeting schedule will be developed as a matter of business at the first PGG meeting. It is envisaged that routine PGG meetings will be held at MPDC offices in Te Aroha but at the Chair's discretion these meetings could be held at another location/venue from time to time as appropriate to the needs of project.

This PGG will not be a formal committee or sub-committee of the MPDC Council so will not therefore be subject to the Local Government Official Information and Meetings Act 1987, or Council's Standing Orders around the requirements for public notice of meetings, agendas and minutes being publically available, public and media access to meetings etc. As this PGG will operate as a working group, it will not be open to the public or media, unless otherwise agreed by the Chair.

Minutes of the PGG meetings will be provided to Council for dissemination within MPDC as appropriate. Information provided to Council, including meeting minutes may be redacted if appropriate, for example to protect interests as provided for under Local Government Official Information and Meetings Act 1987. If appropriate the PGG Chair or the PM will provide verbal updates to the Mayor and Councillors and in general provide information back to Council to ensure elected members and MPDC executive are appropriately informed and for decision making purposes.

Following due process within Phase 1 of the project, the aim is to have the PGG membership confirmed by no later than the end of January 2021 but this is subject to people's availability running into and during the Christmas holiday break. As the Phase 1 activity (set out in 2.1 above) is largely preliminary work that will act as a Council decision 'gate' (go/no go) at the completion of Phase 1

which will largely determine timing of the PGG formation and inaugural meeting.

3.3 Project Management Group (PMG)

The MPDC Chief Executive Officer will approve the members of the Project Management Group where it is expected that this will be a succinct group made up of the:

- Project Manager (PM) as Chairperson
- 4 key MPDC staff who have the ability to support the Project Manager and pivotal project work streams (e.g communications, consultation, planning, operations)
- The MPDC Iwi Liaison Officer shall be one of the 4 members once appointed to the role in MPDC

The rationale for having the PM as Chair of the PMG is that this then maintains accountability between the PMG and PGG with good operational oversight. The PMG will meet monthly and out of session as may be required at the Chair's discretion. PMG meetings will be held at MPDC's offices in Te Aroha although they could be held at another location depending on project requirements and as directed by the Chair.

The PMG is focused on managing the delivery of the project through its envisaged 3 phases where there will be a very close working relationship between the Project Manager and the PMG. The Terms of Reference for the PMG are outlined in the Appendices section of this document.

Following Council's approval of the Project Plan, establishing and confirming the make up of the PMG is a priority with the aim of having this being accomplished by 20 December 2020. Secretarial support for/at PMG meetings will be required with this being provided from within existing MPDC staff.

3.4 Project Manager (PM)

Graham Shortland of Shortland Consulting Ltd has been appointed as PM and will undertake a range of preliminary activities such as preparing this Project Plan and initiating a range of actions related to progressing Phase 1 of the project in line with the project brief from MPDC. The PM will have day to day responsibility for overall project management and delivery, including undertaking specific deliverable tasks. The PM will act as coordinator between a range of internal and external groups and parties, including 3rd party service providers and be the main conduit between the PMG and PGG.

Role and Responsibilities

- Manage and coordinate the day to day activities of the project consistent with the aims of the project and the project plan in line with any delegated authorities, policies and procedures
- Provide leadership to the project activities and engage with Council staff and external parties to achieve the project's aims
- Manage budgets, scope, timelines and project risks
- Manage 3rd party service providers that have been contracted by Council for this project
- Coordinate and manage external contractors, goods and service providers related to the project
- Provide reports to the PMG and PGG at appropriate times
- Where delegated, perform communication functions
- Maintain the appropriate registers and records that support the project
- Coordinate and participate in stakeholder consultation processes taking the lead when appropriate and in line with the consultation strategy
- In line with the project brief, take steps to deliver on the deliverables through each phase
- Update project documentation in line with direction from the PGG or PMG
- Escalate to the PGG any significant issues relating to the project
- Apply sound commercial principles to decision making
- Be aware of the general operating environment and manage situations appropriate to any material shifts in the operating environment, including any political risks
- Maintain a strong integrated approach with Council staff, the PGG and PMG relationships

Delegated Authority

- Discharge of decisions and actions consistent with the PM's Role and Responsibilities
- Approving or committing the Council to project related expenditure within agreed and approved budgets
- Approve and proceed with the project's work programmes, timing, scope, budgets, options and risk assessments and any adjustments so long as these fall within the approved budget or any approved changes to budgets, etc.
- Approve project related expenditure/invoices for payment authorisation and otherwise in line with Council policy

4. Initial Budgets and Financial Management

4.1 Budget Estimates and Planning

The project is staged as 3 phases with each phase only progressing to the next phase should Council approve that progression. As the project at this point is in its infancy it is not possible to create a comprehensive and detailed budget. A detailed budget will be developed during Phase 2 work. Should the project progress through to the completion of Phase 2 it is estimated that this will require a budget of between \$400k to \$500k. For this investment, Council will have the following:

- Documented reviews of earlier work (feasibility study, etc)
- The necessary plans and proposals documented
- Options assessment document
- Detailed design
- Resource and other statutory consents and permissions scoped, prepared and submitted
- A business plan for the new spa

NOTE: This is not an exhaustive list but summarises the key deliverables.

Assuming consents and permissions are obtained, MPDC will at this point have a project that is capable of being tendered out and Phase 3 progressed. The budget will be mostly consumed by professional services relating to facility design and consents/permissions, along with project management.

The estimated investment budget detailed above has been arrived at by using an overall investment of \$20m for the large scale spa business development set out in the Business Case document prepared within the PGF process. It is not assumed that this will be the project but initial budget estimates run off that starting point should be the upper bound estimate should the project shrink in size. A rule of thumb is that for a \$20m investment of this nature, professional services costs will be around 5% of the overall spend. This would equate to \$1m if it was a \$20m project so to accomplish up to closing out Phase 2 and depending on the nature and scale of any new facility, it is assumed that anything from a third to a half of that \$1m will be expended in getting there.

The budget required to accomplish through to close out of Phase 2 will come from existing MPDC budgets. The PGG will have oversight of project budget and spend and as key deliverables within each Phase will only proceed with approval from Councillors the necessary controls are in place to manage and control cash flow.

Budget Chart

PHASE NUMBER	Key Deliverables	Timing (estimated)	Estimated Budget \$000's excl GST
1	<ul style="list-style-type: none"> • Draft Project Plan documented for review/approval by Council • Review of Feasibility Study and Business Case, report • PGG and PMG formed • Financial management systems, consultation plan, risk management plan, procurement plan, safety and wellbeing plan, communications plan 	December 2020 – mid March 2021 inclusive	\$68k
2	<ul style="list-style-type: none"> • Review leading spa business facility/s to benchmark • Consultation processes • Spa business options assessment, spa business investment case 	April 2021 – December 2021	\$400k

	<ul style="list-style-type: none"> • Project implementation plan • Consent application plan • Engage architects and other professional services for design work • Prepare a business plan for any new spa business • Prepare and submit resource consent, building consent applications and any other applicable statutory permissions 		
3	<ul style="list-style-type: none"> • Consents and permissions obtained • Construction and any related tendering processes • Tenders let • Works begin 	January 2022 – September 2022 (spa development completion unknown as dependent on the scale/complexity)	\$500k + development investment

4.2 Financial Management

As the project phases are delivered, the PM will have day to day control of the deliverables and managing project spend within budget and delegated authority parameters. Financial reporting, controls and cash flow management will be accomplished by the MPDC finance team. It is envisaged that 'cost codes' specific to the project will be required so that project expenditure can be tracked uniquely through the MPDC finance system.

Appropriate financial reports will be developed so that a monthly finance pack can be produced. This in turn will be incorporated with a monthly management report pack for the PGG and Council. Development of management reports and financial reporting are a deliverable under Phase 1. Protocols and appropriate internal controls will be established within the Phase 1 work drawing largely on existing structures, policies and arrangements already in use by MPDC.

5. Consents and Other Statutory Permissions

There will be a range of consents (building, resource) and other statutory consents or permissions that will be required to support any new spa business facility. As the nature and scale of any development is not well defined at the time of the Project Plan being created, it is not possible to be precise about the dimensions to the consents and permissions. As any project begins to emerge and detailed design work has been completed, in parallel this will be the time to finalise precisely what consents and permissions are required and for these to be scoped, drawn up and lodged with the appropriate party. A thorough consultation process earlier in the project lifecycle will make for a more streamlined consenting/permission process.

A detailed plan covering consents and permissions will be developed during Phase 2 of the project and this is shown in the Deliverables Planner. The consent planning work stream will identify who the consenting or permission party will be or is likely to be, what type of consent is likely to be required, the work streams necessary to develop the consents or permissions, who will do this work along with estimated timelines.

The work required to scope and develop consents or permissions will most likely fall to a 3rd party professional services specialist/s. However, where any of this work can be completed in house using MPDC resources, this will be done, recognising that MPDC resource is tight.

6. Risk Management

6.1 Risk Identification

An initial risk assessment will be carried out by the Project Manager and an establishment 'Risk Register' will be created from this initial assessment. The RR will be built out as the project progresses where the PMG will be required to have input into this initially and ongoing.

6.2 Risk Management

The PM will keep the RR under continual review and will manage the identified risks day to day. The RR will be reported on and discussed at the monthly PMG meetings with appropriate actions being taken to manage or mitigate any risks should they be moving away from their documented parameters. New or emerging risks will be discussed at the monthly PMG meetings however, should material new or emerging risks present between meetings, the PM will socialise these with PMG members for actioning.

The RR will also be a standing agenda/report item for the PGG meetings. Where, in the judgement of the PM, a new, emerging or existing risk is likely to materially negatively impact project budget or timing, the PM will urgently escalate this to the PGG for guidance. The PM will detail the issues and bring recommendations around how to manage or mitigate that risk but otherwise consult with the PGG to determine a path forward.

6.3 Risk Management System

The RR will be the central document of record and will include a risk evaluation matrix or similar system that will show risk likelihood and impact. Detail around how a risk will be managed, mitigated or avoided will be included in the RR.

7. Safety and Wellbeing

Safety and wellbeing plans for people involved with this project are as important as any other plan supporting the project. Safety and wellbeing will be a standing agenda item for the PGG and PMG meetings with a report on safety being part of any monthly management report pack. As MPDC will have their own safety and wellbeing management plan, this project should largely run off that plan. The PM will need to become familiar with MPDC's safety and wellbeing management plan.

For Phases 1 and 2 it has been assessed that there are minimal risks involved as these phases are largely administrative with any visits to sites or premises in the course of these phases likely to present very little risk in terms of safety and wellbeing. The sites envisaged being visited during these phases are highly likely to be operating under their own appropriate safety and wellbeing plans.

Should the project progress to Phase 3, this is when project safety and wellbeing will require a comprehensive plan as there will be some form of construction works occurring. Part of any contractor tendering and procurement phases will cover an assessment of their safety and wellbeing plans as being fit for purpose, in line with MPDC's management plan as well as any safety and wellbeing plan developed within the project.

8. Procurement

A range of outsourced professional services will be required in the delivery of Phases 1 and 2 of the project. The range of services required will become clearer if/as the project progresses. To give this function structure, a procurement strategy will be developed within Phase 1 for review and approval

by the PMG and PGG. Should the project progress to Phase 3 there will be a need to procure construction and related services at the appropriate time.

All project related procurement will be conducted in accordance with the relevant MPDC policies and procedures. Where a tendering process is being deployed it is envisaged that Council staff will support and manage such processes for the project.

9. Communication Management

External communications will be handled using the MPDC in house communications team. A person within that team will be allocated to manage and handle external communications relating to this project such as media, community and stakeholders. The PM will work closely with the MPDC communications team at all stages of the project to make sure there is consistent, accurate and appropriate messaging. A communications strategy will be created in the early stages of Phase 1. The communications strategy will:

- Detail who is responsible for what
- The intended engagement approach with each stakeholder
- Set out the key messaging objectives
- Communication channels
- Channel monitoring
- Timing (to the extent this is known at this early stage)

A clear objective of the communications strategy and this activity generally is that to the greatest extent possible, there will be no surprises for any party that has been identified as interested or a stakeholder in the project. The strategy will remain adaptable to any changing circumstances as the project evolves. Communications planning and management are closely aligned to stakeholder consultation planning and processes.

Given the earlier PGF process, for this project the list of stakeholders and interested parties is likely to already be captured. However, these lists will be reviewed by the MPDC Communications Manager and the PM to identify if there are any gaps with the lists being updated if required at an early stage. A single version of the stakeholder/interested parties list will be held by MPDC so that any updates are appropriately controlled and managed through 1 channel.

The PMG will approve the communications strategy with the Mayor and Councillors and MPDC executive provided with a brief on the strategy. Following establishment of the PGG, the strategy will be provided to the PGG with the strategy being updated taking on board appropriate views from the PGG being communicated by the PGG Chair to the PMG. Given the sensitive

nature of some aspects of this project it is recognised that careful management of the politics will be important to the Mayor, Councillors and MPDC executive.

10. Stakeholder Consultation

This project contemplates a development within the Te Aroha Domain to create a new spa business facility. From the PGF work and processes it is understood that any development within the domain is a sensitive topic for a varied group of stakeholders and interested parties. It is therefore understood that it's imperative for an appropriate, robust consultation process to be designed and implemented.

During Phase 1, a stakeholder consultation and engagement plan will be developed where it is envisaged that the plan will be rolled out during Phase 2. This will be led by the PM working with Council staff and drawing on their experience in this area. Given Ngati Tumutumu's unique stakeholder status it is proposed to bring them into this planning process early in terms of seeking their views on the consultation process as it relates to Ngati Tumutumu and their participation in this.

The PMG will review the Stakeholder Consultation Plan. Because any development in the Domain will have a broad range of stakeholders, the plan will be submitted to the PGG, MPDC Councillors for review, comment and approval once in an acceptable form. Amongst various objectives, the aim is to have the political management under the consultation process run as smoothly as possible understanding that any development will be sensitive to voter stakeholder groups.

11. Appendices

11.1 Project Governance Group Terms of Reference

Role and Responsibilities

The Project Governance Group's role and responsibilities are to:

- Monitor the project's progress against plan
- Maintain strategic oversight for delivery of the project
- Monitor the project's budget and timeline
- Ensure a strong integrated approach between Governance and Management
- Ensure statutory legal and fiduciary duties are discharged in line with Council and Local Authority rules, policies and requirements

- Maintain oversight of the project's safety and wellbeing plans
- Approve any media communications plans
- Approve any procurement contracts brought by the PMG
- Review any business or other supporting plans for the project and make recommendation to the MPDC Councillors
- Recommend any appropriate budget, scope or timing variances to the MPDC Councillors for approval
- Review periodic reports from the Project Manager and provide appropriate guidance to the PM around any material risks or issues arising
- Maintain an informed position on the broader operating environment and provide advice to the Mayor and Councillors on any appropriate changes to the project in response to changes in the operating environment
- Maintain an awareness on key stakeholder engagement and any issues arising and bring any urgent issues to the attention of the Mayor and Councillors

Authority

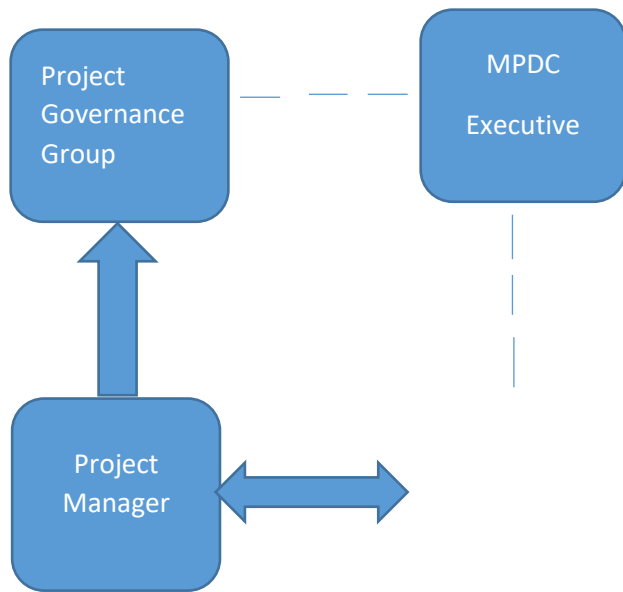
The PGG acts with delegated authority from the Mayor and Councillors to:

- Discharge decision making and actions consistent with its Role and Responsibilities
- Approve expenditure in line with Council approved budgets

11.2 Governance and Management Structure

In line with its Role and Responsibilities, the governance group is responsible for overseeing the project's progress and its strategic direction. This is a distinctly different role to that of management which is one of project plan delivery. Day to day management of the project is led by the Project Manager supported by the Project Management Group.





11.3 Project Management Group Terms of Reference

Role and Responsibilities

The Project Management Group's role and responsibilities are to:

- Generally support the PM on project delivery including by assigning Council staff to undertake specific tasks
- Review and act upon any periodic reports from the PM
- Assist the PM with risk identification and management
- Assist the PM with safety and wellbeing planning and management
- Provide administrative support for the PM and the project generally
- Identify any appropriate adjustments to the project scope, budget and timing
- Oversee and manage any procurement processes in line with Council's procurement policies and procedures
- Prepare briefs for any consultants engaged as part of project delivery
- Review and manage work undertaken by any project related consultants
- Provide briefs, information and communications, including where appropriate consultation with any regional or central government agencies or MPDC related entities as appropriate
- Identify issues that require escalation to the PGG
- Maintain a strong, integrated approach between the PMG and Council staff

Delegated Authority

The PMG acts with delegated authority from the PGG to:

- Discharge decision making and actions consistent with its Role and Responsibilities
- Commit the Council to project related expenditure that is within approved budgets
- Approve and proceed with the project's work programmes, timing, scope, budgets, options and risk assessments and any adjustments so long as these fall within the approved budget
- Establish any cost neutral sub groups or working parties

Excluded Authority

- Commissioning work or reports that are not within the Project Plan or approved budget

- Deciding on significant matters where there is political risk, high public interest
- Approving expenditure not within current budgets