



caring about you & your environment

Report No. 01.693

11 September 2001

File: O/2/1/10

gk:Reports\US01-693

Report to the Utility Services Committee
from David Benham, Divisional Manager, Utility Services

Divisional Report

1. Purpose

- To receive the attached activity reports to 31 August 2001 (Attachment 1).
- To comment on any other relevant areas of interest or activity.

**2. Update on Water Services Agreement (WSA)
With Wellington City Council**

To back track a little, you will recall that we had previously advised the Committee that Wellington City Council would not be renewing the WSA for an extended period. The table below details the future arrangements as advised by WCC on 11 July 2001.

Activity	Plan	WCC Comment	WRC Action
<p>Planned and unplanned network maintenance and meter reading</p>	<p>5 month contract (with WRC) with decision to be made whether work will be thereafter undertaken by CitiOps or a contractor chosen through a competitive tender.</p>	<p>WCC to formulate decision on CitiOps once a review of the WRC costing structures have been reviewed to determine competitiveness. WCC have copies of the WRC Network Section Wages Staff (CEA) and WRC (CA). In the first instance, WCC (HR) group to review these documents for consideration.</p>	<ul style="list-style-type: none"> • Await feedback from WCC HR review (for compatibility, issue flagging, etc.). • WRC to provide 5 month cost (fixed base fee and unit/hourly rates – as per current costing model) noting any cost variance from present cost (and detailed reasons for the increase).

ECG work	5 month contract (with WRC) then transferred	Discussions and planning underway with WCC and WRC asset information teams.	<ul style="list-style-type: none"> WRC to provide 5 month cost (fixed base fee and unit/hourly rates – as per current costing model).
System Operation, Reservoir and Pumping Station Maintenance	3 year contract to be negotiated with WRC		<ul style="list-style-type: none"> WRC to provide 3 year cost (fixed base fee and unit/hourly rates – as per current costing model).
Capital Expenditure Design Services	A long term contract, subject to mutual agreement from both parties with a potential guaranteed component to be negotiated with WCC	<ul style="list-style-type: none"> Both parties need to be satisfied that there is value to be added by this arrangement. Guaranteed component needs to be defined. 	<ul style="list-style-type: none"> Stavros (WCC) to meet with John M (WRC) to agree terms and conditions.

On 7 September 2001 we were advised that in fact the system management and pumping station and reservoir maintenance component would not now run for three years but would cease on 30 November 2001. This was quite contrary to our earlier agreement and in our view could be construed as a breach of contract if followed through by WCC.

There are staffing implications to this change and considerable work is involved in separating the system computer hardware and software. Our staff are currently working through the detailed implications and I will be able to advise you further at our meeting. Suffice to say that this will have to be careful and meticulously planned to ensure the ongoing integrity of the system.

4. **Activity Reports**

The attached reports detail activity for July and August.

5. **Last Meeting of Triennium**

As this is the last meeting of the triennium, I would like to particularly thank members for the support and wise counsel to our various activities over the last three years. I believe we have had an excellent relationship over the entire three years and my thanks for your individual contributions to that.

I would also like to say a special thank you to Euan McQueen, Roberts Shaw and Stuart Macaskill who are not standing again. My particular thanks to Chairman Euan for your guidance, help and advice over the past six years.

Stuart's retirement will be a great loss to the Council but particularly to our water and forestry operations. Stuart has been associated with these activities for thirty years and his contribution and institutional knowledge has been of immense value.

We wish Stuart and Euan an enjoyable retirement and Robert Shaw success in his other endeavours. For the other members we look forward to seeing you back in November.

DAVID BENHAM
Divisional Manager, Utility Services

Attachment 1: Utility Services Division's Activity Reports to 31 August 2001