

Open Meeting

To	Council
From	Jacki Remihana Acting General Manager Service Delivery
Date	16 February 2018
Prepared by	Jacki Remihana Acting General Manager Service Delivery
Chief Executive Approved	Y
Reference #	CCL2018
Report Title	Options for 2018-28 LTP Consultation – Waters Business Case

1. EXECUTIVE SUMMARY

The Water CCO Better Business Case and addendum (BBC) has now been completed on four options for Council to include as part of the 2018-28 Long Term Plan consultation.

2. RECOMMENDATION

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

AND THAT Council confirm the preferred option from the Better Business Case and addendum is 3a – Water Governance Board, to be referred to in the consultation document as 4 – Water Governance Board;

And further that the issue be consulted on as part of the Long Term Plan consultation process.

3. BACKGROUND

The Waters CCO project has been progressing for some time and Council has been kept abreast of progress as it has proceeded. On March 2017, Council approved funding for staff to undertake an analysis of three options available for it to consider for the formation of a CCO via a Better Business Case Model.

Through the completion of the BBC, another option surfaced which has been referred to as 3a.

4. DISCUSSION AND ANALYSIS OF OPTIONS

4.1 DISCUSSION

Through the work undertaken to assess options for the future delivery of the ‘three water’ (water, wastewater and Stormwater) services for Council, a variation to option 3 has emerged, being called 3a. Option 3a is essentially the same as Option 3 with a difference in the way it would be governed. The other Options stay the same as previously discussed with Council.

4.2 OPTIONS

The detailed options considered are as follows:

- Option One – status quo
No change to current operations
- Option Two – Shared Waters Management Company
This option refers to a three waters asset management/operation run by a newly formed three-Council CCO. In this option waters assets remain owned by the respective councils and the finances of each council remain separate.
- Option Three – Council Waters Company
This option refers to a three waters asset-owning CCO to manage and operate the delivery of water services. The CCO would be 100% owned by WDC with a governance structure that includes Waikato-Tainui.
- Option Three (a) – Waters Governance Board
Option 3a replaces being an asset-owning, limited liability company to a Waters Governance Board appointed by WDC.

5. CONSIDERATION

5.1 FINANCIAL

The project has been completed within approved budgets. The options provided offer a range of financial outcomes. Both option 3 and 3a offer lower costs in excess of \$28 million over the first ten year operating period.

5.2 LEGAL

Legal implications are fully discussed in the business case and addendum.

5.3 STRATEGY, PLANS, POLICY AND PARTNERSHIP ALIGNMENT

The reasoning behind each option and the benefits offered are detailed in the business case and addendum.

5.4 ASSESSMENT OF SIGNIFICANCE AND ENGAGEMENT POLICY AND OF EXTERNAL STAKEHOLDERS

(Ascertain if the Significance & Engagement Policy is triggered or not and specify the level/s of engagement that will be required as per the table below (refer to the Policy for more detail and an explanation of each level of engagement):

Highest levels of engagement	Inform	Consult	Involve	Collaborate	Empower
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<i>Tick the appropriate box/boxes and specify what it involves by providing a brief explanation of the tools which will be used to engage (refer to the project engagement plan if applicable).</i>	Through the BBC formation staff have worked with key stakeholders to ensure that the BBC is a robust document.				

State below which external stakeholders have been or will be engaged with:

Planned	In Progress	Complete	
	X		Internal
	X		Community Boards/Community Committees
	X		Waikato-Tainui/Local iwi
X			Households
X			Business
			Other Please Specify

The options will be included as part of the 2018-28 Long Term Plan Public Consultation document.

6. CONCLUSION

For most key benefits, Options 3 and 3a score the same within the BBC, however Option 3a offers Council greater ease and will likely have lower cost of implementation.

7. ATTACHMENTS

Attachment I: Better Business Case and addendum