



NAPIER
CITY COUNCIL
Te Kaunihera o Ahuriri

Napier Civic Building
231 Hastings Street
t +64 6 835 7579
e info@napier.govt.nz
www.napier.govt.nz

EXTRAORDINARY MEETING OF COUNCIL

Open Agenda

| | |
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| Meeting Date: | Monday 28 September 2020 |
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| Time: | 1.30pm |
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| Venue: | Large Exhibition Hall Napier War Memorial Centre Marine Parade Napier |
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| Council Members | Mayor Wise, Deputy Mayor Brosnan, Councillors Boag, Browne, Chrystal, Crown, Mawson, McGrath, Price, Simpson, Tapine, Taylor, Wright |
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| Officer Responsible | Interim Chief Executive |
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| Administrator | Governance Team |
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Next ordinary Council Meeting
Thursday 8 October 2020

ORDER OF BUSINESS

Apologies

Nil

Conflicts of interest

Public forum

Nil

Announcements by the Mayor

Announcements by the management

Agenda items

| | | |
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| 1 | Three Waters Reform Programme - Funding Agreement, Delivery Plan and Proposed projects | 3 |
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|------------------------------|----|
| Public excluded | 56 |
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AGENDA ITEMS

1. THREE WATERS REFORM PROGRAMME - FUNDING AGREEMENT, DELIVERY PLAN AND PROPOSED PROJECTS

| | |
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| <i>Type of Report:</i> | Contractual |
| <i>Legal Reference:</i> | N/A |
| <i>Document ID:</i> | 1247391 |
| <i>Reporting Officer/s & Unit:</i> | Adele Henderson, Director Corporate Services Jon Kingsford, Director Infrastructure Services |

1.1 Purpose of Report

To provide delegation for the signing of the Funding Agreement and Delivery Plan associated with the Three Water Services Reform Programme including proposed projects.

Officer's Recommendation

That Council:

- a. Approve entering into the Funding Agreement and Delivery Plan for the first stage of the Three Waters Services Reform Programme by 30th September 2020
- b. Approve the proposed projects to be undertaken as part of the Delivery Plan, noting that these are subject to approval from the Department of Internal Affairs (DIA).
 - i. Note there have been some changes in the priorities since the meeting on 15th September 2020 where this was first discussed with additional projects included as requested by Council
- c. Note the Reform Programme is part of the Government's programme to reform current water service delivery into larger scale providers, to realise significant economic, public health, environmental, and other benefits over the medium to long term, and that signing the MOU, Funding Agreement and Delivery Plan does not create any obligation upon Council with regard to future steps of this reform programme
- d. Provide delegation to the Chief Executive to make any required changes to the Delivery Plan in order to finalise the agreement with DIA, noting that:
 - i. Council have been provided with projects in priority 1 for \$12.51m available funding, and
 - ii. Projects will be prioritised from those identified under the Priority 2 and 3 lists provided in this report as required to meet the DIA requirements.
- e. Delegate signing of the Funding Agreement and Delivery Plan to the Chief Executive and Mayor

1.2 Background Summary

Over the past three years, central and local government have been considering solutions to challenges facing delivery of three waters services to communities.

This has seen the development of new legislation and the creation of Taumata Arowai, the new Water Services Regulator, to oversee and enforce a new drinking water regulatory framework, with an additional oversight role for wastewater and stormwater networks.

While addressing the regulatory issues, both central and local government acknowledge that there are broader challenges facing local government water services and infrastructure, and the communities that fund and rely on these services. There has been underinvestment in three waters infrastructure in parts of the country and persistent affordability issues, along with the need for additional investment to meet improvements in freshwater outcomes, increase resilience to climate change and natural hazards, and enhance community wellbeing.

In July 2020, the Government announced a funding package of \$761 million to provide immediate post-COVID-19 stimulus to local authorities to maintain and improve three waters (drinking water, wastewater, stormwater) infrastructure, and to support reform of local government water services delivery arrangements.

The Government has indicated that its starting intention is public multi-regional models for water service delivery to realise the benefits of scale for communities and reflect neighbouring catchments and communities of interest. There is a preference that entities will be in shared ownership of local authorities. Design of the proposed new arrangements will be informed by discussion with the local government sector.

There is a shared understanding that a partnership approach between Central and Local Government will best support the wider community interests, and ensure that any transition to new service delivery arrangements is well managed and as smooth as possible. This has led to the formation of a joint Three Waters Steering Committee to provide oversight and guidance on three waters services delivery and infrastructure reform.

Three Waters Steering Committee

At the recent Central/ Local Government Forum, central and local government leadership discussed challenges facing New Zealand's water service delivery and infrastructure, and committed to working jointly on reform.

A Joint Three Waters Steering Committee has been established to provide oversight and guidance to support progress towards reform, and to assist in engaging with local government, iwi/ Māori and other water sector stakeholders on options and proposals.

The Steering Committee comprises independent chair Brian Hanna, local government mayors, chairs and chief executives, representatives of Local Government New Zealand and the Society of Local Government Managers, officials and advisors from the Department of Internal Affairs, Taumata Arowai, and the Treasury.

The Steering Committee will ensure that the perspectives, interests and expertise of both central and local government, and of communities throughout New Zealand are considered, while the challenges facing water services and infrastructure are addressed. This will include periods of engagement, in the first instance with the local government sector.

The Steering Committee is supported by a secretariat made up of advisors and officials from Local Government New Zealand, the Society of Local Government Managers, the Department of Internal Affairs, and the Treasury.

Reform programme and funding package

In July 2020, the Government announced funding to provide immediate post-COVID-19 stimulus to maintain and improve water networks infrastructure, and to support a three-year programme of reform of local government water services delivery arrangements.

Central and Local Government consider it is timely to apply targeted infrastructure stimulus investment to enable improvements to water service delivery, progress reform in partnership, and ensure the period of economic recovery following COVID-19 supports a transition to a productive, sustainable economy.

While the Government's starting intention is for publicly-owned multi-regional models for water service delivery, with a preference for local authority ownership, final decisions on a service delivery model will be informed by discussion with the local government sector and the work of the Steering Committee.

Initial funding will be made available immediately to those councils that sign up to the Memorandum of Understanding (MoU) and associated Funding Agreement and Delivery Plan for the first stage of the Three Waters Services Reform Programme.

The Reform Programme is designed to support economic recovery post COVID-19 and address persistent systemic issues facing the three waters sector, through a combination of:

- stimulating investment, to assist economic recovery through job creation, and maintain investment in water infrastructure renewals and maintenance; and
- reforming current water service delivery, into larger scale providers, to realise significant economic, public health, environmental, and other benefits over the medium to long term.

The three waters reform programme can be found on the Department of Internal Affairs website.

Sector Engagement

In addition to working with the Steering Committee, there will be an ongoing programme of engagement with local government, iwi/ Māori, the wider water services sector, and communities of interest throughout the transformation programme.

Initial engagement started July/August 2020 with local government and iwi/ Māori partners to discuss the Memorandum of Understanding (MoU) and associated Funding Agreement and Delivery Plan. This first engagement provides a forum for councils considering signing up to the reform programme to raise issues and work through questions ahead of signing the MoU.

Signing the MoU commits councils to engage with the reform programme and share information but does not require them to continue with future stages of the reform.

From the initial workshops, ongoing work will continue with ad-hoc sessions and webinars, targeted engagement and formal information-sharing sessions with local government, iwi/ Māori, water service providers and interested parties as we progress the reform programme.

Iwi/ Māori interests

Over the past three years central and local government have been considering solutions to challenges facing three waters services delivered to communities. There have been a series of hui and workshops with iwi/ Māori as part of this, through the Three Waters Review and the establishment of Taumata Arowai. The progress of the proposed reform requires further engagement with iwi/ Māori to more fully understand Treaty rights of interests over the course of the reform period.

A range of engagements are proposed over the next 6-12 months both directly through central government and in partnership with local government.

1.3 Issues

Signing the MoU was completed in August 2020 and commits councils to engage with the reform programme and share information, but does not require them to continue with future stages of the reform. Two further documents, the Funding Agreement and Delivery Plan (**Attachments A and B**), are now required to be prepared and signed.

The Delivery Plan is subject to approval by DIA. Council held a workshop on 10th September 2020 and provided direction for the proposed projects to go forward to DIA. Feedback is being sought from the Māori Committee members. The projects have been given a category of Priority 1 to 3. In the event that the projects in Priority 1 are not approved, there are options to move to those identified as Priority 2 or 3. The Priority 1 projects currently total \$12.51m. A further \$3.2m for Priority 2 and \$600k for Priority 3 have been identified in the event the projects are rejected by DIA or unable to be progressed.

It is recommended that the Chief Executive is provided with delegation to finalise the agreement with DIA and move through the priorities accordingly. If those projects are not approved, then the Chief Executive will work through this with DIA accordingly to finalise from other available projects.

The latest list of proposed projects are shown at **Attachment C**.

A key part of the government's stimulus package was job creation. It is noted that the above proposed projects will create approximately 140 jobs, which are internal fixed term roles, external consultant roles and jobs to carry out project work. Further work is still being undertaken to verify the number of jobs created before the contract is finalised.

1.4 Significance and Engagement

Funding for these projects will be received as a grant and does not trigger Council's significance and engagement policy or other consultation requirements.

1.5 Implications

Financial

Funding will be provided as soon as practicable following agreement to the MoU and the associated Funding Agreement and Delivery Plan. The Delivery Plan will need to show

that the funding is to be applied to operating or capital expenditure on three waters service delivery (with the mix to be determined by the Council) that:

- supports economic recovery through job creation; and
- maintains, increases and/or accelerates investment in core water infrastructure renewals and maintenance.

The Delivery Plan provides a summary of projects, relevant milestones, costs, location of physical works, number of people employed in works, reporting milestones and an assessment of how it supports the reform objectives set out in this MoU.

The Delivery Plan will be supplied to Crown Infrastructure Partners, and other organisations as agreed between the Parties, who will monitor progress of application of funding against the Delivery Plan to ensure spending has been undertaken consistent with public sector financial management requirements.

The Council will have the right to choose whether or not they wish to continue to participate in the reform programme beyond the term of the MoU.

Social & Policy

This MoU sets out the principles and objectives that the Parties agree will underpin their ongoing relationship to support the improvement in three waters service delivery for communities with the aim of realising significant public health, environmental, economic, and other benefits over the medium to long term. It describes, in general terms, the key features of the proposed reform programme and the Government funding arrangements that will support investment in three waters infrastructure as part of the COVID 19 economic recovery.

The Funding Agreement sets out the funding requirements and conditions. The Delivery Plan includes a summary of the work, costs, milestones, location of works, estimate of the number of people employed in works, and an assessment of how it supports the reform objectives.

Risk

The Council will have the right to choose whether or not they wish to continue to participate in the reform programme beyond the term of the MoU.

Based on the terms outlined in the delivery plan, Council will carry any expenditure above the funding agreement by project.

1.6 Options

The options available to Council are as follows:

- a. Approve the proposed projects or
- b. Amend the proposed projects

1.7 Development of Preferred Option

Approve the updated proposed projects and sign the Funding Agreement and Delivery Plan for the Three Waters Reform Programme.

1.8 Attachments

- A Funding Agreement - DRAFT [↓](#)
- B Delivery Plan Agreement - DRAFT [↓](#)
- C Delivery Plan Project List [↓](#)



FUNDING AGREEMENT

BETWEEN

DEPARTMENT OF INTERNAL AFFAIRS

AND

NAPIER CITY COUNCIL

FOR

THREE WATERS SERVICES REFORMS

AGREEMENT

The parties (identified below in Part 1) agree to be bound by the terms and conditions of this Agreement, as set out below in Part 1 (Key Details), Part 2 (General Terms), Part 3 (Definitions and Construction) and the Schedule (Payment Request).

PART 1: KEY DETAILS

- | | | |
|---|-----------------------------|--|
| 1 | Parties | <p>The Sovereign in right of New Zealand, acting by and through the Chief Executive of the Department of Internal Affairs (DIA)</p> <p>NAPIER CITY COUNCIL (Recipient)</p> |
| 2 | Background | <p>The New Zealand Government is undertaking a reform programme for “Three Waters” (drinking water, wastewater and stormwater) service delivery for communities (Three Waters Reform Programme). In conjunction with the Three Waters Reform Programme, the New Zealand Government is investing in water service delivery. The investment’s objectives are to:</p> <ol style="list-style-type: none"> 1. improve the safety and quality of drinking water services, and the environmental performance of drinking water and wastewater systems, by maintaining, increasing or accelerating investment in core water infrastructure renewals and maintenance; and 2. support New Zealand’s economic recovery from the COVID-19 pandemic through job creation, by enabling investment to continue at a time when council revenues are uncertain and they face immediate cashflow challenges. <p>The New Zealand Government has mandated DIA to manage the provision of Government funding to local authorities to support investment in water infrastructure that supports its public health and environmental management objectives. Provision of such funding supports the objectives of the reform programme, by creating positive momentum toward reform of delivery arrangements for drinking water and wastewater services and infrastructure (with stormwater as a secondary priority).</p> <p>The New Zealand Government has also mandated Crown Infrastructure Partners Limited (CIP) to assist in managing such funding by undertaking a monitoring role.</p> <p>The Recipient is a territorial authority with statutory responsibility for delivering Three Waters services within its own district or city. The Recipient will work collaboratively with the New Zealand Government in connection with the Three Waters Reform Programme.</p> <p>DIA has agreed to contribute funding to the Recipient on the terms and conditions of this Agreement (Agreement).</p> <p>Key details of this Agreement are set out in this Part 1. The full terms and conditions are set out in Part 2. Defined terms and rules of interpretation are set out in Part 3.</p> |
| 3 | Conditions Precedent | <p>No Funding is payable under this Agreement until DIA has confirmed to the Recipient in writing that it has received, and found, in its sole discretion, to be satisfactory to it in form and substance, the following documents and evidence:</p> <ol style="list-style-type: none"> 1. This Agreement, duly executed by the Recipient by 30 September 2020. 2. The Memorandum of Understanding, duly executed by the Recipient by 31 August 2020. |

3. The final Delivery Plan prepared by the Recipient, in a form approved by DIA and duly executed by the Recipient by 31 October 2020.

A draft of the Delivery Plan must be submitted by no later than 30 September 2020 to threewaters@dia.govt.nz (copied to the Monitor) for review and comment by DIA (and/or the Monitor as its nominee).

Once DIA (or the Monitor) responds to the draft Delivery Plan, the Recipient must promptly engage with DIA (or the Monitor), seek to resolve such comments, and submit a final Delivery Plan for DIA's approval.

The Recipient is responsible for the content of the Delivery Plan and approval by DIA for the purposes of this Agreement shall not impose any obligations on DIA in respect of the Delivery Plan other than as expressly set out in this Agreement.

These conditions precedent must either be satisfied (in the opinion of DIA) or waived by DIA (at its sole discretion) by 31 October 2020, unless a later date is agreed otherwise in writing with DIA. In the event that they are not satisfied or waived within that time, DIA may notify the Recipient that this Agreement has not come into effect and is null and void.

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| 4 | Expenditure Programme(s) | The Recipient may only use the Funding to complete the expenditure programme(s) described in the Delivery Plan (each an Expenditure Programme). |
| 5 | Expenditure Programme Milestones and Completion Dates | The Recipient is to complete the Expenditure Programme Milestones set out in the Delivery Plan to the satisfaction of DIA by the Completion Dates set out therein. |
| 6 | End Date | The End Date is 31 March 2022, or such later date determined by DIA in its discretion. |
| 7 | Funding | <p>The total Funding available under this Agreement is up to NZ\$12.51M plus GST (if any). This is the Total Maximum Amount Payable.</p> <p>The first instalment of Funding under this Agreement is subject to satisfaction of the Conditions Precedent set out in Item 3 above and receipt of a duly completed Payment Request in accordance with clause 1 of Part 2.</p> <p>The balance of the Funding under this Agreement will be paid in instalments as specified in the Delivery Plan, subject to satisfaction of the conditions set out below and the other terms and conditions of this Agreement.</p> <p>Each instalment of Funding under this Agreement, following payment of the first instalment, is subject to:</p> <ul style="list-style-type: none"> (a) Receipt of a duly completed Payment Request in accordance with clause 1 of Part 2. (b) The Expenditure Programme(s) having commenced no later than 31 March 2021. (c) DIA receiving and being satisfied with the quarterly reports specified in the Key Details, together with the other information required in this Agreement. (d) No Termination Event, or event entitling DIA to suspend funding under this Agreement, subsisting. (e) Any further conditions relating to that instalment of Funding as specified in the Delivery Plan. |

The first Payment Request may be submitted upon the Commencement Date

occurring. Each subsequent Payment Request may only be submitted at the same time as submission of a quarterly report in accordance with item 8 (Reporting) of the Key Details, and no more than one such Payment Request may be submitted in any Quarter, except (in each case) to the extent agreed by DIA in its sole discretion.

8 Reporting

The Recipient will provide DIA (copied to the Monitor) with quarterly reports by the 10th Business Day following the end of each Quarter, with effect from the Commencement Date. Each quarterly report must include the information set out below, in the standard reporting form specified by DIA.

The Recipient will also provide DIA (copied to the Monitor) with a final report by the 10th Business Day following the date on which the Expenditure Programme(s) are completed. The final report must include the information set out below, in the standard reporting form specified by DIA.

Each report is to be in form and substance satisfactory to DIA in its sole discretion.

Each quarterly report must include the following information:

- (a) Description and analysis of actual progress of the Expenditure Programme(s) against planned progress for the relevant Quarter;
- (b) A summary of expenditure, actual against budgeted (including underspend and cash float), for the relevant Quarter;
- (c) Plans for the next Quarter;
- (d) Forecast cashflows and forecast of the costs to complete the Expenditure Programme(s);
- (e) Any major risks arising or expected to arise with the Expenditure Programme(s), costs or performance of this Agreement, together with actual or proposed mitigations for those risks (including, where the actual Expenditure Programme(s) costs are forecast to exceed budgeted costs, how the shortfall is to be funded);
- (f) A summary of the number of jobs created, actual against expected, through people employed in the Expenditure Programme(s);
- (g) Any specific reporting requirements set out in the Delivery Plan; and
- (h) Any other information that is notified by DIA in writing to the Recipient.

The final report must include the following information:

- (a) Description and analysis of completion of the Expenditure Programme(s) against the original programme;
- (b) A summary of expenditure, actual against budgeted (including underspend), for the full Expenditure Programme(s);
- (c) Detail of the Recipient's proposed next steps;
- (d) An update on media, marketing and communication activities for the Expenditure Programme(s);
- (e) A summary of the number of jobs created, actual against expected, through people employed in the Expenditure Programme(s);
- (f) Any specific reporting requirements set out in the Delivery Plan; and
- (g) Any other information that is notified by DIA in writing to the Recipient.

9 Special Terms

[None] / [*Special terms to be added*]

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| 10 | Recipient's Bank Account | 030698-00289001-0000 (Westpac) | |
| 11 | Representative | DIA's Representative: Name: Allan Prangnell Email: threewaters@dia.govt.nz | Recipient's Representative: Name: Keith Marshall Email: chiefexecutive@napier.govt.nz |
| 12 | Address for Notices | To DIA: Three Waters Reform Level 7, 45 Pipitea Street Wellington 6011 Attention: Allan Prangnell Email: threewaters@dia.govt.nz , with a copy to legalnotices@dia.govt.nz To the Monitor: Attention: Anthony Wilson Email: 3waters@crowininfrastructure.govt.nz | To the Recipient: 215 Hastings Street, Napier 4110 Attention: Jon Kingsford Email: jonk@napier.govt.nz |
| SIGNATURES | | SIGNED by the SOVEREIGN IN RIGHT OF NEW ZEALAND acting by and through the Chief Executive of the Department of Internal Affairs or his or her authorised delegate: <hr/> Name: Position: Date: | SIGNED for and on behalf of Napier City Council by the person(s) named below, being a person(s) duly authorised to enter into obligations on behalf of the Recipient: <hr/> Name: Keith Marshall Positions: Chief Executive Date: xx September 2020 <hr/> Name: Kirsten Wise Position: Mayor Date: xx September 2020 |

END OF PART 1

PART 2: GENERAL TERMS

1 FUNDING

- 1.1 DIA must pay the Funding (up to the "Total Maximum Amount Payable" specified in the Key Details) to the Recipient, subject to the terms of this Agreement. Unless stated otherwise in this Agreement, the Recipient may only claim the Funding to the extent necessary to cover Eligible Costs that have been or will be incurred by the Recipient, and the Recipient must use the Funding solely on Eligible Costs.
- 1.2 The Recipient must submit a Payment Request to threewaters@dia.govt.nz and copying in DIA's Representative and the Monitor on completion of one or more Expenditure Programme Milestones specified in the Delivery Plan. Such Payment Request must be submitted at the time specified in, and otherwise in accordance with, item 7 (Funding) in the Key Details.
- 1.3 Each Payment Request is to be signed by the Chief Executive and an authorised signatory of the Recipient and must be in the form set out in the Schedule and include the confirmations set out therein, and must include:
 - (a) the amount of Funding requested, which must not exceed the aggregate maximum Funding instalment amounts set out in the Delivery Plan for the Expenditure Programme Milestone(s) to which that Payment Request relates; and
 - (b) contain any other information required by DIA.
- 1.4 Once DIA has reviewed the Payment Request and the information enclosed with it, it will request the Recipient to provide (and the Recipient will provide) a valid GST invoice complying with the Goods and Services Tax Act 1985.
- 1.5 DIA is not required to pay any Funding in respect of a Payment Request:
 - (a) if any Expenditure Programme Milestone(s) have not been completed by the relevant "Completion Date" specified in the Delivery Plan;
 - (b) if any reports specified in the Key Details have not been provided or are not in form and substance satisfactory to DIA in its sole discretion;
 - (c) if the Conditions specified in Item 7 of the Key Details relating to that instalment have not been satisfied;
 - (d) if payment will result in the Funding exceeding the "Total Maximum Amount Payable" specified in the Key Details;
 - (e) if this Agreement has expired or been terminated; and/or
 - (f) while the Recipient is in breach of this Agreement.

For the avoidance of doubt, DIA's obligation to make Funding available under this Agreement is strictly subject to clause 6.2.

- 1.6 Subject to the terms of this Agreement, DIA must pay each valid Payment Request by the 20th day of the month after the month the GST invoice referred to in clause 1.4 is dated, and if such day is not a Business Day, on the next Business Day. DIA will pay the Funding to the Bank Account of the Recipient specified in Item 10 of the Key Details.

- 1.7 The Funding made available under this Agreement comprises grant funding and does not comprise an equity investment or loan. It is only repayable in the specific circumstances set out in this Agreement.
- 1.8 DIA may, at its discretion, notify the Recipient in writing that it wishes to enter into a GST Offset Agreement in connection with the payment of GST on any Funding. The Recipient must, where applicable, take all such steps as are reasonably required to achieve that GST offset in accordance with the Goods and Services Tax Act 1985.

2 RECIPIENT'S RESPONSIBILITIES

Standards and compliance with laws

- 2.1 The Recipient must comply with all applicable laws, regulations, rules and professional codes of conduct or practice.

Expenditure Programme(s) and Contractors

- 2.2 The Recipient must not, without DIA's prior written consent, make any Material Variation to the Expenditure Programme(s) (including its description and scope) as set out in the Delivery Plan.
- 2.3 The Recipient must ensure that the Expenditure Programme(s) are carried out:
 - (a) promptly with due diligence, care and skill, and in a manner that meets or exceeds Best Industry Practice;
 - (b) by appropriately trained, qualified, experienced and supervised persons; and
 - (c) in accordance with any directions of DIA, notified by DIA in writing from time to time.
- 2.4 The Recipient must use reasonable endeavours to ensure that the Expenditure Programme Milestones are completed by the relevant "Completion Date" specified in the Delivery Plan.
- 2.5 The Recipient is responsible for the acts and omissions of any contractors and subcontractors.
- 2.6 The Recipient must ensure (and will procure that the head contractor when engaging with any other contractor ensures) that all agreements it enters into with any contractors or any other party in connection with the Expenditure Programme(s) are on an "arm's length" basis, provide value-for-money and do not give rise to any Conflict of Interest. The Recipient must provide DIA with reasonable evidence of compliance with this clause 2.6 in response to any request by DIA from time to time.

Information Undertakings

- 2.7 The Recipient must provide DIA with the reports specified in the Key Details, in accordance with the timeframes and reporting requirements set out in the Key Details.
- 2.8 The Recipient must provide DIA with any other information about the Expenditure Programme(s) requested by DIA within the timeframe set out in the request.
- 2.9 The Recipient must promptly notify DIA if:

- (a) the Recipient (or any of its personnel or contractors) becomes aware of, or subject to, a Conflict of Interest; or
- (b) the Recipient becomes aware of any matter that could reasonably be expected to have an adverse effect on an Expenditure Programme and any related programme, or result in a Termination Event or a breach of any term of this Agreement by the Recipient,

and if requested by DIA must promptly provide DIA with its plan to mitigate and manage such Conflict of Interest or such matter.

- 2.10 The Recipient must not at any time do anything that could reasonably be expected to have an adverse effect on the reputation, good standing or goodwill of DIA or the New Zealand Government. The Recipient must keep DIA informed of any matter known to the Recipient which could reasonably be expected to have such an effect.
- 2.11 The parties acknowledge and agree that CIP (or any other Monitor) may, to the extent directed by DIA, undertake a reviewing and monitoring role under this Agreement, including by:
 - (a) reviewing and confirming satisfaction with the Delivery Plan and with the reports specified in the Key Details;
 - (b) seeking, reviewing and confirming satisfaction with further information from the Recipient; and
 - (c) making recommendations to DIA and the New Zealand Government in respect of the Funding and the Agreement.

The Recipient agrees that all its communications and correspondence under this Agreement may be made with DIA or, to the extent directed by DIA, the Monitor.

Funding, records and auditors

- 2.12 The Recipient must receive and manage all Funding in accordance with good financial management and accounting practices and to a high standard that demonstrates appropriate use of public funds.
- 2.13 The Recipient must keep full and accurate records (including accounting records) of the Expenditure Programme(s) and retain them for at least 7 years after the last payment of Funding under this Agreement. The Recipient must permit DIA (or any auditor nominated by DIA) to inspect all records relating to the Expenditure Programme(s) and must allow DIA and/or the auditor access to the Recipient's premises, systems and personnel for the purposes of this inspection. DIA shall bear any third party costs arising from such inspection, unless the inspection reveals a breach of this Agreement, in which case the Recipient shall bear such costs.

Reform

- 2.14 The Recipient agrees to work constructively together with DIA and the New Zealand Government to support the objectives of the Three Waters Reform Programme pursuant to the Memorandum of Understanding. The parties acknowledge that the undertaking set out in this clause 2.14 is intended to be non-binding.

3 INTELLECTUAL PROPERTY

- 3.1 DIA acknowledges that the Recipient and its licensors own all pre-existing intellectual property which they contribute to the Expenditure Programme(s), and all new intellectual property which they create in the course of the Expenditure Programme(s).
- 3.2 The Recipient grants an irrevocable, perpetual, royalty-free, sub-licensable licence to DIA and the Monitor to use all reports, documents, information and other materials created or provided by the Recipient to DIA or the Monitor under or in connection with the Expenditure Programme(s) and this Agreement.
- 3.3 The Recipient warrants that it has obtained (or will obtain, prior to creation of each relevant work) all rights and permissions necessary to enable the grant and exercise of the licence in clause 3.2 without infringing the intellectual property rights of any third party.

4 TERM AND TERMINATION

- 4.1 This Agreement will be effective on and from the Commencement Date, which will be the latest to occur of:
- (a) the date this Agreement has been signed by both parties; and
 - (b) the date on which DIA has provided written notice to the Recipient that the Conditions Precedent specified in the Key Details have either been satisfied (in the opinion of DIA) or waived by DIA (at its sole discretion).
- 4.2 This Agreement will remain in force until the End Date, unless terminated in accordance with this Agreement.
- 4.3 DIA can terminate this Agreement with immediate effect, by giving notice to the Recipient, at any time:
- (a) while DIA reasonably considers that the Recipient has become or is likely to become insolvent;
 - (b) while the Recipient is subject to the appointment of a liquidator, receiver, manager or similar person in respect of any of its assets or a Crown Manager or Commission is appointed in respect of the Recipient under Part 10 of the Local Government Act 2002;
 - (c) if the Expenditure Programme(s) have not commenced by 31 March 2021; or
 - (d) while any one or more of the follow events or circumstances remains unremedied:
 - (i) the Recipient is materially in breach of any obligation, or a condition or warranty, under this Agreement;
 - (ii) the Recipient has provided DIA with information in connection with or under this Agreement that (whether intentionally or not) is materially incorrect or misleading, and/or omits material information;
 - (iii) DIA reasonably considers that this Agreement or an Expenditure Programme has caused, or may cause, DIA and/or the New Zealand Government to breach any legal obligations (including its international trade obligations);
 - (iv) the Recipient abandons an Expenditure Programme;

- (v) the Recipient is involved in any intentional or reckless conduct which, in the opinion of DIA, has damaged or could damage the reputation, good standing or goodwill of DIA or the New Zealand Government, or is involved in any material misrepresentation or any fraud;
 - (vi) the Recipient (or any of its personnel or contractors) is subject to a Conflict of Interest which cannot be managed to DIA's satisfaction; or
 - (vii) any change in law, regulations or other circumstances materially affects DIA's ability to perform its obligations under this Agreement.
- 4.4 However, where DIA considers that a Termination Event set out in clause 4.3(d) can be remedied, DIA must give notice to the Recipient requesting a remedy, and must not exercise its right of termination unless the relevant event remains unremedied for at least 14 days (or any longer period agreed with the Recipient) after that notice has been provided by DIA.
- 4.5 On expiry or termination of this Agreement, where the aggregate of (a) the total Funding paid under this Agreement and (b) any other money received or allocated by the Recipient, in each case to carry out an Expenditure Programme, exceeds the amount required to perform the Expenditure Programme, the Recipient must upon request refund to DIA the excess amount.
- 4.6 At any time DIA may recover the amount of any Funding that has been spent or used other than in accordance with this Agreement, or not applied to Eligible Costs by the End Date, together with interest on all such amounts calculated at 10% per annum from the date of the mispending to the date the money is repaid.
- 4.7 Clauses 1.5, 2.1, 2.12, 2.13, 3, 4, 5, 6, 7, 8, 9, 10 and 11 survive expiry or termination of this Agreement, along with any other parts of this Agreement necessary to give effect to those provisions. Expiry or termination of this Agreement does not affect any accrued rights, including any rights in respect of a breach of this Agreement or Termination Event that occurred before expiry or termination.

5 WARRANTIES AND UNDERTAKINGS

- 5.1 The Recipient warrants that, in the course of its activities in connection with the Expenditure Programme(s), it will not infringe any intellectual property or other rights of any contractor or any other third party.
- 5.2 The Recipient warrants that, as at the date of this Agreement:
- (a) It has full power and authority to enter into and perform its obligations under this Agreement which, when executed, will constitute binding obligations on it in accordance with this Agreement's terms, and it has complied with the Local Government Act 2002 in entering into this Agreement;
 - (b) the Recipient is solvent and is not subject to the appointment of a liquidator, receiver, manager or similar person in respect of any of its assets or to the appointment of a Crown Manager or Commission under Part 10 of the Local Government Act 2002;
 - (c) all information and representations disclosed or made to DIA by the Recipient in connection with this Agreement are true and correct, do not omit any material matter, and are not likely to mislead or deceive DIA as to any material matter;

- (d) it has disclosed to DIA all matters known to the Recipient (relating to the Expenditure Programme(s), the Recipient or its personnel) that could reasonably be expected to have an adverse effect on the reputation, good standing or goodwill of DIA or the New Zealand Government; and
 - (e) it is not aware of any material information that has not been disclosed to DIA which may, if disclosed, materially adversely affect the decision of DIA whether to provide the Funding.
- 5.3 The Recipient warrants that:
- (a) the Funding has been or will be applied solely to Eligible Costs; and
 - (b) the Expenditure Programme(s) will take into account the parties' shared intention to:
 - (i) support economic recovery through job creation; and
 - (ii) maintain, increase and/or accelerate investment in core water infrastructure renewals and maintenance,
- and such warranty will be deemed to be repeated continuously so long as this Agreement remains in effect by reference to the facts and circumstances then existing.
- 5.4 DIA warrants that, as at the date of this Agreement, it has full power and authority to enter into and perform its obligations under this Agreement which, when executed, will constitute binding obligations on it in accordance with this Agreement's terms.
- 5.5 The Recipient acknowledges that DIA has entered into this Agreement in reliance on these warranties and undertakings.
- 5.6 The Recipient acknowledges and agrees that DIA has made no warranty or representation that any funding or financial support is or will be available to the Recipient in respect of the Expenditure Programme(s), other than the Funding.
- 6 LIABILITY**
- 6.1 The maximum liability of DIA under or in connection with this Agreement, whether arising in contract, tort (including negligence) or otherwise, is limited to the total amount of Funding paid or payable under this Agreement.
- 6.2 The Recipient undertakes to pay any and all cost overruns of the Expenditure Programme(s) and any funding shortfall, and DIA and the New Zealand Government have no obligations or responsibility whatsoever in respect of such cost overruns and funding shortfall and accept no financial risk in the Expenditure Programme(s).
- 6.3 DIA is not liable for any claim under or in connection with this Agreement or the Expenditure Programme(s), whether arising in contract, tort (including negligence) or otherwise, where such claim is or relates to any loss of profit, loss of revenue, loss of use, loss of reputation, loss of goodwill, loss of opportunity (in each case whether direct, indirect or consequential) or any other indirect, consequential or incidental loss or damages of any kind whatsoever.

7 CONFIDENTIALITY

- 7.1 Subject to clause 7.2 and 7.3, each party must keep the other party's Confidential Information in confidence, and must use or disclose that Confidential Information only to the extent necessary to perform its obligations, and/or take the intended benefit of its rights, under this Agreement. However, this will not prohibit:
- (a) either party from using or disclosing any information with the written prior consent of the other party;
 - (b) use or disclosure of information that has become generally known to the public other than through a breach of this Agreement;
 - (c) either party from disclosing information to its personnel, contractors or advisors with a need to know, so long as the relevant personnel, contractors and advisors use the information solely to enable that party to perform its obligations and/or take the intended benefit of its rights under this Agreement, and so long as they are informed of the confidential nature of the information and, in the case of the Recipient, the Recipient receives an acknowledgement from its personnel, contractors or advisors that they acknowledge, and must comply with, the confidentiality obligations in this Agreement as if they were party to it;
 - (d) disclosure required by any law, or any compulsory order or requirement issued pursuant to any law; or
 - (e) DIA from using or disclosing to any party any documents, reports or information received in relation to this Agreement, provided that prior to any such disclosure DIA removes all information that is commercially sensitive to the Recipient from the relevant work.
- 7.2 The Recipient acknowledges and agrees that nothing in this Agreement restricts DIA's ability to:
- (a) discuss, and provide all information in respect of, any matters concerning the Recipient, the Expenditure Programme(s) or this Agreement with any Minister of the Crown, the Monitor, any other government agency or any of their respective advisors;
 - (b) meet its obligations under any constitutional or parliamentary convention (or other obligation at law) of or in relation to the New Zealand Parliament, the New Zealand House of Representatives or any of its Committees, any Minister of the Crown, or the New Zealand Auditor-General, including any obligations under the Cabinet Manual including the "no surprises" principle; and
 - (c) publicise and report on the awarding of the Funding, including the Recipient's and any of its contractor's names, the amount and duration of the Funding and a brief description of the Expenditure Programme(s), on websites; in media releases; general announcements and annual reports.
- 7.3 The Recipient acknowledges that:
- (a) the contents of this Agreement (including the Delivery Plan); and
 - (b) information provided to DIA and the Monitor (including the reports specified in the Key Details),

may be official information in terms of the Official Information Act 1982 and, in line with the purpose and principles of the Official Information Act 1982, this Agreement and such information may be released to the public unless there is good reason under the Official Information Act 1982 to withhold it.

- 7.4 DIA acknowledges that the Recipient is subject to the Local Government Official Information and Meetings Act 1987 and that its confidentiality obligations under this clause 7 are subject to its compliance with that Act.

8 MEDIA AND COMMUNICATIONS

- 8.1 Before making any media statements or press releases (including social media posts) regarding this Agreement and/or DIA's involvement with the Expenditure Programme(s), the Recipient will consult with DIA, and will obtain DIA's prior approval to any such statements or releases.
- 8.2 The Recipient will refer any enquiries from the media or any other person about the terms or performance of this Agreement to DIA's Representative.
- 8.3 The Recipient will acknowledge the New Zealand Government as a source of funding in all publications (including any digital presence) and publicity regarding the Expenditure Programme(s) in accordance with funding acknowledgement guidelines agreed with DIA. The Recipient must obtain DIA's approval of the form and wording of the acknowledgement prior to including the acknowledgement in the publication or publicity (as the case may be).
- 8.4 The Recipient does not have the right to enter into any commitment, contract or agreement on behalf of DIA or any associated body, or to make any public statement or comment on behalf of DIA or the New Zealand Government.
- 8.5 All correspondence with DIA under this clause 8 must be directed to DIA's Representative and copied to threewaters@dia.govt.nz and the Monitor.

9 DISPUTES

- 9.1 In the event of any dispute, controversy or claim arising out of or in connection with this Agreement, or in relation to any question regarding its existence, breach, termination or invalidity (in each case, a **Dispute**), either party may give written notice to the other specifying the nature of the Dispute and requesting discussions under this clause 9 (**Dispute Notice**). As soon as reasonably practicable following receipt of a Dispute Notice, the parties must meet (in person, or by audio or video conference) and endeavour to resolve the Dispute by discussion, negotiation and agreement.
- 9.2 If the matter cannot be amicably settled within 20 Business Days after the date of the Dispute Notice then, at the request in writing of either party, the matter in respect of which the Dispute has arisen must be submitted, together with a report describing the nature of such matter, to the Representatives (or, if no such Representatives have been appointed, the respective Chief Executives of the parties) (together the **Dispute Representatives**).
- 9.3 Within 20 Business Days after the receipt of a request under clause 9.2, one individual (who does not act in his or her professional capacity as legal counsel for either party) selected by each of the Dispute Representatives, must make a presentation of no longer than 30 minutes to each of the Dispute Representatives (which may be by telephone or remotely), who will then attempt in good faith to reach a common decision within a half-day. The decision of the Dispute Representatives is binding on the parties.

- 9.4 In the case of a Dispute, if the Dispute Representatives have not met within 20 Business Days of receiving a request in accordance with clause 9.2, or if they fail to reach a common decision within the stated time period, either party may by notice in writing to the other party refer the Dispute to be referred to mediation before a single mediator appointed by the parties. Each party will bear its own costs of mediation and the costs of the mediator will be divided evenly between the parties.
- 9.5 If the parties are unable to agree on the appointment of a mediator within 5 Business Days of the notice requiring the Dispute to be referred to mediation, a mediator may be appointed at the request of any party by the Arbitrators' and Mediators' Institute of New Zealand Inc.
- 9.6 If the Dispute is not resolved within 20 Business Days of referral to mediation, the parties may commence court proceedings without further participation in any mediation.
- 9.7 Nothing in this clause 9 will prevent either party from seeking urgent interim relief from a court (or other tribunal) of competent jurisdiction.

10 REPRESENTATIVES

- 10.1 All matters or enquiries regarding this Agreement must be directed to each party's Representative (set out in the Key Details).
- 10.2 Each party may from time to time change the person designated as its Representative on 10 Business Days' written notice to the other Party. Any such change will also take effect as a change of the relevant Representative for the purposes of the Memorandum of Understanding.

11 GENERAL

- 11.1 Each notice or other communication given under this Agreement (each a **notice**) must be in writing and delivered personally or sent by post or email to the address of the relevant party set out in the Key Details or to any other address from time to time designated for that purpose by at least 10 Business Days' prior written notice to the other party. A notice under this Agreement is deemed to be received if:
- (a) **Delivery:** delivered personally, when delivered;
 - (b) **Post:** posted, 5 Business Days after posting or, in the case of international post, 7 Business Days after posting; and
 - (c) **Email:** sent by email:
 - (i) If sent between the hours of 9am and 5pm (local time) on a Business Day, at the time of transmission; or
 - (ii) If subclause (i) does not apply, at 9am (local time) on the Business Day most immediately after the time of sending,

provided that an email is not deemed received unless (if receipt is disputed) the party giving notice produces a printed copy of the email which evidences that the email was sent to the email address of the party given notice.
- 11.2 The Recipient agrees to execute and deliver any documents and to do all things as may be required by DIA to obtain the full benefit of this Agreement according to its true intent.

- 11.3 No legal partnership, employer-employee, principal-agent or joint venture relationship is created or evidenced by this Agreement.
- 11.4 This Agreement constitutes the sole and entire understanding with respect to the subject matter hereof and supersedes all prior discussions, representations and understandings, written or oral.
- 11.5 No amendment to this Agreement will be effective unless agreed in writing and signed by both parties.
- 11.6 The Recipient may not assign or transfer any of its contractual rights or obligations under this Agreement, except with DIA's prior written approval.
- 11.7 DIA may assign or transfer any of its contractual rights or obligations under this Agreement without the Recipient's prior approval. DIA may at any time disclose to a proposed assignee or transferee any information which relates to, or was provided in connection with, the Recipient, the Expenditure Programme(s) or this Agreement.
- 11.8 No failure, delay or indulgence by any party in exercising any power or right conferred on that party by this Agreement shall operate as a waiver. A single exercise of any of those powers or rights does not preclude further exercises of those powers or rights or the exercise of any other powers or rights.
- 11.9 The exercise by a party of any express right set out in this Agreement is without prejudice to any other rights, powers or remedies available to a party in contract, at law or in equity, including any rights, powers or remedies which would be available if the express rights were not set out in this Agreement.
- 11.10 This Agreement is not intended to confer any benefit on or create any obligation enforceable at the suit of any person not a party to this Agreement.
- 11.11 Any provision of this Agreement that is invalid or unenforceable will be deemed deleted, and will not affect the other provisions of this Agreement, all of which remain in force to the extent permitted by law, subject to any modifications made necessary by the deletion of the invalid or unenforceable provision.
- 11.12 This Agreement is to be governed by the laws of New Zealand, and the parties submit to the non-exclusive jurisdiction of the courts of New Zealand.
- 11.13 This Agreement may be executed in any number of counterparts (including duly electronically signed, scanned and emailed copies). So long as each party has received a counterpart signed by each of the other parties, the counterparts together shall constitute a binding and enforceable agreement. This Agreement is intended to constitute a binding and enforceable agreement in accordance with its terms.

END OF PART 2

PART 3: DEFINITIONS AND CONSTRUCTION**Defined terms**

In this Agreement, unless the context requires otherwise, terms defined in the Agreement have the meaning set out therein and:

Authorisation means:

- (a) any consent, authorisation, registration, filing, lodgement, agreement, notarisation, certificate, permission, licence, approval, authority or exemption from, by or with a governmental agency or required by any law (including any consent under the Resource Management Act 1991); or
- (b) in relation to anything which will be fully or partly prohibited or restricted by law if a governmental agency intervenes or acts in any way within a specified period after lodgement, filing, registration or notification, the expiry of that period without intervention or action.

Best Industry Practice means that degree of skill, care and foresight and operating practice that would reasonably and ordinarily be expected of a skilled and competent supplier of services engaged in the same type of undertaking as that of the Recipient or any contractors (as applicable) under the same or similar circumstances as those contemplated by this Agreement.

Business Day means any day other than a Saturday, Sunday or public holiday within the meaning of section 44 of the Holidays Act 2003.

Commencement Date has the meaning given in clause 4.1 of Part 2.

Completion Date is the date that the relevant Expenditure Programme Milestone is to be completed by the Recipient, described in the Delivery Plan, and includes any amendment to the date which may be agreed in writing (including by email but only when DIA's Representative expressly confirms in writing

that they have received approval of the change from the correct DIA delegation holder) between the parties from time to time.

Conditions means the conditions to the payment of a Funding instalment as specified in Item 7 of the Key Details.

Confidential Information of a party (Owner), means any information in the possession or control of another party (Holder) that:

- (a) was originally acquired by the Holder in connection with this Agreement through disclosures made by or at the request of the Owner; and/or
- (b) was originally acquired by the Holder in connection with this Agreement through any access to, or viewing, inspection or evaluation of, the premises, facilities, documents, systems or other assets owned or controlled by the Owner; and/or
- (c) is derived from information of a kind described in paragraph (a) or (b) above;

but excludes any information which the Holder can show:

- (d) was lawfully acquired by the Holder, entirely independently of its activities in connection with this Agreement, and is free of any other obligation of confidence owed to the Owner; and/or
- (e) has been independently developed by the Holder without reference to the Owner's Confidential Information, and without breaching any other obligation of confidence owed to the Owner.

Notwithstanding the foregoing, the terms of this Agreement (excluding the Delivery Plan) are not Confidential Information.

Conflict of Interest means any matter, circumstance, interest or activity of the Recipient, its personnel or contractors, or any other person with whom the Recipient has a relationship that:

- (a) conflicts with:
 - (i) the obligations of the Recipient (or its personnel or contractors) to DIA under this Agreement; or
 - (ii) the interests of the Recipient in relation to this Agreement and/or the procuring of the Expenditure Programme(s); or
- (b) otherwise impairs or might appear to impair the ability of the Recipient (or any of its personnel or contractors) to diligently and independently carry out the Expenditure Programme(s) in accordance with this Agreement.

Delivery Plan means the delivery plan setting out the scope of the Expenditure Programme(s) to which Funding is to be applied, based on the template provided by and in the form approved by DIA and executed by DIA and the Recipient.

Eligible Costs means the actual costs that have been or will be reasonably incurred by the Recipient on or after the Commencement Date and no later than the End Date to deliver an Expenditure Programme in accordance with the Delivery Plan.

Expenditure Programme Milestone means, in respect of an Expenditure Programme, a milestone for that Expenditure Programme, as set out in the Delivery Plan.

Funding means the funding or any part of the funding (as the context requires) payable by DIA to the Recipient in accordance with the terms of this Agreement, as described in the Key Details.

GST Offset Agreement means a deed of assignment between DIA as Assignor and the Recipient as Assignee providing for the offset of the amount of GST in accordance with the Goods and Services Tax Act 1985.

Key Details means Part 1 of this Agreement.

Memorandum of Understanding means the memorandum of understanding relating to Three Waters Services Reform between DIA

and the Recipient, in the form provided by DIA.

Material Variation means, in respect of an Expenditure Programme, any variation which on its own or together with any other variation or variations results in, or is likely to result in the budgeted expenditure (taking into account all variations) being exceeded or an Expenditure Programme being materially delayed, or any variation that materially amends the scope, specifications or function of an Expenditure Programme.

Monitor means CIP, or any other entity appointed by DIA in its sole discretion to assist in managing the Funding by undertaking a monitoring role.

Payment Request means a request submitted to DIA by the Recipient seeking payment of Funding substantially in the form set out in the Schedule to this Agreement.

Quarter means a financial quarter, being a three monthly period ending on 30 June, 30 September, 31 December or 31 March.

Termination Event means any one or more of the events or circumstances set out in clause 4.3.

Construction

In the construction of this Agreement, unless the context requires otherwise:

Currency: a reference to any monetary amount is to New Zealand currency;

Defined Terms: words or phrases appearing in this Agreement with capitalised initial letters are defined terms and have the meanings given to them in this Agreement;

Documents: a reference to any document, including this Agreement, includes a reference to that document as amended or replaced from time to time;

Inclusions: a reference to "includes" is a reference to "includes without limitation", and "include", "included" and "including" have corresponding meanings;

Joint and Several Liability: any provision of this Agreement to be performed or observed by two or more persons binds those persons jointly and severally;

Parties: a reference to a party to this Agreement or any other document includes that party's personal representatives/successors and permitted assigns;

Person: a reference to a person includes a corporation sole and also a body of persons, whether corporate or unincorporate;

Precedence : if there is any conflict between the different parts of this Agreement, then unless specifically stated otherwise, the Key Details will prevail over Part 2, and Part 2 will prevail over the Delivery Plan;

Precedence with Memorandum of Understanding: if there is any conflict

between this Agreement and the Memorandum of Understanding, then unless specifically stated otherwise, this Agreement will prevail;

Related Terms: where a word or expression is defined in this Agreement, other parts of speech and grammatical forms of that word or expression have corresponding meanings;

Statutes and Regulations: a reference to an enactment or any regulations is a reference to that enactment or those regulations as amended, or to any enactment or regulations substituted for that enactment or those regulations;

Writing: a reference to "written" or "in writing" includes email and any commonly used electronic document format such as .DOC or .PDF.

END OF PART 3

SCHEDULE: PAYMENT REQUEST

To: DEPARTMENT OF INTERNAL AFFAIRS

Dated: [•]

PAYMENT REQUEST

1. We refer to the Funding Agreement dated [•] 2020 between [•] as recipient (**Recipient**) and the Department of Internal Affairs (**DIA**) (the **Agreement**). Terms defined in the Agreement have the same meaning in this Payment Request.
2. This is a Payment Request for the purpose of clauses 1.2 and 1.3 of the Agreement.
3. Each of the Expenditure Programme Milestones that have been completed are:

[insert description of each of Expenditure Programme Milestones completed, including the date of completion]
4. The amount of Funding requested is \$[•] plus GST if any.
5. The Funding requested in this Payment Request has been or will be required to meet the Eligible Costs.
6. We enclose with this Payment Request:
 - (a) a breakdown / total transaction listing of total Eligible Costs that have been or will be incurred to deliver the completed Expenditure Programme Milestone(s);
 - (b) the conditions to the applicable Expenditure Programme Milestone(s) as set out in the Funding Agreement and the Delivery Plan;
 - (c) a quarterly report; and **Note: (c) is not applicable for the first Payment Request, or where DIA has agreed under item 7 of the Key Terms that a Payment Request does not need to be provided alongside a quarterly report*
 - (d) any other reasonable information or evidence requested by DIA or the Monitor in relation to Eligible Costs that have been incurred or will be incurred.
7. We confirm that:
 - (a) no Termination Event is subsisting; and
 - (b) each of the warranties set out in the Agreement are correct as at the date of this Payment Request.

By and on behalf of the Recipient by

NAME OF RECIPIENT

Chief Executive_____
Authorised Officer



THREE WATERS STIMULUS GRANT DELIVERY PLAN

Instructions for completion: A single Delivery Plan is to be completed for the full Expenditure Programme. Territorial Authorities may elect to provide appendices providing further detail of specific elements of the proposed expenditure programme.

The draft Delivery Plan must be submitted by the Territorial Authority as soon as possible and in any event by no later than 30 September 2020 to threewaters@dia.govt.nz, with a copy to 3waters@crowinfrastucture.govt.nz. The Delivery Plan will be assessed by the Department of Internal Affairs and Crown Infrastructure Partners Limited, who may elect to provide feedback and require further detail, additions or alterations. A revised version of the Delivery Plan, incorporating all agreed changes, must be submitted for approval thereafter, with the final Delivery Plan to be in an approved form by 31 October 2020.

Where the Department of Internal Affairs requires additional reporting or other assurance based on a specific Delivery Plan, this will be included in section 17 below following the Department of Internal Affairs/Crown Infrastructure Partners Limited review. Section 17 will form part of the Delivery Plan. All figures in this Delivery Plan should be GST exclusive.

Capitalised terms in this Delivery Plan have the meaning given to them in the Funding Agreement, where applicable.

Territorial Authority information

| | |
|--|-------------------------------|
| 1. Programme Title: | Three Waters Reform Programme |
| 2. Territorial Authority: | Napier City Council |
| 3. Total Maximum Amount Payable (NZ\$M): | \$12.51m |
| 4. Organisation Lead Contact: | |
| Name: | Jon Kingsford |
| Position: | Director Infrastructure |
| Email: | jonk@napier.govt.nz |

Expenditure Programme overview

5. Please provide a brief description of the expenditure programme to be undertaken:

The expenditure programme developed as part of this application considers ways in which Napier can fast track operational and capital projects that will assist Council to improve the delivery of our 3 waters programmes. The programme of work largely targets Water. All three waters are Council's number one priority.

The key principles of Napier's proposed programme are:

- Improved capacity and capability to address operational gaps formed over decades
 - **Preparation of the team and the local industry** for the upcoming reform through lifting the performance of operations, capital planning and asset management across the teams.
 - **Increasing capacity and capability of the local Water Industry** through training, cadetships, summer internships and the start of a graduate programme.
 - **Improve Safety and Quality of drinking water** and addressing some major health and safety issues through the fast tracked delivery of low manganese water to reduce our dirty water events, addressing priority fireflow issues and delivering Water Safety Plan improvements sooner and moving to the new framework
 - **Increasing capacity of the Water team temporarily** to get ahead of some BAU that is taking time away from optimised planning and delivery. Key outputs are to improve operations and maintenance and asset management practice.
 - **Improving community and lwi engagement** through the development of a cultural values assessment and additional communications and engagement resources
 - **Improving our level of operation prior to the reform** through the upgrade of Council's existing 3W asset management system and the Maintenance Management Transformation Programme which will improve Asset Management Practices, improve operational performance and capability, raise the level of understanding of our networks and performance ready for a new entity through data collection and analysis.
 - **Collaborating regionally** – a \$500,000 allowance has been made to work on Regional Projects. The scope of this work is yet to be defined but is anticipated to involve supporting the region moving to a new entity.

A proportion of the programme covers the improvement of information capture and management for three waters, the upskilling of our in-house operations team to be better prepared for the proposed water reform implementation and the delivery of key fire low and water conservation and water quality projects.

Council has a large programme of work ahead with the recently completed 3W masterplans leading to the need for additional resource to scope projects ready for our delivery team to deliver. Some of this work can be brought forward on the basis of this work.

The goal for Council over this timeframe is to catch up on operational work that has not been prioritised in the past and to ensure that the assets, services, the data and the people are in the best state possible moving forward through the reform.

The delivery plan includes allowance for the start of a student support and cadet programme to entice students and school leavers into the industry.

6. Location/address of the programme:
(if this is a series of investments, please identify each location where relevant)

Napier City

7. What is the **total** estimated cost of the programme (NZ\$M)?

\$12.51m

8. If the total estimated cost exceeds the Total Maximum Amount Payable, please specify the funding source(s) and amount(s):

| Funding Source | Amount (NZ\$M) |
|---|----------------|
| Nil. Programmed will be scaled to accommodate funding requirements or prioritised as necessary. | \$ |
| | \$ |
| Total | \$ |

9. Please provide a high-level breakdown of the expenditure programme including a cost schedule identifying estimated costs for each major component:

Note that a larger programme of work has been put forward to allow for any unforeseen delivery constraints or cost pressures making the programme flexible enough to accommodate any changes. (e.g. resourcing, industry supply etc.).

Council has provided the following summary of projects based upon priority. The Priority 1 projects are the backbone of this application and delivery plan and is valued slightly higher than the application funding of \$12.51m. The reason for this is to provide flexibility in the programme if any project stalls. There are also additional priority projects that have been included to support any changes. Providing this upfront offers some direction around the projects that could be substituted if the need arose.

See attached table

10. What is the expected number of people employed, and net jobs created through the expenditure programme? How has this been estimated?

| Total number of additional staff for Napier City Council | | 22 STAFF |
|---|-------------------------|---|
| The estimate of new roles needed during this programme is around 22 new staff. The staffing requirements range from specific three water staff to support the | | |
| Details on proposed project | Number of jobs proposed | Number of resources (Internal, external, consultants) |
| Focus on improvements in asset management process and practice, linking in with the EAM project and delivery of 3 waters programme | AM Lead | 1 |

| Information management and analysis (included in MMTP and EAM projects) | New internal resources or backfill existing staff | |
|---|--|---------------------------|
| Additional financial capacity required to support workload associated with funding | | 1 |
| 3 waters planning lead 1 x senior 3W staff Sustainability and Natural Hazards lead Senior services engineer | Internal Resource | 4 |
| Recruitment Resources | External or internal resource | 1 |
| Communication Resources | External or internal resource | 1 |
| Graduate Programme | Internal Resource | 2 |
| Holiday work/Cadet Programme | Internal Resource | 6 |
| Engagement Resources | External or internal resource | 1 |
| Depot - Training Co-ordinator | Internal Resource | 1 |
| Depot - Training Backfill | Internal Resource | 2 |
| IT and support costs for each additional resources | Internal Resource | 1 |
| Resource to assist with 3 waters procurement processes | Fixed term resource | 1 |
| Total | | 22 |
| Estimated number of contractors to complete identified projects approximately 113 | | |
| This has been estimated on the basis of new roles that will be directly recruited then an assessment of the number of contractors and or consultants that would be required, at a minimum, for delivery of the work. This has also considered that existing staff will be engaged in the work and not all of the additional staff estimated as part of this assessment would be full time FTEs, it is the total number of "new " people involved in the delivery of the projects. | | |
| TOTAL NUMBER OF PEOPLE EMPLOYED | | approximately 136+ |

Expenditure Programme commencement

11. Please describe the initial activity to be undertaken on expenditure programme commencement:

- Establish internal recruitment requirements and advertise roles or work with recruitment agency
- Establish work programme as per delivery plan
- Develop the cadet and graduate programme and advertising campaign within relevant tertiary training organisations to grow capability for Council and the industry.
- Prioritise and bundle current annual plan projects and stimulus projects to streamline procurement processes and ensure delivery
- Some of the projects are underway and can be quite easily extended to allow for a greater scope. These will commence in October and fully start as funding is received.
- Some projects have been staggered to support the teams workload, with major projects starting as soon as possible to ensure delivery.

Expenditure Programme completion

12. Please outline below the high-level plan that will ensure the expenditure programme is completed by 31 March 2022 (these should largely mirror the milestones below):

Phase One: Start Up

- Team meeting with Projects team to understand key delivery dates – Early October 2020
- Identify staffing requirements and commence recruitment campaign for fixed term resources Complete by 1 November
- Asset Management Steering Group to sign off approach to EAM and data capture October 2020 ready for implementation from November
- Set up additional office space for 3W staff Complete by 1 November
- Finalise delivery milestones Complete by 1 November
- Fortnightly tracking meetings set up for Programme monitoring Complete by 1 November
- Commence Project Scoping development Mid October 2020 – December 2020
- Staggered handover of capital works projects to the Design and Projects Team from Mid October 2020

Phase Two: Early Capital Project Handover

- Early progression of some of the larger capital projects and those that are additions to existing projects that already have momentum: Major programme projects to be commenced early:
 - Fire flow upgrade programme – Commence early November
 - Low Manganese Water – Treatment at A2 or A1 – commence early November
 - EAM implementation – Commence early November
 - 4 x Peer reviews of master plans and Models commence November/December

Phase Three: Scoping and Procurement**Phase Four: Project Delivery**

Expenditure Programme funding status

13. Please indicate below the expenditure programme funding status:

| | | | |
|--|-----|--|------------|
| Included in LTP | Y/N | Amounts NZ\$ | Year |
| Included in Annual Plan 2020/21 | Y/N | Amounts NZ\$ | N/A |
| Not funded in any plan | Y/N | Amounts NZ\$12.5m | Year |
| Was funded but COVID-19 deferred | Y/N | Amounts NZ\$ | Year |
| Is any Territorial Authority co-funding being contributed? | Y/N | Amounts NZ\$ Projects that have some funding that this programme is in addition to include: Scada upgrade Cleaning of the Pandora industrial Line | Year 20/21 |

14. Please set out the key milestones of the expenditure programme to be undertaken, and for each milestone the planned completion date and budget:¹

| | Expenditure Programme Milestone (including a description of how the milestone is identified) | Completion Date | Maximum Funding instalment amount (NZ\$) ² | Budgeted costs to complete the expenditure programme (NZ\$) | [DIA USE ONLY] Funding Conditions |
|----|--|---|--|---|-----------------------------------|
| 1. | Commencement Date occurring under the Funding Agreement | 31 October 2020 (or such date agreed otherwise in writing with DIA under the Funding Agreement) | NZ\$6,255,000 [Note: this is to be 50% of the Total Maximum Amount Payable] | Nil | |
| 2. | [Commencement of expenditure programme] | 1 Nov 2020 [To be no later than 31 March 2021] | NZ\$0 (covered in initial payment) | | |
| 3. | Finalise Lease and IT requirements for 3W staff | Mid November 20 | NZ\$[INSERT HERE] | NZ\$[INSERT HERE] | |
| 4. | [milestone] | [date] | NZ\$[INSERT HERE] | NZ\$[INSERT HERE] | |

¹ All figures should be GST exclusive.² You may choose to determine each maximum Funding instalment amount for a milestone on the basis of seeking funds either for application towards costs incurred for that milestone, or for application towards costs to be incurred for the following milestone.

| | | | | | |
|----|---------------------------------------|---|--|---|--|
| 5. | [milestone] | [date] | NZ\$[INSERT HERE] | NZ\$[INSERT HERE] | |
| 6. | [milestone] | [date] | NZ\$[INSERT HERE] | NZ\$[INSERT HERE] | |
| 7. | [Completion of expenditure programme] | [date] <i>[To be no later than 31 March 2022]</i> | NZ\$[INSERT HERE]] ³ | NZ\$[INSERT HERE] | |
| | TOTAL | | <i>[Must be less or equal to Total Maximum Amount Payable]</i> | <i>[Must be equal to the total estimated cost of the expenditure programme]</i> | |

15. Briefly outline the final expected outcomes/objectives of the expenditure programme:

The programme is designed to improve capacity and capability in the existing team and to provide opportunities for new people entering the industry, making it more resilient given the current lack of resources.

It aims to address information and process gaps in the delivery of water services and to bolster the operational capacity of both the strategy and operations teams.

There are a few key major capital projects that have been included that will enable water quality, water losses and fire flow issues to be addressed.

The types of funding requested covers the following areas:

- Lease for additional staff space
- Additional support for operations, planning and delivery teams
- Capability improvement of existing staff
- Community focus – key projects
- Increasing industry capability through student, cadet and graduate programmes
- Information improvements (data quality, capture and telemetry)
- Infrastructure spend on key projects (mainly water quality, fire flow, DMAs for water loss reduction and peer reviewing our masterplans and models)
- Regional Collaboration (to be agreed)
- Meeting statutory requirements
- Improving technology

By the end of this process we will have sufficient staff and external support to address the following:

³ The final Payment Request needs to be submitted with the quarterly report for the period ending 31 December 2021.

- Data quality issues.
- Delivery of a fit for purpose Enterprise Asset Management System, concentrating on 3W.
- Commencement of a graduate and cadet training programme as well as providing summer holiday positions for current students in engineering, project management or environmental fields.
- Upskilling our existing staff to be more prepared for the 3W reform programme
- Getting ahead with planning through additional funding to support and streamline operations practices
- Increase the capability of several groups through the delivery of training around water industry requirements, contract management, project management, procurement.

16. Briefly outline an assessment of how the expenditure programme supports the reform objectives set out in the Memorandum of Understanding relating to Three Waters Services Reform between you and the Sovereign in Right of New Zealand acting by and through the Minister of Local Government:

The key objectives of the reform are met across all of the projects. The summary table of how each project meets the reform and stimulus objectives is attached to this document.

A large proportion of the work addresses the improvement of safety and quality drinking water and environmental performance through the improvement of available information, updating the water safety plan to the new framework and fast tracking some network monitoring. Our recent water supply model and masterplan projects have identified a large FW2 programme that needs to be started and this is a good opportunity to pull this unfunded work into the programme.

Many of the projects address affordability and capability challenges. The team have been addressing a backlog of operational and asset management improvement whilst trying to plan for the future. The projects put forward allows for additional capacity to achieve some key milestones around data collection and management and an increased focus on managing our planned and reactive maintenance programmes.

As an organisation, there is also a conscious decision to support the existing staff and our internal service provider to be as ready for a new organisation as possible, through improved exposure to modern systems, increased capability through training programmes and preparing the Activity and the assets to transfer to a new entity which supports the "improvement of regional coordination at a larger scale"

Almost all of the projects assist with transparency and accountability as information and process improvement and training are key elements of the programme of work.

DIA USE ONLY

17. Additional requirements in respect of the Funding Agreement (such as specific reporting requirements):

The parties acknowledge and agree that this is the agreed Delivery Plan.

SIGNATURES

SIGNED by the **SOVEREIGN IN RIGHT OF NEW ZEALAND** acting by and through the Chief Executive of the Department of Internal Affairs or his or her authorised delegate:

Name:

Position:

Date:

SIGNED for and on behalf of
Napier City Council

by the person(s) named below, being a person(s) duly authorised to enter into obligations on behalf of that territorial authority:

Name: Keith Marshall

Position: Chief Executive

Date: 30 September 2020

Name: Kirsten Wise

Position: Mayor

Date: 30 September 2020



Te Tari Taiwhenua
Internal Affairs

| Proposed project | Meets Reform Objectives | Meets Stimulus Objectives | Expenditure not in the Annual Plan | Improves Safety and Quality of Drinking water Services and environmental performance of WW and SW | Increases Resilience of the 3W services to short and long term risks and events incl climate change and natural hazards | Addresses affordability and capability challenges | Equitable access to affordable 3W services | Improves coordination of 3W services at a larger scale | Improves Transparency and accountability for the delivery and costs of 3W services + benchmarking ability |
|--|-------------------------|---------------------------|------------------------------------|---|---|---|--|--|---|
| SCADA Support | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | ✓ | ✓ |
| SCADA – new location - re-orientate off the crows nest | ✓ | | ✓ | ✓ | ✓ | ✓ | | | ✓ |
| SCADA – technology in the field | | | | ✓ | ✓ | ✓ | | | |
| HRIS Module | ✓ | | ? | | | ✓ | | | ✓ |
| Financial and Development Contribution Policy review | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | ✓ |
| Outfall repair - valve chamber | ✓ | ✓ | ✓ | ✓ | ✓ | | | | |
| Low manganese water in the A1/A2 area | ✓ | ✓ | ✓ | ✓ | | | ✓ | | ✓ |

COMMERCIAL IN-CONFIDENCE

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| Proposed project | Meets Reform Objectives | Meets Stimulus Objectives | Expenditure not in the Annual Plan | Improves Safety and Quality of Drinking water Services and environmental performance of WW and SW | Increases Resilience of the 3W services to short and long term risks and events incl climate change and natural hazards | Addresses affordability and capability challenges | Equitable access to affordable 3W services | Improves coordination of 3W services at a larger scale | Improves Transparency and accountability for the delivery and costs of 3W services + benchmarking ability |
|---|-------------------------|---------------------------|------------------------------------|---|---|---|--|--|---|
| District monitoring | ✓ | ✓ | | ✓ | ✓ | ✓ | | ✓ | ✓ |
| Accommodation for 3 Waters staff – new lease for space required | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Water safety plan | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | ✓ |
| Extend MMTP | ✓ | ✓ | Partial | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Te Awa Structure Plan – 3 Waters | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | ✓ |
| Parks Water bores Investigation and implementation | ✓ | ✓ | ✓ | | ✓ | ✓ | | | ✓ |
| Parks Water bores Investigation and implementation | ✓ | ✓ | ✓ | | ✓ | ✓ | | | ✓ |

| Proposed project | Meets Reform Objectives | Meets Stimulus Objectives | Expenditure not in the Annual Plan | Improves Safety and Quality of Drinking water Services and environmental performance of WW and SW | Increases Resilience of the 3W services to short and long term risks and events incl climate change and natural hazards | Addresses affordability and capability challenges | Equitable access to affordable 3W services | Improves coordination of 3W services at a larger scale | Improves Transparency and accountability for the delivery and costs of 3W services + benchmarking ability |
|---|-------------------------|---------------------------|------------------------------------|---|---|---|--|--|---|
| Parks Water bores Investigation and implementation | ✓ | ✓ | ✓ | | ✓ | ✓ | | | ✓ |
| Water main pigging | ✓ | ✓ | ✓ | ✓ | | | ✓ | | ✓ |
| Pandora Industrial main | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | | |
| Improvements Magiq to Sycle | ✓ | ✓ | ✓ | ✓ | | ✓ | | | ✓ |
| Delivery improvement review (integrate PMF, contract mgmt., procurement, design, PMO etc) | ✓ | ✓ | ✓ | ✓ | | ✓ | | | ✓ |
| AM improvement programme | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | ✓ | ✓ |
| Water Safety Plan delivery of improvement items | ✓ | ✓ | ✓ | ✓ | ✓ | | | | ✓ |
| Environmental solutions | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | ✓ | ✓ |

| Proposed project | Meets Reform Objectives | Meets Stimulus Objectives | Expenditure not in the Annual Plan | Improves Safety and Quality of Drinking water Services and environmental performance of WW and SW | Increases Resilience of the 3W services to short and long term risks and events incl climate change and natural hazards | Addresses affordability and capability challenges | Equitable access to affordable 3W services | Improves coordination of 3W services at a larger scale | Improves Transparency and accountability for the delivery and costs of 3W services + benchmarking ability |
|--|-------------------------|---------------------------|------------------------------------|---|---|---|--|--|---|
| District monitoring area (DMA) programme – didn't get funding via CIP | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | ✓ | ✓ |
| Additional Financial Capability | ✓ | ✓ | ✓ | ✓ | | ✓ | | | ✓ |
| Additional resources for 3 Waters | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| FW-2 | ✓ | ✓ | ✓ | ✓ | ✓ | | ✓ | | ✓ |
| Training – Operator training, 3W capability training, project management and contract management | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | | |
| Data Collection – EAM | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Peer review - 3 Water models & Masterplans | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

| Proposed project | Meets Reform Objectives | Meets Stimulus Objectives | Expenditure not in the Annual Plan | Improves Safety and Quality of Drinking water Services and environmental performance of WW and SW | Increases Resilience of the 3W services to short and long term risks and events incl climate change and natural hazards | Addresses affordability and capability challenges | Equitable access to affordable 3W services | Improves coordination of 3W services at a larger scale | Improves Transparency and accountability for the delivery and costs of 3W services + benchmarking ability |
|----------------------------------|-------------------------|---------------------------|------------------------------------|---|---|---|--|--|---|
| Review of Private Water Supplies | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Iwi Engagement on 3 Waters | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| REGIONAL PROJECTS | | | | | | | | | |

| Priority | Proposed project | Delivery Plan Wording | Outputs | Opex | Capex | Service Benefiting | Sum of Proposed spend |
|----------|--|---|--|-----------|----------|--|-----------------------|
| 1 | AM improvement programme | AM improvement programme (Update and implement asset management improvement programmes across three waters teams) | Resource to manage the asset management improvement plan and to improve capability and process in the Asset Strategy team. Provides efficiency, accountability and impacts the whole city. | \$240,000 | | Water Wastewater Stormwater Other | \$240,000 |
| | Accommodation for 3 Waters staff – new lease for space required | Accommodation for 3 Waters staff – new lease for space required | Physical space to locate additional staff to facilitate the growing team. Includes purchase of Equipment, IT setup and lease costs. Currently space constrained. | \$105,000 | \$70,000 | Water Wastewater Stormwater Other | \$175,000 |
| | Additional Financial Capability | Additional Financial Capability (to assist with delivery of a large programme of capital work and to oversee this programme of work) | Financial resource to assist with the financial management of this programme of work and the 3W service delivery | \$180,000 | | Water Wastewater Stormwater Other | \$180,000 |
| | Additional resources for 3 Waters | Additional resources for 3 Waters (this includes Additional short-term capacity/capability to address long-standing information, maintenance and capital project shortfalls to drive improvement and raise the level of performance of the team. Roles include: recruitment assistance, | 3W Engagement Resources | \$180,000 | | Water Wastewater Stormwater | \$180,000 |

| Priority | Proposed project | Delivery Plan Wording | Outputs | Opex | Capex | Service Benefiting | Sum of Proposed spend |
|----------|------------------|---|---|-------------|-------|-----------------------------------|-----------------------|
| | | Operations engineers and support, management support, 3W planning team leader, sustainability and natural hazards support, cadet and graduate programme, comms and engagement support, procurement support) | | | | | |
| | | | Additional Community Comms support. | \$180,000 | | Water Wastewater Stormwater | \$ 180,000 |
| | | | Additional staff directly for the 3W services | \$1,000,000 | | Water Wastewater Stormwater | \$,000,000 |
| | | | Depot - backfill training coordinator and provide additional operations support | \$180,000 | | Water Wastewater Stormwater | \$180,000 |
| | | | Graduate, Cadet and Student programme to support capability in the water industry | \$250,000 | | Water Wastewater Stormwater | \$ 250,000 |
| | | | IT support for the additional staff | \$210,000 | | Water Wastewater Stormwater | \$210,000 |
| | | | Procurement support for the programme and 3W team | \$120,000 | | Water Wastewater Stormwater | \$120,000 |

| Priority | Proposed project | Delivery Plan Wording | Outputs | Opex | Capex | Service Benefiting | Sum of Proposed spend |
|----------|--|--|---|-----------|-------|--|-----------------------|
| | | | Recruitment assistance for this programme and the 3W team. | \$250,000 | | Water Wastewater Stormwater | \$250,000 |
| | | | Summer work placement and cadet programme | \$150,000 | | Water Wastewater Stormwater | \$ 150,000 |
| | | | Depot - training coordinator to upskill operations staff | \$180,000 | | Water Wastewater Stormwater | \$ 180,000 |
| | Data Collection – EAM | Data Collection – EAM (Fully implement an upgraded enterprise asset management system for 3W team, undertake asset data condition assessments and upgrade information quality) | Asset Management System upgraded and implemented as SaaS (around \$600k including backfilling 3W analysts and IT staff), \$200k on data capture to improve asset data quality by 20% | \$800,000 | | Water Wastewater Stormwater Other | \$800,000 |
| | Delivery improvement review (integrate PMF, contract mgmt., procurement, design, PMO etc) | Delivery improvement review (integrate Project Management Framework, contract mgmt., procurement, design, PMO etc. to improve our project management and delivery capability) | Systems development to assist with project management practices. | \$150,000 | | Water Wastewater Stormwater Other | \$150,000 |

| Priority | Proposed project | Delivery Plan Wording | Outputs | Opex | Capex | Service Benefiting | Sum of Proposed spend |
|----------|---|---|---|-----------|-------------|--|-----------------------|
| | Extend MMTP | Extend MMTP (Deliver Maintenance Management Transformation Programme faster and equip our internal service provider to be more competitive in preparation for the reform whilst improving asset data and operational processes) | Develop maintenance management practices and workflows and integrate these into the Asset Management System. Includes physical documents, system workflows, training and upskilling teams and improved data capture and accountability. | \$350,000 | | Water Wastewater Stormwater Other | \$350,000 |
| | Financial and Development Contribution Policy review | Financial and Development Contribution Policy review (Ensure that 3W programmes are funded appropriately and that our FC/DC policy is up-to-date and robust) | Robust FC/DC policy to improve affordability of the services through adequate charging. Updated 20 year Essential Services Plan. | \$350,000 | | Water Wastewater Stormwater Other | \$350,000 |
| | FW-2 | FW-2 (Address urgent fireflow issues across the network as identified from recent model and master plan project outcomes) | Construction of fireflow upgrades - highest risk/priority areas to go first | | \$500,000 | Water | \$500,000 |
| | Iwi Engagement on 3 Waters | Iwi Engagement on 3 Waters (Extending the capacity and capability for engaging with Māori and mana whenua, including development of a cultural values assessment.) | Improved engagement with local Maori groups including development of a cultural values assessment. | \$300,000 | | Water Wastewater Stormwater Other | \$ 300,000 |
| | Low manganese water in the A1/A2 area | Low manganese water in the A1/A2 area (Reduce water quality issues for the city) | New treatment facility for A2 bore including design, filtration, UV treatment, Chlorination, | | \$2,000,000 | Water Supply | \$2,000,000 |

| Priority | Proposed project | Delivery Plan Wording | Outputs | Opex | Capex | Service Benefiting | Sum of Proposed spend |
|----------|---|--|--|-----------|-----------|-----------------------------------|-----------------------|
| | | through alternative supplies/treatment) | telemetry, network connections for up to two ores (250 l/s) can supply 35,000 people with low manganese water. | | | | |
| | Outfall repair - valve chamber | Outfall repair - valve chamber (reduce risk of environmental contamination) | Repair the drop chamber that connects the WW network to the outfall. Design of new or reinforced chamber and physical works completed. Recently defined risk asset that services 65,000 people plus visitors. | | \$180,000 | Wastewater | \$180,000 |
| | Parks Water bores Investigation and implementation | Parks Water bores Investigation and implementation (Increase resilience and improve water conservation) | Assessment of the bores and start of consenting processes. Impacts whole city and has implications regarding new Water Take Consent for the whole city - 65,000 impacted. | \$150,000 | | | \$150,000 |
| | | | Outputs include an assessment of existing bores plus consenting procedures. | \$250,000 | | Water | \$250,000 |
| | Peer review - 3 Water models & Masterplans | Peer review - 3 Water models & Masterplans (Continue with the master planning process by undertaking peer reviews of models, additional calibration and peer review of master plans) | 3 x peer review documents of models with recommendations and actions. Additional temporary flow measurement stations as required. 4 x peer review documents for water, wastewater, stormwater and WW treatment Master Plans. | | \$750,000 | Water Wastewater Stormwater | \$750,000 |

| Priority | Proposed project | Delivery Plan Wording | Outputs | Opex | Capex | Service Benefiting | Sum of Proposed spend |
|----------|---|---|--|-----------|-------------|--|-----------------------|
| | REGIONAL PROJECTS | Regional Projects (to be defined, but expected to assist the region to move to a similar level of performance or understanding prior to the reform) | Unknown at this stage | \$450,000 | | Water Wastewater Stormwater Other | \$450,000 |
| | Review of Private Water Supplies | Review of Private Water Supplies (address potential affordability and equitable access issues for communities) | High level review of city wide private water supplies and the way forward to address risks and deficiencies. Approximately impacts 10% of the population. | \$150,000 | | Water | \$ 150,000 |
| | SCADA – new location - re-orientate off the crows nest | SCADA – new location - re-orientate off the crows nest (provide a location for the telemetry base station for improved monitoring of services, and risk management) | Land purchase to establish a Scada control centre and start design of the facility. Services all 3Waters. | | \$1,000,000 | Water Wastewater Stormwater | \$1,000,000 |
| | Te Awa Structure Plan – 3 Waters | Te Awa Structure Plan – 3 Waters (Enable growth and address affordability issues) | Growth in Te Awa has outstripped funding. This is additional funding to develop water infrastructure in Te Awa to enable developments - benefits approximately 500 households. | | \$500,000 | Water | \$500,000 |
| | Training – Operator training, 3W capability training, project management and | Training – (Operator training in water treatment and operation, 3W capability training, project management | Development and delivery of training internal and external. Up to 6 x Operators on grad cert and other courses. Training for up to 70 staff on Project Management, | \$180,000 | | Water Wastewater Stormwater Other | \$180,000 |

| Priority | Proposed project | Delivery Plan Wording | Outputs | Opex | Capex | Service Benefiting | Sum of Proposed spend |
|----------|--|---|---|-----------|-----------|--------------------|-----------------------|
| | contract management | and contract management training) | Contract Management and Procurement. | | | | |
| | Water safety plan | Water safety plan – (update to the latest WSP framework in preparation for new regulation and to align with the low manganese water project.) | Development of an appropriate risk framework for Water supply and an updated Water Safety Plan in the new WSP framework with an identified programme of work and funding identified. Impacts 65,000 people. | \$180,000 | | Water | \$180,000 |
| | Water Safety Plan delivery of improvement items | Water Safety Plan delivery of improvement items (provide network monitoring to manage quality and safety of the water supply.) | Design and physical works to install FAC and other monitoring in the water supply network to manage risks and improve safety. | | \$375,000 | Water | \$ 375,000 |
| | Watermain pigging | Water main pigging (linked to the low manganese water project) | Install additional pigging points on a major main and pig the main. | \$20,000 | \$80,000 | Water | \$ 100,000 |
| 1 | Total | | | | | | \$12,510,000 |
| 2 | District monitoring | District monitoring (improve safety, knowledge and leakage management) | | | | | \$500,000 |
| | District monitoring area (DMA) programme – didn't get funding via CIP | District Monitoring Area (DMA) programme (Fast Track design and set up of water network zoning over and above currently funded work) | | | | | \$500,000 |

| Priority | Proposed project | Delivery Plan Wording | Outputs | Opex | Capex | Service Benefiting | Sum of Proposed spend |
|----------------|---|--|---------|------|-------|--------------------|-----------------------|
| | | District monitoring area (DMA) programme – didn't get funding via CIP Total | | | | | \$500,000 |
| | Environmental solutions | Environmental solutions (new resource to assist with projects) | | | | | \$200,000 |
| | Improvements Magiq to Sytle | Improvements Magiq to Sytle (integrate our project management software with finance system) | | | | | \$150,000 |
| | Pandora Industrial main | Pandora Industrial main (treatment of trade waste if required) | | | | | \$300,000 |
| | Parks Water bores Investigation and implementation | Parks Water Bores Investigation (Develop additional bores or improvements to existing bores) | | | | | \$500,000 |
| | SCADA Support | SCADA Support (additional staff to operate the system and free up the replacement programme) | | | | | \$ 550,000 |
| | FW-2 (Continue the fireflow programme) | FW-2 (Continue the fire flow programme) | | | | | \$500,000 |
| 2 Total | | | | | | | \$3,200,000 |
| 3 | HRIS Module | HRIS Module (Transparency around costs of supplying services) | | | | | \$300,000 |

| Priority | Proposed project | Delivery Plan Wording | Outputs | Opex | Capex | Service Benefiting | Sum of Proposed spend |
|----------------|---------------------------------|---------------------------------|---------|------|-------|--------------------|-----------------------|
| | SCADA – technology in the field | SCADA – technology in the field | | | | | \$300,000 |
| 3 Total | | | | | | | \$600,000 |

PUBLIC EXCLUDED ITEMS

That the public be excluded from the following parts of the proceedings of this meeting, namely:

Agenda Items

- Executive Search and Recruitment Services

The general subject of each matter to be considered while the public was excluded, the reasons for passing this resolution in relation to each 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 were as follows:

| General subject of each matter to be considered. | Reason for passing this resolution in relation to each matter. | Ground(s) under section 48(1) to the passing of this resolution. |
|--|--|--|
| | That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information where the withholding of the information is necessary to: | 48(1)(a) That the public conduct of the whole or 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: |

Agenda Items

| | | |
|--|--|--|
| 1. Executive Search and Recruitment Services | <p>7(2)(h) Enable the local authority to carry out, without prejudice or disadvantage, commercial activities</p> <p>7(2)(i) Enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</p> | <p>48(1)A That the public conduct of the whole or 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> <p>(i) Where the local authority is named or specified in Schedule 1 of this Act, under Section 6 or 7 (except 7(2)(f)(i)) of the Local Government Official Information and Meetings Act 1987.</p> |
|--|--|--|