



**AGENDA FOR A MEETING OF THE COUNCIL TO BE HELD IN THE CIVIC CENTRE,  
6 WAIPAREIRA AVENUE, LINCOLN, WAITAKERE CITY,  
ON WEDNESDAY, 15 JUNE 2005  
COMMENCING AT 9.30 AM**

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**1 APOLOGIES**



**2 URGENT BUSINESS**

Section 46A(7) of the Local Government Official Information and Meetings Act 1987 provides that where an item of business is not on the agenda, it may only be dealt with at the meeting if:

- (i) the Council by resolution so decides; and
- (ii) the Chairperson has explained at the beginning of the meeting (when open to the public) that the item will be raised for discussion and decision, why the item is not on the agenda, and why it cannot be delayed until a subsequent meeting.

The Council may make a decision on a matter determined to be urgent.

**NOTE:** Urgent Business need not be dealt with now and may be delayed until later in the meeting.



**3 AGREEMENTS BETWEEN COUNCIL AND WATERCARE SERVICES LIMITED TO COMMENCE ON 1 JULY 2005, RELATING TO BULK WATER AND SUPPLY AND COLLECTION OF DOMESTIC WASTEWATER**

**PURPOSE OF THE REPORT**

The purpose of this report is to obtain Council's approval to enter into a contract with Watercare Services Limited for bulk water supply and the collection of domestic wastewater, for a period of three years.

**BACKGROUND**

Council and Watercare Services Limited entered into the current agreement with a three year term from 1 July 2002 to 30 June 2005 for the supply of potable water to Council, as approved at the Council meeting of 29 May 2002 through the following resolution:

*“That the Chief Executive be delegated authority to enter into an agreement with Watercare Services Limited for the supply of bulk water services for a period from 1 July 2002 to 30 June 2005, at an estimated value of \$23,656,000.”*

1004/2002

As well, Council entered into an agreement with Watercare Services Limited for the collection of domestic wastewater from 1 July 2003 to 30 June 2005, as approved at the Council meeting of 30 July 2003 through the following resolution:

*“That the Chief Executive be given delegated authority to enter into an agreement with Watercare Services Limited for the supply of bulk wastewater collection, treatment and disposal for a period from 1 July 2003 to 30 June 2005, at an estimated value of \$28,158,000 plus GST of \$3,519,750 totalling \$31,677,750.*

1538/2003

Negotiations for new agreements have been under way since November 2004. The negotiations are being undertaken by the Local Network Operators (Metro Water Limited, Manukau Water, United Water International Pty Limited, North Shore City Council and Waitakere City Council) and Watercare Services Limited.

The negotiations for new agreements have now been completed and the Local Network Operators are seeking approval from their respective Councils and Boards to enter into new agreements.

### **STRATEGIC CONTEXT**

The Council's strategic plan for the three waters aims to establish Waitakere as a centre of innovative water management.

The proposed contracts set out levels of service, including environmental performance, and through the pricing tariff it is aimed to encourage the reduction of water use and wastewater flows.

### **ISSUES**

A1 The Local Network Operators developed a number of objectives in negotiating the new agreements with Watercare Services Limited and the substantive objectives have been achieved, as set out in the details attached at page A1.

The objectives that have been achieved include the following:

- Added regional infrastructure planning;
- Added development contributions;
- Added indemnity;
- Added flow and pressure schedule data;
- Amended forecasting;
- Deleted penalties;
- Deleted supply zones;
- Deleted variation to water quality standards; and
- Improved specifications for wastewater flows.

Simpson Grierson has conducted a legal review of the new agreements and have confirmed that it is appropriate for the Council to enter into the new agreements.

A2-A9 The legal advice provides a summary of the main elements of the new agreements and is included for Council's information as attached at pages A2 to A9.

The Local Network Operators are seeking approval for the six bilateral new agreements from their respective Councils and Boards in June 2005. It is proposed that when all the approvals have been obtained, all the parties will sign the new agreements by the end of June 2005.

The effective date of the new agreements will be 1 July 2005 for a term of three years.

Watercare Shareholders Representative Group has been informed of two issues being negotiated between the Local Network Operators and Watercare Services Limited regarding joint planning and revenue requirements. The Shareholders Representative Group commissioned a report from Marsden Jacob, economic consultants, to review Watercare Services Limited's Funding Plan to provide advice on the appropriateness of Watercare's prices to customers. The Shareholders Representative Group have advised that any benefits arising from Watercare Services Limited adopting the recommendations of the Marsden Jacob report would only accrue from 2008 and have recommended that the current Watercare Services Limited 2005/2006 Funding Plan revenue requirement be used for the new contract.

## **RESOURCES**

The total value of the new agreements based on current forecast volumes by Council is as follows:

- Water supply \$24,478,185 plus GST;
- Wastewater \$46,076,401 plus GST.

Thus the total value of the three year contract will be \$70,554,586 plus GST.

Funding has been provided in the draft Annual Plan 2005/2006 and in the 2003/2013 Long Term Council Community Plan.

## **CONCLUSION**

The negotiations for new agreements with Watercare Services Limited for bulk water supply and domestic wastewater collection have been completed, with significant progress on the key issues.

It is therefore recommended that authority be granted to the Chief Executive Officer to execute the relevant documents pertaining to the new agreements.

## **RECOMMENDATIONS**

1. That the Agreements Between Council and Watercare Services Limited to Commence on 1 July 2005, Relating to Bulk Water Supply and Collection Of Domestic Wastewater report be received.
2. The Chief Executive Officer be delegated authority to enter into agreements with Watercare Services Limited for bulk water supply and collection of domestic wastewater, for the period from 1 July 2005 to 30 June 2008, at an estimated value of \$70,554,586 plus GST of \$8,819,323.20, totalling \$79,373,909.20.

Report prepared by: Tony Miguel, Group Manager: Asset Management.



**PUBLIC EXCLUDED MATTER**

**4 HOBSONVILLE LAND ACQUISITION**

This item will be considered in the Confidential Supplement of the agenda, and has been circulated to members separately with this agenda.

**PROCEDURAL MOTION TO EXCLUDE THE PUBLIC**

1. That the public be excluded from the following part of the proceedings of this meeting, namely, Hobsonville Land Acquisition.

The general subject of the matter to be considered while the public is excluded, the reason for passing this resolution in relation of the matter, and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of the matter to be considered.	Reason for passing this resolution in relation to the matter.	Ground(s) under Section 48(1)(a) for the passing of this resolution.
<ul style="list-style-type: none"> <li>• Hobsonville Land Acquisition;</li> </ul>	<p>The withholding of information is necessary in order to:</p> <ul style="list-style-type: none"> <li>• enable the local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).</li> </ul>	<p>That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist;</p>

This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 7(2)(i) of that Act which would be prejudiced by the holding of the relevant part of the proceedings of the meeting in public as follows:

- *The report contains information which if released could affect the Council's negotiations.*
2. That Greg Parker (Chief Executive Officer, Waitakere Properties Limited), Peter Walker (Marine Industry Association) and Ralph Marshall (Deloitte) be permitted to remain at this meeting for Item 4: Hobsonville Land Acquisition after the public have been excluded, because of their knowledge of the matter being discussed. This knowledge, which will be of assistance in relation to the matter being discussed, is relevant to that matter because of background information and advice which will be required by Council when assessing options to it and in explaining any decision to the community.

