

Open Meeting

To	Waikato District Council
From	Roger MacCulloch Acting General Manager Service Delivery
Date	9 September 2019
Prepared by	Megan May Community Connections Manager
Chief Executive Approved	Y
Reference #	GOV1301
Report Title	Transfer of Waters Vehicles to Watercare

I. EXECUTIVE SUMMARY

The Watercare agreement is due to commence on 1 October 2019. To align with this transition, all fleet utilised by the waters team are required to be transferred into the ownership of Watercare.

The Waikato District Council Procurement, Entitlement and Disposal of Council Vehicles Policy requires that disposal of all vehicles shall in all instances be via auction. As this policy statement conflicts with the desire to sell the waters fleet directly to Watercare, a Council resolution is required prior to this transaction.

The purpose of this report is to seek the Council's approval to the direct sale of the waters' vehicles and associated fleet directly to Watercare and delegate to the Chief Operating Officer the authority to negotiate and, if agreed, approve the sale of these assets.

2. RECOMMENDATION

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

AND THAT Council approve the direct sale of all or part of the Waters' vehicles and fleet to Watercare Services Limited at an agreed market valuation;

AND FURTHER THAT the Council has considered the requirements of, and notes the proposed direct sale is a departure from, the Procurement, Entitlement and Disposal of Council Vehicles Policy;

AND FURTHER THAT the Council delegates to the Chief Operating Officer all required authority and powers to:

- a. negotiate and, if acceptable, approve the value for the Waters' vehicles and fleet; and
- b. if approved, complete the sale and transfer of all, or part, of the Waters' vehicles and fleet as detailed in the attachment to the staff report.

AND FURTHER THAT the Council notes that if an acceptable market valuation is not agreed, that staff will dispose of the assets in accordance with the Procurement, Entitlement and Disposal of Council Vehicles Policy.

3. BACKGROUND

Waikato District Council have negotiated to contract all waters services to Watercare with the contract officially commencing on 1 October 2019. To assist with this transition, it has been accepted that all vehicles and associated fleet utilised for the Waters operations will be sold directly to Watercare.

The details of these fleet items are detailed in the attached appendix.

Current Policy requires all vehicles to be disposed of via auction. This process would increase the cost of sale, could potentially incur a delay in transfer and there is a possibility that another buyer could purchase the vehicles. If this occurred, this would result in Watercare needing to purchase and fit-out a replacement vehicle.

4. DISCUSSION AND ANALYSIS OF OPTIONS

4.1 DISCUSSION

Watercare have obtained a desktop valuation of all vehicles and trailers included in the proposed sale. At the time of report writing, these figures have not been provided to WDC. To ensure that WDC ratepayers are receiving a fair and reasonable price for each item, WDC are obtaining an independent valuation via Turners Auctions, who currently dispose of all WDC vehicles. It is anticipated that the valuation from Turners will form the basis of the sale.

It is accepted that there may be a requirement to negotiate this valuation to some degree once the valuation is received from Watercare. If there is a discrepancy, negotiations will occur in an attempt to reach a fair and reasonable value. If this is not possible, staff propose that any vehicle or associated fleet, in dispute will be sold at auction as per WDC Policy.

4.2 OPTIONS

Option 1: Approve the sale of all waters vehicles and fleet at market valuation directly to Watercare and delegate all required authority and powers to the Chief Operating Officer to accept the value and complete the sale and transfer all vehicles as detailed in this report.

This option is recommended.

Option 2: Do not approve the sale of all waters vehicles and fleet at market valuation directly to Watercare and do not delegate all required authority and powers to the Chief Operating Officer to accept the value and complete the sale and transfer all vehicles as detailed in this report.

This option is not recommended.

5. CONSIDERATION

5.1 FINANCIAL

Staff seek to sell all vehicles and fleet at a fair and reasonable price. If this is not possible, any remaining vehicles will be sold via auction which will use best endeavours to ensure that maximum return is obtained.

5.2 LEGAL

N/A

5.3 STRATEGY, PLANS, POLICY AND PARTNERSHIP ALIGNMENT

The direct sale of the noted assets conflicts with the Council's Procurement, Entitlement and Disposal of Council Vehicles Policy. As such, staff are seeking the Council's approval for this sale.

5.4 ASSESSMENT OF SIGNIFICANCE AND ENGAGEMENT POLICY AND OF EXTERNAL STAKEHOLDERS

This is an internal operational matter and will not trigger Council's Significance and Engagement Policy.

6. CONCLUSION

To enable the direct sale of vehicles and associated fleet to Watercare, WDC staff are requesting that a resolution is made by Council to allow staff to operate outside of the Procurement, Entitlement and Disposal of Council Vehicles Policy. By delegating all required authority and powers to the Chief Operating Officer to approve the sale value of each vehicle/asset and authorise the transfer of ownership, there will be a reduction in risk and potential cost associated with this transaction.

7. ATTACHMENTS

- List of Waters Vehicles and associated fleet

Attachment - List of Waters Vehicles and Associated Fleet

Fleet number	Registration	Make and Model	Type	Purpose	Year
V166	EYE985	Isuzu NKR 300S	Truck	Waters Retic	2009
V200	FYW300	Isuzu N Series	Truck	Waters Retic	2011
V201	FYW299	Isuzu N Series	Truck	Waters Retic	2011
V215	GGZ729	Isuzu N Series	Truck	Waters Retic	2012
V216	GGZ728	Isuzu N Series	Truck	Waters Retic	2012
V261	HQS950	Toyota Rav4	SUV	Waters Retic	2014
V262	HRR211	Toyota Rav4	SUV	Waters Retic	2014
V303	KKD780	Toyota RAV 4 2.2 AWD Diesel SUV GX Auto	SUV	Waters Retic	2017
V306	KSZ450	Hino 300 LCV XZU710R	Truck	Waters Retic	2017
V312	LFZ883	Toyota Hilux- Auto- Diesel 4x4	Ute with canopy	Waters Retic	2018
V318	LGM85	Toyota Hilux- Manual- Diesel 4x4	Ute with canopy	Waters Retic	2018
V327	LLD870	Toyota Hilux-Auto-Diesel 4x4	Ute with canopy	Waters Retic	2018
V332	LPR176	Toyota Hilux 4WD EC Auto	Ute	Waters Retic	2018
V333	LPR162	Toyota Hilux 4WD EC Auto	Ute	Waters Retic	2018
V226	GNT708	Isuzu NPR250S	Truck	Waters -Retic	2013
V182	HMG840	Toyota Hilux	Ute	Waters Treatment	2014
V297	KKD770	Toyota Hilux SR 4WD Diesel	Ute	Waters Treatment	2017
V311	LFZ882	Toyota Hilux- Auto- Diesel 4x4	Ute with canopy	Waters Treatment	2018
V314	LFZ885	Toyota Hilux- Auto- Diesel 4x4	Ute with canopy	Waters Treatment	2018
V315	LFZ886	Toyota Hilux- Auto- Diesel 4x4	Ute with canopy	Waters Treatment	2018
V316	LFZ909	Toyota Hilux- Auto- Diesel 4x4	Ute with canopy	Waters Treatment	2018
V317 - G	LGM73	Toyota Hilux- Auto- Diesel 4x4	Ute with canopy	Waters Treatment	2018

Additional Fleet items

1. 4917N Raglan Generator (Mounted on trailer)
2. D258N Nga Sign Trailer
3. H154A Boat Trailer
4. J428R Raglan Tandem Trailer
5. J812R Nga Tandem Trailer
6. P23T Nga Safety Trailer
7. U970U Chlorine Trailer
8. Q659Z Waters Trailer
9. 4Z121 Raglan Generator Trailer
10. T344Y Tuakau Tandem Trailer
11. 6K988 Titan Tandem Caged Trailer
12. 8C802 Titan Tandem Caged Trailer
13. Yale 1.8 Ton LPG Forklift
14. Flat bottom pond boat

Procurement, Entitlement and Disposal of Council Vehicles

Policy Sponsor:	Chief Executive
Policy Owner:	Service Delivery General Manager
Policy Number:	POL/PF02
Approved By:	Executive Team
Date Approved:	August 2015
Next Review Date:	August 2018

Objectives

This policy aims to confirm Council's commitment to the All of Government Procurement Contract as well as its environmental obligations.

It is also to provide clear rules and guidelines to staff on the Procurement, Entitlement and Disposal of Council vehicles for the following:

- Work related use (pool and team allocated)
- Private use
- Home to work use
- Use while working on call outside of normal working hours
- Emergency Services Vehicles

Related Policies

- Remuneration Policy
- Use of Council Vehicles Policy

Application

This policy applies to all vehicles purchased and disposed of for Waikato District Council.

General Principles

- All vehicles (being additional or replacement) will be purchased through the All of Government contract NB – Specialist vehicles such as Rural Fire Appliances may be exempted from this clause.
- The purchase cost may be revised in line with changes in the All of Government contracts.
- All vehicle purchases should consider the total cost of ownership model before committing to the purchase.
- Any purchase of vehicles that fall outside this policy is to be approved by the Chief Executive.
- Whenever possible, Toyota vehicles should be purchased to create a uniform fleet. The only exception is when Toyota do not have a make or model that is 'fit for

purpose', or where the vehicle is to be retrofitted and exceeds the gross vehicle weight rating.

- All vehicles will be replaced generally in accordance with a 100,000 Km/three year replacement program, but consideration must also be given to 'wear and tear', to ensure maximum return on investment for Council.
- Where an additional vehicle is requested a business case must be approved by the executive team prior to purchase.
- All vehicles are to be fitted with Bluetooth cell phone connection capabilities.
- All vehicles are to have a minimum of 4 ANCAP or equivalent safety rating.
- All vehicles are to have a minimum emissions rating of Euro 4 or equivalent.
- Where appropriate council vehicles may be reallocated to other roles when no longer required due to such things as a change in policy or structure.

Policy Statements

Section One: Work related use (pool and team allocated)

Vehicles that are to be purchased for use as pool or team allocated vehicles should comply with the following:

- All pool vehicles should have automatic gearboxes, unless otherwise requested through a business case.
- The colour of pool and team allocated vehicles will be white..
- All pool and team allocated vehicles will be branded with WDC logo and where appropriate have front and rear safety reflective strips.
- Vehicles are to be appropriate for the expected role and any additional accessories or features requested (e.g. 4x4, emergency beacons, light bars, tow bar mounted signs) are to be approved by the Unit or General Manager.
- All renewal vehicles purchased for team allocation useage are to be only purchased with the relevant Unit Manager approval.
- The maximum purchase price for vehicles (excluding General Managers) will be \$35,000 excluding GST plus on road costs unless there are specific business needs that need to be considered, such as is the case for Animal Control and Water Reticulation vehicles, which are 'fit for purpose'.

Section Two: Private Use

Private use vehicles may be made available to selected positions.

The vehicles will form part of the remuneration package in line with Council's Remuneration Policy.

The value of the salary sacrifice for this section is currently valued at 32% of the purchase price excluding GST and on road costs.

Private use vehicles will be subject to the following conditions:

- The vehicle will be specified based on the business needs, Employees with private use will be able to have input into the selection of the vehicle within the boundaries of the All of Government contract.
- The maximum purchase price for vehicles (excluding General Managers) will be \$35,000 excluding GST plus on road costs unless there are specific business needs that need to be considered, such as is the case for Animal Control and Water Reticulation vehicles, which are 'fit for purpose'.
- The maximum purchase price for a General Manager's vehicle will be \$40,000 excl GST plus on road costs.

Section Three : Vehicles for Home to Work Use

The primary objective of permitting home to work use of a Council vehicle is to improve the business efficiency and cost effectiveness of Council.

Selected positions will be permitted to use vehicles for home to work use subject to the following conditions:

- There is a sound business case supporting the primary objective of this section for each home to work vehicle that is approved by the General Manager.
- The purchase of these vehicles is in line with the conditions in section one of this policy.
- Council reserves the right to withdraw the use of motor vehicles upon giving 90 days' notice in writing.

Section Four : Vehicles for Working on Call Outside of Normal Working Hours

The primary objectives of permitting use of a Council vehicle while working on call outside of normal working hours is to improve the business efficiency and ability to respond promptly to on call work.

Selected positions will be permitted to use vehicles for on call use subject to the following conditions:

- The purchase of these vehicles are in line with the conditions in section one of this policy.
- There is an approved business case supporting the primary objective of this section for each on call vehicle.

Disposals

Disposal of all vehicles shall in all instances be via auction. This process has been adopted in the interests of transparency, efficiency and obtaining the best possible net price.

All disposals are to be informed to the Management Accountant to ensure correct financial procedures are adhered to.

Policy Review

This policy will be evaluated and reviewed as deemed appropriate by the Executive Team, but at least once every three years.