

To	Water Governance Board
From	Ilan Cathcart General Manager Service Delivery
Date	15 February 2019
Prepared by	Carole Nutt
Chief Executive Approved	Y/N
Reference #	
Report Title	Revised Work Programme

1. EXECUTIVE SUMMARY

This report is to provide a brief update on the work programme for the transition of our Three Waters business to Watercare Services Ltd (“Watercare”).

2. RECOMMENDATION

THAT the report from the General Manager Service Delivery be received.

3. TRANSITION POSITION

Currently we are in a mobilisation period and readying ourselves for the transfer of the majority of our waters business to Watercare on 1 July 2019.

During the two year operational transition period, consultation with the community will be finalised as will the pricing methodology, conditions assessment and Asset Management Plan. Also during this period the full migration of technology systems to Watercare will occur, the move to a new premises and consolidation of process for charging for growth infrastructure will be finalised following consultation.

From 1 July 2021, the full service delivery under the terms of the contract will apply.



4. UPDATE

A project plan at task level has been entered in Council's project management system and we are working through detailed assignment of resources, duration, dependencies, etc. The plan covers the following work streams:

- Commercial Agreement
- People
- Health and Safety
- Customers
- Assets, Maintenance and Operations
- Property
- Procurement
- Financial
- Communication and Stakeholder Management
- Technology
- Project Governance

While elements of growth are covered under the assets and financial streams, we are considering the necessity of adding a separate growth stream for high level strategic developments in our community that could impact future operations.

A number of actions in the existing work programme are dependent on having a legally binding agreement in place by 31 March 2019. These include the ability to enter into agreements with suppliers, staff and property premises. Having a contract in place will simplify the messaging to our customers, other stakeholders and inform branding requirements. Failure to have an appropriate agreement in place puts the project at risk of meeting the 1 July 2019 deadline.

Since the last Water Governance Board meeting in late January, we have had seven individual stream meetings in person with Watercare along with multiple other sessions in various forms to understand our business and planning for the transition period. Our next all streams joint meeting will occur on the 19th of February at Waikato-Tainui in Hopuhopu that will include a segment on the core principles for the way we will work together to develop the streams charter.

Watercare have appointed Sharon Danks as their Watercare Contract Manager, Sharon was introduced at the waters staff update held in early February and had the opportunity to meet the WDC waters team. Sharon will be based onsite part time at Ngaruawahia by early March moving to full time from 1 April. Over February and March, staff will have the opportunity to attend a voluntary one on one discussion with our Human Resources Manager. A briefing pack will be sent to waters staff by the end of March and formal consultation concluded by the end of April. Offers accepted are due by the end of May and training/induction to Watercare can commence in June in readiness for 1 July employment with Watercare. The next all waters staff update is scheduled for 5th March.

Work is continuing with Morrison Low to develop a suitable methodology for determining asset condition scores for use at the start of the contract, the end of the contract and periodic reviews throughout the life of the contract. Data cleansing of Council's asset condition in our system is in progress. Watercare and Council have had a meeting and went through our Asset Management Plan line by line to understand our work programme, risk behind each of the items and any potential variations to the Long Term Plan.

Watercare have provided their first cut of their financial modelling that needs to be validated and a detailed piece of work on development contributions (versus infrastructure growth charges) is planned to occur. During the transition period, debt and funding is to remain with Council and the billing regime will follow the price path in our Long Term Plan.

Watercare have given Council an indication of what supply contracts they intend to continue versus replacing with their own suppliers and existing contracts. Procurement is working through these along with a supplier communications plan.