

20 May 2025

LGOIMA 25-038

██████████
Senior Reporter – The Post
██████████ [@stuff.co.nz](mailto:██████████@stuff.co.nz)

Tēnā koe ██████████

Request for information: Deloitte and AECOM reports

I refer to your request of 5 March 2025 made under the Local Government Official Information and Meetings Act 1987 (LGOIMA – the Act) for the following:

Documents ordering the Deloitte and AECOM reports including any letters of expectation

I apologise for the time taken to respond to you.

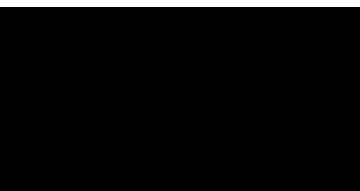
Please refer to the appendix that lists the documents ordering the Deloitte and AECOM reports. There are no letters of expectation.

Please note that it is our policy to publicly release our responses to official information requests where possible. Our response to your request will be published shortly at <https://www.wellingtonwater.co.nz/about-us/official-requests/official-information-act-responses/> with your personal information removed.

You have the right to seek an investigation and review by the Ombudsman of this decision. Information about how to make a complaint is available at www.ombudsman.parliament.nz or freephone 0800 802 602.

If you wish to discuss this decision with us, please feel free to email us at official.information@wellingtonwater.co.nz

Nāku noa, nā



Chief Corporate Services Officer

APPENDIX

Documents supplied in scope of the request:

- 2024 September 30 email: Contact details
- 2023 December 18 email: *Re: Confidential: Review of Three Waters Panel Delivery Costs and Valuation Unit Rates_Progress Update*
Please note the initial cost proposal and a progress update that identified that additional analysis was needed, bringing the full cost of the AECOM report to \$125,109.33.
- 2024 October 16 emails: *RE_Alliance*
- 2024 October 16 email: *Alliance Commercial Market Analysis_Benchmarking work – Comparison of AECOM and BondCM proposals*
- 2024 October 23: *Review of Three Waters Panels Delivery Costs and Valuation Unit rates –Proposal*
- 2024 October 25 email: *FW_Signed Updated Alliance Panels Cost Audit scope*

Information has been withheld under sections of the Act:

- 7(2)(a) – *protect the privacy of natural persons* - mobile numbers
- 7(2)(b)(ii) *prejudice the commercial position of the person who supplied or who is the subject of the information.* – hourly rates
- 7(2)(f)(i) *maintain the effective conduct of public affairs through the free and frank expression of opinions* – draft documents

In accordance with section 7(1) of the Act, we do not consider the withholding of information under section 7 of the Act is outweighed by other considerations which render it desirable, in the public interest, to make that information available.

From: 7(2)(a)@aecom.com>
Sent: Monday, September 30, 2024 5:20 PM
To: [Redacted]
Subject: Re: Contact details

Caution: This is an external email. Please take care when clicking links or opening attachments.

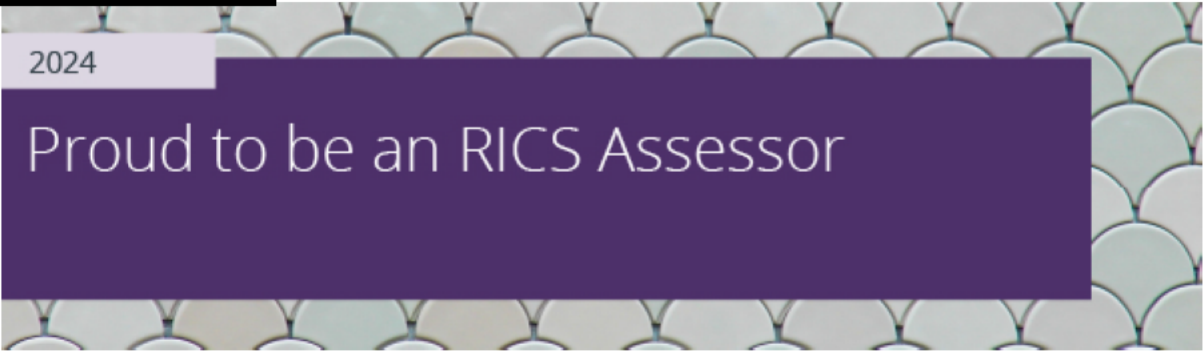
not a problem - I've set up a placeholder while I sort this end out tomorrow

thanks

Ngā mihi
7(2)(a) FRICS

[Redacted] Tūraru : Technical Director - Risk,
Programme Advisory, Aotearoa New Zealand

7(2)(a) [Redacted]



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AECOM
aecom.com
Delivering a better world
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From: [Redacted]@wellingtonwater.co.nz>
Sent: Monday, 30 September 2024 5:17 pm
To: 7(2)(a)@aecom.com>
Subject: RE: Contact details

Hi [Redacted]

Unfortunately I'm not available then, but I am available on Wednesday from 3pm if that helps.

Regards
[Redacted]

From: 7(2)(a)@aecom.com>
Sent: Monday, September 30, 2024 5:11 PM

To: [REDACTED]@wellingtonwater.co.nz>

Subject: Re: Contact details

Caution: This is an external email. Please take care when clicking links or opening attachments.

Thanks [REDACTED]

are you free 10am Wednesday to firm up scope with a teams call ?

Ngā mihi

7(2)(a)

[REDACTED]: Technical Director - Risk,

Programme Advisory, Aotearoa New Zealand

7(2)(a)



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AECOM

aecom.com

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From: [REDACTED]@wellingtonwater.co.nz>

Sent: Monday, 30 September 2024 4:43 pm

To: 7(2)(a)@aecom.com>

Subject: Contact details

Kia Ora [REDACTED]

Great speaking with you on the phone, please see my contact details as discussed.

Regards

[REDACTED] Head of Commercial & Procurement



Tel 04 912 4400 Mob 7(2)(a)

Private Bag 39804, Wellington Mail Centre 5045

Level 4, 25 Victoria Street, Petone, Lower Hutt

www.wellingtonwater.co.nz

Re: CONFIDENTIAL: Review of Three Waters Panel Delivery Costs and Valuation Unit Rates_Progress Update 18 December 2024

[Redacted]@wellingtonwater.co.nz>

[If there are problems with how this message is displayed, click here to view it in a web browser.](#)

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21

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Approved

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From: [Redacted]@aecom.com>

Sent: Wednesday, December 18, 2024 4:56:22 PM

To: [Redacted]@wellingtonwater.co.nz>

Cc: [Redacted]@aecom.com>

Subject: RE: CONFIDENTIAL: Review of Three Waters Panel Delivery Costs and Valuation Unit Rates_Progress Update 18 December 2024

Caution: This is an external email. Please take care when clicking links or opening attachments.

Hi [Redacted] are you able to email back "Approved" to enable us to commence the Priority 1 additional analysis identified below?

- Complete additional "priority 1" analysis [Redacted] excl GST):
 - o Complete additional labour and plant analysis on 10 O&M projects from April 23 and April 24 monthly claims (received [Redacted])
 - o Extend NPR comparative analysis forward 2 years using Taumata Arowai submission data [Redacted] to send through this data [Redacted]
 - o Extend NPR comparative analysis back to 2017 where we can for \$/km and \$/repair [Redacted]

Ngā mihi | Kind regards

[Redacted signature block]

AECOM

From: [redacted] <[redacted]@[redacted].co.nz>
Sent: Wednesday, 10 January 2023 1:30:02 PM
To: [redacted] <[redacted]@[redacted].co.nz>
Subject: Re: WWL Report

This Message is From an External Sender
This message came from outside your organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Report Suspicious

Sincere apologies for the late report. [redacted] has been incredibly hectic (and here I was thinking it was going to be a nice relaxing start the to year).

Let's catch up on a teams call tomorrow. We're more than happy to pay the [redacted] please send us the invoice.

Regards
[redacted]

From: [redacted] <[redacted]@[redacted].com>
Sent: Wednesday, 10 January 2023 11:56:11 AM
To: [redacted] <[redacted]@[redacted].co.nz>
Subject: Re: WWL Report

Caution: This is an external email. Please take care when clicking links or opening attachments.

Hi [redacted] per voicemail, it looks like we have unfortunately expended more effort on this analysis than initially allowed for. While we sought to complete the work within the agreed scope, the project was fast paced and dynamic, with a tight programme which did not easily enable hold points and agreements on slight departures and/or changes to be resolved to successfully complete the work. We ask that you consider our request to approve a variation to this engagement fee [redacted] summarised below, noting that we have not made an allowance as yet for further presentation of the analysis and outcomes:

Task	Activity	Fee
Project Management	Additional time liaising with WWL to source data	[redacted]
	COI Manager	
O&M Analysis	Fault data complexity	[redacted]
	Rework metric Labour and Plant pro-rata overruns	
Capital Works Analysis	Amend approach for use with PDF source files rather than Excel	[redacted]
Professional Services Analysis	Completed more quickly than allowed for	[redacted]
Expenses	Monitor privacy screens	[redacted]
TOTAL VARIATION REQUESTED		[redacted]

We are happy to provide you a more detailed breakdown if you like.

Are you able to get back to me by the end of tomorrow to confirm or otherwise discuss this variation request?

Thanking you

Highly kind regards
[redacted]

From: [redacted]@wellingtonwater.co.nz>
Sent: Wednesday, 12 February 2025 4:38 PM
To: [redacted]@aecom.com>
Cc: [redacted]@aecom.com> [redacted]@aecom.com>
Subject: RE: WWL Delivery Review Fees

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Hi [redacted] what's all find by me

Regards
[redacted]

From: [redacted]@aecom.com>
Sent: Wednesday, 12 February 2025 4:29 pm
To: [redacted]@wellingtonwater.co.nz>
Cc: [redacted]@aecom.com> [redacted]@aecom.com>
Subject: WWL Delivery Review Fees

Caution: This is an external email. Please take care when clicking links or opening attachments.

Hi [redacted] am looking forward to interacting with the Board on the 20th. We had not allowed for time spent on the peer review and for this Board Meeting attendance. Are you OK for us to invoice you for this?

- Peer Review – telephone meeting and written follow up (the table within RLB's report was our written response to them following our meeting) – 4 hours
- Board Meeting attendance – estimated at 3 hours for [redacted] and I.

All up [redacted] excl GST).


Look forward to hearing from you

Ngā mihi | Kind regards
[redacted]

AECOM

Re: Additional work associated with the Board and media inquiries

 To: [Redacted] <[Redacted]@wellingtonwater.co.nz>
Cc: [Redacted]

 You replied to this message on 13/03/2025 5:13 PM.
If there are problems with how this message is displayed, click here to view it in a web browser.



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Yes Same PO

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From: [Redacted] <[Redacted]@aecorn.com>
Sent: Thursday, March 13, 2025 4:29:46 PM
To: [Redacted] <[Redacted]@wellingtonwater.co.nz>
Cc: [Redacted] <[Redacted]@aecorn.com>
Subject: Additional work associated with the Board and media inquiries

Caution: This is an external email. Please take care when clicking links or opening attachments.

Kia ora [Redacted]

Hope you're keeping well.

Over the last couple of weeks our team have spent additional time on work associated with the Board, and also responded to a number queries, primarily from [Redacted] on behalf of [Redacted] and in relation to media inquiries.

We have spent an additional [Redacted] excl. GST. I understand that we are able to charge these fees, please can you confirm if the PO # remains the same?

Many thanks in advance,

[Redacted]



From: [REDACTED]
To: [REDACTED]
Cc: [REDACTED]
Subject: Alliance Commercial Market Analysis/Benchmarking work - Comparison of AECOM and BondCM proposals.
Date: Wednesday, October 16, 2024 6:03:00 PM
Attachments: [Draft Proposal - O&M Cost Review.pdf](#)
[241015 Alliance Review_OOS.pdf](#)
Importance: High

Kia ora [REDACTED]

I wanted to provide you with an overview of the proposals we've recently received from AECOM and BondCM for the Commercial Market Analysis of our Alliance with FH. I've been discussion with both firms over the last few weeks and they now have submitted draft terms of reference to me that I believe align well with our objectives, but there are some differences in their approaches that I'd like to highlight.

1. [AECOM Proposal \(First attachment\)](#)

Scope:

- Review cost information associated with the current Alliance contract
- Provide objective comparative commentary on:
 - Historical levels of O&M spend
 - O&M spend levels within the water sector and similar organisations
 - Rates used for labour, plant, and materials
 - Derived rates for major activity types

Approach:

- Project mobilisation with a kick-off meeting
- Desk-top review and analysis of provided information
- Comparative analysis and benchmarking against industry data
- Draft report, review session, and final report delivery

Team:

- 7(2)(a) [REDACTED] (Technical Lead)
- 7(2)(a) [REDACTED] (Cost Specialist)
- 7(2)(a) [REDACTED] (Data Analyst)
- 7(2)(a) [REDACTED] (Lead Verifier)

Timeline:

- Estimated completion by 13 December 2024 (assuming an October 14 start date – this would obviously need to be changed now)

Price:

- Lump sum of 7(2)(b)(ii) [REDACTED] (excluding GST)

2. [BondCM Proposal \(Second attachment\)](#)

Scope:

- Commercial review of the current maintenance Alliance's performance
- Analysis of Alliance's cost outcomes compared to market offerings

Approach:

- Collaborative development of a detailed brief with WWL
- On-site work with the Alliance to understand cost reports, claims, and outputs
- Market pricing insight and internal reviews

Team:

- 7(2)(a) (Senior Commercial Advisor, lead)
- 7(2)(a) (Market pricing insight)
- 7(2)(a) (Internal reviews)

Timeline:

- Not specified, suggests 2 weeks on-site before finalising a fee budget

Price:

- Time-in-attendance basis with hourly rates:
 - 7(2)(a) : 7(2)(b)(ii)
 - 7(2)(a) : 7(2)(b)(ii)
- Daily billing capped at 9 hours
- Rates fixed until 30 September 2025

Both proposals align well with our objective of conducting a market analysis of Fulton Hogan's pricing under the Alliance Agreement. However, there are some key differences to consider:

1. **Pricing Structure:** AECOM offers a fixed lump sum, while BondCM proposes a time-and-materials approach.
2. **Scope Definition:** AECOM provides a more detailed scope, while BondCM suggests collaboratively developing the brief.
3. **Timeline:** AECOM offers a clear timeline, whereas BondCM's timeline is more flexible and dependent on the initial on-site work.
4. **Team Composition:** Both firms offer experienced teams, with AECOM providing more detail on individual roles.
5. **Historical work:** BondCM has previously done the review on the Alliance Limb2 back in 2022

I believe both proposals have merit and could provide valuable insights into our Alliance's commercial performance. AECOM's proposal offers more certainty in terms of cost and timeline, while BondCM's approach may allow for more flexibility as we refine the scope of work.

I'd be happy to sit down with you and go through both proposals in more detail. We can discuss the strengths of each approach and determine which might best suit our needs for this Commercial Market Analysis for Alliance.

More than happy to discuss further.

Regards

[Redacted Signature]

[Redacted Name]

Head of Commercial & Procurement



Tel 04 912 4400 Mob 7(2)(b)(ii)

Private Bag 39804, Wellington Mail Centre 5045
Level 4, 25 Victoria Street, Petone, Lower Hutt

www.wellingtonwater.co.nz



15 October 2024

[REDACTED]
Head of Commercial and Procurement
Wellington Water Ltd
WELLINGTON

via email

Dear [REDACTED]

Maintenance Alliance – Commercial Review
Offer of Service for Review

Further to your request, Bond Construction Management Ltd (BondCM) offers to undertake a commercial review of the current maintenance Alliance's commercial performance.

Background

Wellington Water Ltd (WWL) and Fulton Hogan Ltd (FH) have formed the Wellington Water Alliance to undertake maintenance and minor capital works of the WWL assets. The Alliance has been operating for a number of years, and WWL has requested BondCM to undertake an analysis of the Alliance's commercial performance to assess their cost outcomes compared to others in the market who offer similar services.

Offer of Service

BondCM will provide our Senior Commercial Advisor [REDACTED] 7(2)(a) lead the review. He will be assisted by [REDACTED] 7(2)(a) to provide insight into market pricing and supported by [REDACTED] 7(2)(a) for internal reviews.

We expect that we will work together with you to prepare a more detailed brief of the services expected, and we can then prepare a budget for our services.

It is anticipated that [REDACTED] 7(2) will need to spend time with the Alliance to understand their cost reports and claims and align costs with the outputs achieved. How long this takes will depend on the cost and work records of the Alliance, and we suggest that we would need to spend a couple of weeks with them before finalising a fee budget.

Conditions of our offer

1. The contract for our services will be the ACENZ Short Form Agreement or similar.
2. Our PI insurance policy is for cover of \$500,000, and this is the limit of liability we are able to accept.

Bond Construction Management Ltd

■ 49B Main Highway / Ellerslie / Auckland 1050 / New Zealand
■ t: 09 579 2940 / www.bondcm.nz

3. Our work will be paid on a time-in-attendance basis at the following rates (excluding GST) with disbursements paid at cost:

- 7(2)(a) 
 - 
 - 
- 7(2)(b)(ii) 

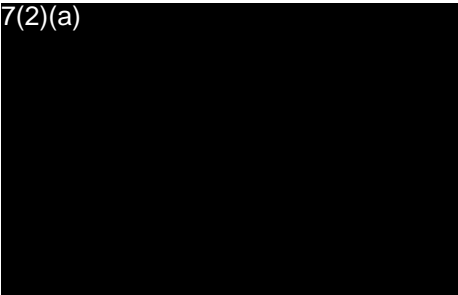
4. Daily billing will not exceed nine hours.

5. These rates are fixed to 30 September 2025 and will be subject to review for any services past that date.

We trust we have interpreted your requirements correctly and we look forward to developing the brief for the assignment with you.

Yours faithfully

Bond Construction Management Ltd.

7(2)(a) 

Director

23 October 2024

Commercial-in-Confidence

Wellington Water Ltd
 By email

Dear [REDACTED]

Review of Three Panels Delivery Costs and Valuation Unit Rates - Proposal

Thank you for the opportunity to provide further support to Wellington Water (WWL). This proposal in response to our discussion on 18 October 2024 supersedes our proposal to you dated 10 October 2024 and sets out our understanding of the scope of services required, along with our suggested approach, team, programme and commercials.

1.0 Scope of services

1.1 Panel Costs Review

To review cost information associated with the current collaborative panel contracts and provide objective comparative commentary considering:

Panel	Considerations
Alliance Operations and maintenance (O&M) contract ("Alliance") with Fulton Hogan	<ul style="list-style-type: none"> Historical levels of O&M spend O&M spend levels within the water sector and with other similar organisations/networks Rates used for labour, plant and materials Derived rates for major activity types (such as cost per water supply network unplanned repair)
Contractor Capital works construction panel	<ul style="list-style-type: none"> Rates used for labour, plant and materials Derived unit rates where possible for significant activity types (such as cost per metre of pipe construction for varying diameter ranges) Historical trends for unit rates
Consultants Professional services panel	<ul style="list-style-type: none"> Hourly charge (labour) rates Derived rates for construction activity types (such as design fees as a percentage of capital cost) Historical trends for these derived rates

The following is excluded from our scope of services:

- WWL internal costs associated with the Alliance and panel contracts
- Commentary on whether the current arrangements represent value for money.

1.2 Valuation Unit Rates review

In addition, we will undertake a review of unit rates used within the latest valuations for Hutt City and Upper Hutt City Councils. This will extend the scope of the analysis undertaken within the Contractor Panel cost review work.

2.0 Potential conflict of interest

We recognise that our review of the professional services panel cost information may be seen as a future conflict of interest should we wish to bid for any future panel opportunities with Wellington Water.

Where a potential, perceived, or actual conflict is identified, we work with our clients to agree a conflict-of-interest plan that sets out the measures AECOM will put in place to mitigate the conflict. These measures can include:

- Nominating an individual to manage the implementation of the conflict-of-interest plan.
- Creating an internal 'Ethical Wall' whereby project files are restricted to project team personnel only; there is no crossover of personnel between conflicting projects (including administrative staff) and information is not shared or discussed between the project teams
- Making sure the relevant personnel are aware of and agree to comply with the conflict-of-interest plan.
- Requiring personnel to report any actual or suspected breaches of the conflict-of-interest plan.

We propose to develop a tailored conflict-of-interest plan for WWL approval before receiving commercially sensitive information relevant to the professional services panel so that our eligibility for future panel inclusion is not compromised.

3.0 Inputs

Information to be provided by WWL includes:

- Financial records or statements for 3 years:
 - O&M - e.g. full financial year Alliance claims and/or itemised end-of-year statements. (Examples of monthly claims have already provided)
 - Capital works – final contractor claims and/or itemised end-of-project statements on a project-by-project basis in a form to enable costs to be apportioned to specific assets (e.g. installation of a pipeline with a specified length, location and diameter)
 - Professional services – final consultant invoices and/or itemised end-of-project statements on a project-by-project basis in a form to enable costs to be apportioned to activity types (e.g. investigation, design, construction monitoring)
- Number of network failures attended, sourced from your Asset Management Information System (AMIS)
- Supplementary information as requested, e.g:
 - Contractor and consultant roles and seniority to align with our labour rates review
 - Activity and/or project information such as council identifier, location (e.g. CBD) and project complexity (e.g. low, moderate and high)
 - Latest valuation reports including table of unit rates, and, if available, spreadsheet calculations showing unit rate derivation

4.0 Suggested approach

We propose the following approach:

4.1 Project mobilisation

Following acceptance of this proposal we will establish our project folders and project management requirements in accordance with our Quality System. We will hold a 1-hour Project Kick-off meeting with Wellington Water to confirm project objectives and key success factors, scope and approach, programme, deliverables and key points of contact.

4.2 Information desk-top review and analysis

We will request and review information as noted in 3.0 – Inputs, along with supplementary information we have and/or can source separately including that reported by local authority organisations in Water New Zealand's National Performance Review benchmarking programme, Taumata Arowai's water services insights and performance data, Office of the Auditor General's report into investment and performance, and, if necessary, financial data from Annual Reports. We will also refer to our valuation

and construction unit rate library. Following the desk-top review we may contact you should we need any further information or clarification.

We note that care should be taken in interpretation of the outputs. From experience we expect that correlations will not necessarily be clear and will require some smoothing. For this reason, outlier trends will be of more importance than fine variations in the comparisons.

O&M Alliance

We will commence analysis, including comparative analysis or benchmarking, as well as a wider market review to¹:

- Understand, segment and trend historical and current O&M expenditure within the Wellington metros and separately for South Wairarapa District Council if the data allows this. This reflects the different operating environments and the likelihood that costs will be different in the two areas. Should our analysis show little difference, we will note this and combine the outcomes for ease of presentation
- Compare this level of expenditure over time and against other similar organisations in New Zealand. We would do this with reference to the information provided by WWL, as well as NPR, Annual Report and AM plan data and would report this for each water service and/or across all three water services in terms of:
 - O&M expenditure per km of pipe and/or per connection/serviced property
 - Unplanned network maintenance cost per km of pipe and/or per connection/serviced property (our preliminary review of information provided indicates this is by far the highest cost item)
 - Unplanned network maintenance cost per number of network failures (average cost of repair)
- If possible, we will also look to isolate and quantify reactive rework and its associated cost and present this in a useful manner, although we may not be able to benchmark this against other organisations.
- Compare rates used for labour, plant and materials against typical rates within the water, civil and vertical sectors
- We would also analyse and compare other factors which may influence costs and/or provide context including:
 - Number network failures / km pipe
 - Number network failures / connection
 - Leakage rate (for water supply only)

Capital Works Construction Panel

We will segment and analyse the capital project information to derive average unit rates for common activities such as pipe construction; unit rates will be calculated by pipe diameter and indexed to the current date. Although we will examine the data available across other activity types, there may not be sufficient data to have confidence in analysis outputs for them. Similarly, it may be possible to introduce factors such as CBD location, or construction complexity, although experience shows that the time required to undertake the analysis increases significantly with the introduction of each factor, and we have not allowed for this in our proposal.

These derived unit rates will be compared to those used within the latest valuations. If there is good correlation, we may then be able to use the valuation rates to extrapolate across to other activity types, and to use valuation unit rates as a comparator between councils, and over time with reference to our valuation library.

¹ These examples apply to water supply. Although similar, metrics for wastewater and stormwater within NPR data vary slightly and a wider range may be required to support or identify the most appropriate "repair" measure (e.g. dry weather overflows, complaints, flooding incidents)

We will also compare rates used for labour, plant and materials against typical rates within the water, civil and vertical sectors.

Professional Services Panel

We will segment and analyse the professional services information associated with capital projects to derive indicative envelopes of fees as a percentage of capital cost. These will include high level overall aggregated fees per capital cost, as well as envelopes at a finer level of granularity for common activities such as pipe construction. Although we will examine the data available across other activity types, there may not be sufficient data to have confidence in analysis outputs for them. If possible, we will factor in type and complexity of project, although there may not be sufficient data for this to provide any meaningful results.

We will also compare charge (labour) rates used against typical rates within the water, civil and vertical sectors.

Valuation Unit Rates

We will extend the derived unit rate analysis undertaken in the review of the Capital Works Construction Panel to a broader range of asset classes. Although we will focus the analysis on rates used within the valuations for Hutt City and Upper Hutt City, our work may also bring in similar data review and assessment for some of the other shareholder councils. We will assess these rates against our valuation rates library, particularly rates derived and used for similar councils, and with QS-generated bottom-up rates for selected asset classes.

4.3 Reporting

We will meet with you on a fortnightly basis to discuss both progress, as well as our interim findings and suggested analysis refinements and/or simplifications to reflect the reality of the data available.

We will document the work undertaken and our findings in a draft report with separate sections for each of the three panels assessed. This will be provided to you for review and comment, and followed up with a discussion session with you to ensure that the report meets your requirements.

Feedback as agreed will be incorporated and a final draft prepared for discussion prior to completion as final.

5.0 Deliverables

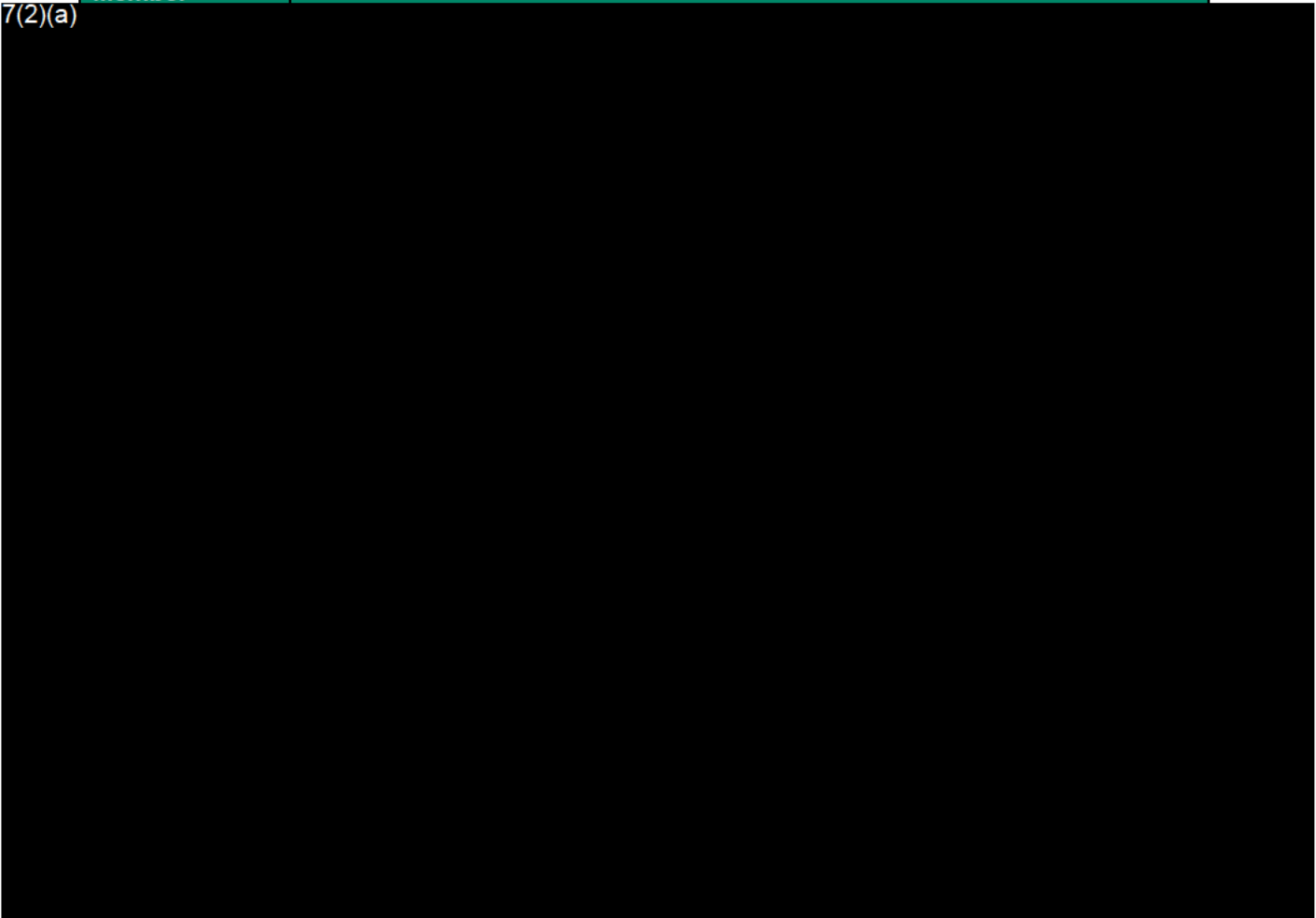
- First draft report – tabulated findings, supported by graphs where relevant, and bullet-point observations
- Final draft report, building on the outputs listed in the bullet above
- Final report

6.0 Team members

Our team members are:

Core Team Member	Comment
------------------	---------

7(2)(a)

Core Team Member	Comment
7(2)(a)	

In addition to the core team, 7(2)(a) will be the Lead Verifier for this project to ensure our services are aligned with this proposal and all quality processes have been undertaken satisfactorily. Both 7(2)(a) are well known to Wellington Water, although we are happy to provide summary CVs for all team members should you require this.

7.0 Programme

We note WWL's request to deliver draft outputs within a month. We have managed to redistribute some of our team's existing commitments and will strive to meet this programme although this will be challenging. We believe a more realistic delivery date for the first draft report would be 6 December 2024, assuming a commencement date of 25 October, and ask that you consider the following proposed programme:

- First draft report - 6 December 2024
- Final draft report – 16 December 2024
- Final report – 20 December 2024

8.0 Fees and Commercial Conditions

Our Terms and Conditions for this work are the standard ACENZ/Engineering NZ Short Form Agreement for Consultant Engagement (February 2019) with any variations listed under the heading "Variations to the Short Form Model Conditions of Engagement" that appears on the cover page. In this attached agreement we have set out our understanding of the services you require and our fees

for these services. Please note that the fees and expenses shown are exclusive of GST. We would contact you during the work should additional work (and therefore additional expenditure) be required.

We propose a lump sum commission of **\$89,540** (excluding GST), as detailed in the table below.

Table 1 Fee Estimate

Role	Key Resource	Classification	Rate	Hours	Fee (excl GST)
Lead Reviewer/Author	7(2)(a)	Technical Director	7(2)(b)(ii)		
Market and Rates Analysis		Technical Director			
Derived Rate Analysis:					
NPR Analysis		Senior Consultant			
Capex Unit Rates		Senior Consultant			
Professional Services		Senior Consultant			
Valuation Unit Rate Analysis		Senior Consultant			
		Technical Director			
Analysis Review		Associate Director			
Verification		Technical Director			
Project Management					
TOTAL					\$89,540

9.0 Closing

Thank you for this opportunity to help Wellington Water. Please do not hesitate to contact me should you wish to discuss this proposal in any way.

7(2)(a)

Technical Director, Strategic Asset Management

7(2)(a)

end: Short Form Agreement - Blank

SHORT FORM AGREEMENT FOR CONSULTANT ENGAGEMENT

Between: Wellington Water Ltd

(CLIENT)

and: AECOM New Zealand Ltd

(CONSULTANT)

Collectively referred to herein as the "Parties" and individually as a "Party"

Project:

Review of Three Panels Delivery Costs and Valuation Unit Rates

Location:

Wellington

Scope & Nature of the Services:

Refer attached letter dated 23 October 2024. Review cost information associated with the three current collaborative panel contracts and review of latest valuation unit rates for Hutt City and Upper Hutt City and provide objective comparative commentary

Programme for the Services:

Refer attached letter. Draft report - 6 December 2024, Final Draft Report 13 December 2024, Final Report 20 December 2024

Fees & Timing of Payments:

Refer attached letter. Lump sum fee of \$89,540 (excluding GST).

All fees and expenses are exclusive of GST, which the Client will be responsible for paying upon production by the Consultant of a valid GST invoice.

Information or Services to be Provided by the Client:

Refer attached letter. Financial records, AMIS records of failures, personnel roles, project details and valuation reports and calculations

The Client engages the Consultant to provide the Services described above and the Consultant agrees to perform the Services for the remuneration provided above. Both Parties agree to be bound by the provision of the Short Form Model Conditions of Engagement (overleaf), including clauses 2, 11, and 12 and any variations noted below. Once signed, this agreement, together with the conditions overleaf and any attachments, will replace all or any oral agreement previously reached between the Parties.

Variations to the Short Form Model Conditions of Engagement (Overleaf):

Client Authorised Signatory (ies):

[Redacted Signature]

Print Name: [Redacted] Director Regulatory Services

Date: 23 October 2024

Consultants Authorised Signatory (ies):

7(2)(a) [Redacted Signature]

Print Name: 7(2)(a) [Redacted] Technical Director

Date: 23-Oct-24

SHORT FORM MODEL CONDITIONS OF ENGAGEMENT

1. The Consultant shall perform the Services as described in the attached documents.
2. The Client and the Consultant agree that where all or any of, the Services are acquired for the purposes of a business the provisions of the Consumer Guarantees Act 1993 are excluded in relation to those Services. However, nothing in this Agreement shall restrict, negate, modify or limit any of the Client's rights under the Consumer Guarantees Act 1993 where the Services acquired are of a kind ordinarily acquired for personal, domestic or household use or consumption and the Client is not acquiring the Services for the purpose of a business.
3. In providing the Services, the Consultant must use the degree of skill, care and diligence reasonably expected of a professional consultant providing services similar to the Services.
4. The Client shall provide to the Consultant, free of cost, as soon as practicable following any request for information, all information in the Client's power to obtain which may relate to the Services. The Consultant shall not, without the Client's prior consent, use information provided by the Client for purposes unrelated to the Services. In providing the information to the Consultant, the Client shall ensure compliance with the Copyright Act 1994 and shall identify any proprietary rights that any other person may have in any information provided.
5. As soon as either Party becomes aware of anything that will materially affect the scope or timing of the Services, the Party must notify the other Party in writing and where the Consultant considers a direction from the Client or any other circumstance is a variation the Consultant shall notify the Client accordingly.
6. The Client may order variations to the Services in writing or may request the Consultant to submit proposals for variations to the Services.
7. The Client shall pay the Consultant for the Services the fees and expenses at the times and in the manner set out in the attached documents. Where this Agreement has been entered by an agent (or a person purporting to act as agent) on behalf of the Client, the agent and Client shall be jointly and severally liable for payment of all fees and expenses due to the Consultant under this Agreement.
8. All amounts payable by the Client shall be due on the 20th of the month following the month of issue of each GST Invoice or at such other timing as stated elsewhere in this Agreement. If the Client fails to make the payment that is due and payable and that default continues for 14 days, the Consultant may provide written notice to the Client specifying the default and requiring payment within 7 days from the date of the notice. Unless payment has been made by the Client in full, the Consultant may suspend performance of the Services any time after expiration of the notice period. The Consultant must promptly lift the suspension after the Client has made the payment. Regardless of whether or not the Consultant suspends the performance of the Services in accordance with this clause, the Consultant may charge interest on overdue amounts from the date payment falls due to the date of payment at the rate of the Consultant's overdraft rate plus 2% and in addition the costs of any actions taken by the Consultant to recover the debt.
9. Where the nature of the Services is such that it is covered by the Construction Contracts Act 2002 (CCA) and the Consultant has issued a payment claim in accordance with the CCA, the provisions of the CCA shall apply. In all other cases, if the Client, acting reasonably, disputes an invoice, or part of an invoice, the Client must promptly give the reasons for withholding the disputed amount and pay any undisputed amount in accordance with clause 8.
10. Where Services are carried out on a time charge basis, the Consultant may purchase such incidental goods and/or Services as are reasonably required for the Consultant to perform the Services. The cost of obtaining such incidental goods and/or Services shall be payable by the Client. The Consultant shall maintain records which clearly identify time and expenses incurred.
11. Where the Consultant breaches this Agreement, the Consultant is liable to the Client for reasonably foreseeable claims, damages, liabilities), losses or expenses caused directly by the breach. The Consultant shall not be liable to the Client under this Agreement for the Client's indirect, consequential or special loss, or loss of profit, however arising, whether under contract, in tort or otherwise.
12. The maximum aggregate amount payable, whether in contract, tort or otherwise, in relation to claims, damages, liabilities, losses or expenses, shall be five times the fee (exclusive of GST and disbursements) with a minimum of \$100,000 and a maximum limit of \$NZ500,000.
13. Without limiting any defences a Party may have under the Limitation Act 2010, neither Party shall be considered liable for any loss or damage resulting from any occurrence unless a claim is formally made on a Party within 6 years from completion of the Services.
14. The Consultant shall take out and maintain for the duration of the Services a policy of Professional Indemnity insurance for the amount of liability under clause 12. The Consultant undertakes to use all reasonable endeavours to maintain a similar policy of insurance for six years after the completion of the Services.
15. If either Party is found liable to the other (whether in contract, tort or otherwise), and the claiming Party and/or a Third Party has contributed to the loss or damage, the liable Party shall only be liable to the proportional extent of its own contribution.
16. Intellectual property prepared or created by the Consultant in carrying out the Services, and provided to the Client as a deliverable, ("New Intellectual Property") shall be jointly owned by the Client and the Consultant. The Client and Consultant hereby grant to the other an unrestricted royalty-free license in perpetuity to copy or use New Intellectual Property. The Clients' rights in relation to this New Intellectual Property are conditional upon the Client having paid all amounts due and owing to the Consultant in accordance with clauses 7 and 8. Intellectual property owned by a Party prior to the commencement of this Agreement (Pre-existing Intellectual Property) and intellectual property created by a Party independently of this Agreement remains the property of that Party. The Consultant accepts no liability for the use of New Intellectual Property or Pre-existing Intellectual Property other than to the extent reasonably required for the intended purposes.
17. The Consultant has not and will not assume any duty imposed on the Client pursuant to the Health and Safety at Work Act 2015 ("the Act") in connection with the Agreement.
18. The Client may suspend all or part of the Services by notice to the Consultant who shall immediately make arrangements to stop the Services and minimise further expenditure. The Client and the Consultant may (in the event the other Party is in material default that has not been remedied within 14 days of receiving the other Party's notice of breach) either suspend or terminate the Agreement by notice to the other Party. If the suspension has not been lifted after 2 months the Consultant has the right to terminate the Agreement and claim reasonable costs as a result of the suspension. Suspension or termination shall not prejudice or affect the accrued rights or claims and liabilities of the Parties.
19. The Parties shall attempt in good faith to settle any dispute by mediation.
20. This Agreement is governed by the New Zealand law, the New Zealand courts have jurisdiction in respect of this Agreement, and all amounts are payable in New Zealand dollars.

From:

To:

Cc:

Subject:

RE: Signed Updated Alliance Panels Cost Audit scope.pdf

Date:

Friday, October 25, 2024 5:17:14 PM

Approved

From: [REDACTED]
To: [REDACTED]
Cc: [REDACTED] [Procurement](#)
Subject: FW: Signed Updated Alliance Panels Cost Audit scope.pdf
Date: Friday, October 25, 2024 2:56:17 PM
Attachments: [Signed Updated Alliance Panels Cost Audit scope.pdf](#)
[Direct Source Procurement Memo - AECOM.docx](#)
Importance: High

Good Afternoon [REDACTED]

Happy Friday!

Sending this Exemption Memo on behalf of [REDACTED]. Could you please review and provide your support if everything looks good to you?

This Exemption Memo is to directly procure service from **AECOM nz. Ltd** to conduct **Alliance and Panel, Commercial Market Analysis/Benchmarking Work**.

Value: \$89,540

Final Draft report: 13-Dec-24

Rationale for direct sourcing:

The procurement policy mandates obtaining three written quotations or proceeding with an open tender process (because the value is over \$50k). In this case, a direct source request has been made based on initial market testing. We have conducted market research and reached out to several consulting firms, including Deloitte, BondCM, and AECOM.

- **Deloitte:** Withdrew from the proposal due to a conflict of interest, as Fulton Hogan was a previous client of theirs.

Rationale for Selecting AECOM over BondCM:

1. **Pricing Structure:** AECOM proposed a fixed lump-sum pricing model, whereas BondCM suggested a time-and-materials approach.
2. **Scope Definition:** AECOM provided a more detailed scope upfront, while BondCM indicated a preference for collaboratively developing the brief.
3. **Timeline:** AECOM offered a clear and defined timeline, whereas BondCM's timeline was more flexible, dependent on initial on-site work.
4. **Team Composition:** Both firms proposed experienced teams, but AECOM provided more detailed information regarding individual roles.
5. **Historical Work:** BondCM had previously conducted a review on the Alliance Limb2 project in 2022.

In summary, AECOM's proposal is preferred due to the greater certainty it provides in both cost and timeline, while BondCM's approach offers more flexibility for refining the scope of work.

Another key rationale for selecting AECOM is the urgency of this project. The work must be completed and delivered before Christmas.

AECOM's clear timeline and structured approach provide the necessary assurance that the project will meet these tight deadlines. Their ability to deliver within the required timeframe is crucial to ensure that key outputs are achieved as soon as possible, aligning with the Chief Executive's priorities for timely execution and results.

Best Regards,

██████████ Procurement Advisor



Tel 04 912 4400 Mob 7(2)(a) ██████████

Private Bag 39804, Wellington Mail Centre 5045
Level 4, 25 Victoria Street, Petone, Lower Hutt
www.wellingtonwater.co.nz

From: ██████████@wellingtonwater.co.nz>
Sent: Wednesday, October 23, 2024 10:09 PM
To: 7(2)(a) ██████████@aecom.com>
Cc: ██████████@wellingtonwater.co.nz>
Subject: FW: Signed Updated Alliance Panels Cost Audit scope.pdf
Importance: High

Hi ██████████

Please find the signed version as attached! Looking forward to working with you and the team!

Regards

██████████

██████████ Head of Commercial & Procurement



Tel 04 912 4400 Mob 7(2)(a) ██████████

Private Bag 39804, Wellington Mail Centre 5045
Level 4, 25 Victoria Street, Petone, Lower Hutt
www.wellingtonwater.co.nz

From: ██████████@wellingtonwater.co.nz>
Sent: Wednesday, October 23, 2024 10:03 PM
To: ██████████@wellingtonwater.co.nz>; ██████████
<██████████@wellingtonwater.co.nz>
Subject: Signed Updated Alliance Panels Cost Audit scope.pdf

Have signed this and socialised it with CE – will be great to have it by year end.

Ngā mihi nui

██████████

Director of Regulatory Services
GM Customer Operations

Mob 7(2)(a) ██████████ .

Private Bag 39804, Wellington Mail Centre 5045

Level 4, 25 Victoria Street, Petone, Lower Hutt
www.wellingtonwater.co.nz

Direct Source Procurement Memo

TO [REDACTED] Group Manager Business Services

COPIED TO [REDACTED] (Director of Regulatory Services and GM Customer Operations), [REDACTED]
[REDACTED] (Head of Risk and Assurance), [REDACTED] (General Counsel)

FROM [REDACTED] (Head of Commercial and Procurement)

DATE 25 – October -2024

FOR YOUR APPROVAL

Alliance and Panel, Commercial Market Analysis/Benchmarking work**Request for exemption from open advertising in order to conduct direct
source procurement****Purpose**

The purpose of this memo is to seek approval to take a direct engagement approach to procure services from the AECOM to conduct a cost audit on the Alliance and the Consultant/Contractor Panels

Background

Wellington Water operates under a contractual framework that includes the Alliance contract with Fulton Hogan, as well as the Consultant/Contractor Panel. The Alliance contract with Fulton Hogan is primarily focused on operations and maintenance, with a key responsibility being the reactive repair of pipes across the water, wastewater, and stormwater networks. Fulton Hogan, under this agreement, is tasked with addressing urgent maintenance issues and ensuring that any failures or breakdowns in the pipeline infrastructure are promptly repaired to minimise service disruptions.

The panel is made up of a consortium of contractors & Consultants with specialised skills and capabilities, enabling Wellington Water to manage a diverse range of projects across its water, wastewater, and stormwater networks. For the Organisational structure you can click [here](#). The Consultant Panel provides professional services and design expertise to support Wellington Water's projects, while the Contractor Panel takes on the responsibility of executing complex civil engineering works, constructing new infrastructure, and upgrading existing systems.

This arrangement was established few years ago when WWL was a smaller organisation. Since then, WWL has expanded significantly and now delivers over \$300 million worth of projects annually on behalf for our client councils to the community.

While the existing setup has supported WWL effectively, we have not recently assessed the rates being charged or compared them to current market rates. This audit will provide us with valuable insights to assess whether the Alliance and Panel arrangement continues to deliver good value for money and

Direct Source Procurement Memo

competitive pricing. It will also help ensure that we are not overpaying for services and that ratepayers' funds are being used effectively and responsibly.

Rationale for exemption

The rationale for exemption from open advertising and direct source procurement is based on the following aspects:

Name of the agency:	AECOM New Zealand Ltd					
Description of the goods, services or works:	Conducting a cost audit for the Operations and Maintenance contract with Fulton Hogan, as well as for the Contractor and Consultant Panel, will enable Wellington Water to determine whether the costs being charged to WWL are justifiable. This audit will involve comparing the current rates with those in the wider market. Since this exercise has never been undertaken at WWL, it will provide valuable insights into whether the current setup offers value for money and aligns with industry standards.					
Maximum total estimated value of the goods, services or works:	Role	Key Resource	Classification	Rate	Hours	Fee (excl GST)
	Lead Reviewer/Author	7(2)(a)	Technical Director	7(2)(b)(ii)		
	Market and Rates Analysis		Technical Director			
	Derived Rate Analysis:					
	NPR Analysis		Senior Consultant			
	Capex Unit Rates		Senior Consultant			
	Professional Services		Senior Consultant			
	Valuation Unit Rate Analysis		Senior Consultant			
	Analysis Review		Technical Director			
	Verification		Associate Director			
Project Management	Technical Director					
TOTAL						\$89,540
Specific exemption/s, that applies:	Exemption from going open Market/getting three written quotations (Value over 50K)					
Details of the facts and circumstances that justify the exemption:	<p>The procurement policy mandates obtaining three written quotations or proceeding with an open tender process (because the value is over \$50k). In this case, a direct source request has been made based on initial market testing. We have conducted market research and reached out to several consulting firms, including Deloitte, BondCM, and AECOM.</p> <ul style="list-style-type: none"> • Deloitte: Withdrew from the proposal due to a conflict of interest, as Fulton Hogan was a previous client of theirs. <p>Rationale for Selecting AECOM over BondCM:</p> <ol style="list-style-type: none"> 1. Pricing Structure: AECOM proposed a fixed lump-sum pricing model, whereas BondCM suggested a time-and-materials approach. 2. Scope Definition: AECOM provided a more detailed scope upfront, while BondCM indicated a preference for collaboratively developing the brief. 					

Direct Source Procurement Memo


	<p>3. Timeline: AECOM offered a clear and defined timeline, whereas BondCM's timeline was more flexible, dependent on initial on-site work.</p> <p>4. Team Composition: Both firms proposed experienced teams, but AECOM provided more detailed information regarding individual roles.</p> <p>5. Historical Work: BondCM had previously conducted a review on the Alliance Limb2 project in 2022.</p> <p>In summary, AECOM's proposal is preferred due to the greater certainty it provides in both cost and timeline, while BondCM's approach offers more flexibility for refining the scope of work.</p> <p>Another key rationale for selecting AECOM is the urgency of this project. The work must be completed and delivered before Christmas. AECOM's clear timeline and structured approach provide the necessary assurance that the project will meet these tight deadlines. Their ability to deliver within the required timeframe is crucial to ensure that key outputs are achieved as soon as possible, aligning with the Chief Executive's priorities for timely execution and results.</p>
Budget	Yes, this budget has been allocated for the Financial Year 24/25.

Recommendation

Based on the rationale outlined above, it is recommended that the Benchmarking work proceed through direct sourcing with AECOM, without open advertising or obtaining three quotations.

If you approve this recommendation, could you please confirm your endorsement by email or by signing below?

Group Manager Endorsement:

 Group Manager Business Services	Date:
---	-------

23 October 2024

Commercial-in-Confidence

Wellington Water Ltd
By email

Dear [REDACTED]

Review of Three Panels Delivery Costs and Valuation Unit Rates - Proposal

Thank you for the opportunity to provide further support to Wellington Water (WWL). This proposal in response to our discussion on 18 October 2024 supersedes our proposal to you dated 10 October 2024 and sets out our understanding of the scope of services required, along with our suggested approach, team, programme and commercials.

1.0 Scope of services**1.1 Panel Costs Review**

To review cost information associated with the current collaborative panel contracts and provide objective comparative commentary considering:

Panel	Considerations
Alliance Operations and maintenance (O&M) contract ("Alliance") with Fulton Hogan	<ul style="list-style-type: none">• Historical levels of O&M spend• O&M spend levels within the water sector and with other similar organisations/networks• Rates used for labour, plant and materials• Derived rates for major activity types (such as cost per water supply network unplanned repair)
Contractor Capital works construction panel	<ul style="list-style-type: none">• Rates used for labour, plant and materials• Derived unit rates where possible for significant activity types (such as cost per metre of pipe construction for varying diameter ranges)• Historical trends for unit rates
Consultants Professional services panel	<ul style="list-style-type: none">• Hourly charge (labour) rates• Derived rates for construction activity types (such as design fees as a percentage of capital cost)• Historical trends for these derived rates

The following is excluded from our scope of services:

- WWL internal costs associated with the Alliance and panel contracts
- Commentary on whether the current arrangements represent value for money.

1.2 Valuation Unit Rates review

In addition, we will undertake a review of unit rates used within the latest valuations for Hutt City and Upper Hutt City Councils. This will extend the scope of the analysis undertaken within the Contractor Panel cost review work.

2.0 Potential conflict of interest

We recognise that our review of the professional services panel cost information may be seen as a future conflict of interest should we wish to bid for any future panel opportunities with Wellington Water.

Where a potential, perceived, or actual conflict is identified, we work with our clients to agree a conflict-of-interest plan that sets out the measures AECOM will put in place to mitigate the conflict. These measures can include:

- Nominating an individual to manage the implementation of the conflict-of-interest plan.
- Creating an internal 'Ethical Wall' whereby project files are restricted to project team personnel only; there is no crossover of personnel between conflicting projects (including administrative staff) and information is not shared or discussed between the project teams
- Making sure the relevant personnel are aware of and agree to comply with the conflict-of-interest plan.
- Requiring personnel to report any actual or suspected breaches of the conflict-of-interest plan.

We propose to develop a tailored conflict-of-interest plan for WWL approval before receiving commercially sensitive information relevant to the professional services panel so that our eligibility for future panel inclusion is not compromised.

3.0 Inputs

Information to be provided by WWL includes:

- Financial records or statements for 3 years:
 - O&M - e.g. full financial year Alliance claims and/or itemised end-of-year statements. (Examples of monthly claims have already provided)
 - Capital works – final contractor claims and/or itemised end-of-project statements on a project-by-project basis in a form to enable costs to be apportioned to specific assets (e.g. installation of a pipeline with a specified length, location and diameter)
 - Professional services – final consultant invoices and/or itemised end-of-project statements on a project-by-project basis in a form to enable costs to be apportioned to activity types (e.g. investigation, design, construction monitoring)
- Number of network failures attended, sourced from your Asset Management Information System (AMIS)
- Supplementary information as requested, e.g:
 - Contractor and consultant roles and seniority to align with our labour rates review
 - Activity and/or project information such as council identifier, location (e.g. CBD) and project complexity (e.g. low, moderate and high)
 - Latest valuation reports including table of unit rates, and, if available, spreadsheet calculations showing unit rate derivation

4.0 Suggested approach

We propose the following approach:

4.1 Project mobilisation

Following acceptance of this proposal we will establish our project folders and project management requirements in accordance with our Quality System. We will hold a 1-hour Project Kick-off meeting with Wellington Water to confirm project objectives and key success factors, scope and approach, programme, deliverables and key points of contact.

4.2 Information desk-top review and analysis

We will request and review information as noted in 3.0 – Inputs, along with supplementary information we have and/or can source separately including that reported by local authority organisations in Water New Zealand's National Performance Review benchmarking programme, Taumata Arowai's water services insights and performance data, Office of the Auditor General's report into investment and performance, and, if necessary, financial data from Annual Reports. We will also refer to our valuation

and construction unit rate library. Following the desk-top review we may contact you should we need any further information or clarification.

We note that care should be taken in interpretation of the outputs. From experience we expect that correlations will not necessarily be clear and will require some smoothing. For this reason, outlier trends will be of more importance than fine variations in the comparisons.

O&M Alliance

We will commence analysis, including comparative analysis or benchmarking, as well as a wider market review to¹:

- Understand, segment and trend historical and current O&M expenditure within the Wellington metros and separately for South Wairarapa District Council if the data allows this. This reflects the different operating environments and the likelihood that costs will be different in the two areas. Should our analysis show little difference, we will note this and combine the outcomes for ease of presentation
- Compare this level of expenditure over time and against other similar organisations in New Zealand. We would do this with reference to the information provided by WWL, as well as NPR, Annual Report and AM plan data and would report this for each water service and/or across all three water services in terms of:
 - O&M expenditure per km of pipe and/or per connection/serviced property
 - Unplanned network maintenance cost per km of pipe and/or per connection/serviced property (our preliminary review of information provided indicates this is by far the highest cost item)
 - Unplanned network maintenance cost per number of network failures (average cost of repair)
- If possible, we will also look to isolate and quantify reactive rework and its associated cost and present this in a useful manner, although we may not be able to benchmark this against other organisations.
- Compare rates used for labour, plant and materials against typical rates within the water, civil and vertical sectors
- We would also analyse and compare other factors which may influence costs and/or provide context including:
 - Number network failures / km pipe
 - Number network failures / connection
 - Leakage rate (for water supply only)

Capital Works Construction Panel

We will segment and analyse the capital project information to derive average unit rates for common activities such as pipe construction; unit rates will be calculated by pipe diameter and indexed to the current date. Although we will examine the data available across other activity types, there may not be sufficient data to have confidence in analysis outputs for them. Similarly, it may be possible to introduce factors such as CBD location, or construction complexity, although experience shows that the time required to undertake the analysis increases significantly with the introduction of each factor, and we have not allowed for this in our proposal.

These derived unit rates will be compared to those used within the latest valuations. If there is good correlation, we may then be able to use the valuation rates to extrapolate across to other activity types, and to use valuation unit rates as a comparator between councils, and over time with reference to our valuation library.

¹ These examples apply to water supply. Although similar, metrics for wastewater and stormwater within NPR data vary slightly and a wider range may be required to support or identify the most appropriate "repair" measure (e.g. dry weather overflows, complaints, flooding incidents)

We will also compare rates used for labour, plant and materials against typical rates within the water, civil and vertical sectors.

Professional Services Panel

We will segment and analyse the professional services information associated with capital projects to derive indicative envelopes of fees as a percentage of capital cost. These will include high level overall aggregated fees per capital cost, as well as envelopes at a finer level of granularity for common activities such as pipe construction. Although we will examine the data available across other activity types, there may not be sufficient data to have confidence in analysis outputs for them. If possible, we will factor in type and complexity of project, although there may not be sufficient data for this to provide any meaningful results.

We will also compare charge (labour) rates used against typical rates within the water, civil and vertical sectors.

Valuation Unit Rates

We will extend the derived unit rate analysis undertaken in the review of the Capital Works Construction Panel to a broader range of asset classes. Although we will focus the analysis on rates used within the valuations for Hutt City and Upper Hutt City, our work may also bring in similar data review and assessment for some of the other shareholder councils. We will assess these rates against our valuation rates library, particularly rates derived and used for similar councils, and with QS-generated bottom-up rates for selected asset classes.

4.3 Reporting

We will meet with you on a fortnightly basis to discuss both progress, as well as our interim findings and suggested analysis refinements and/or simplifications to reflect the reality of the data available.

We will document the work undertaken and our findings in a draft report with separate sections for each of the three panels assessed. This will be provided to you for review and comment, and followed up with a discussion session with you to ensure that the report meets your requirements.

Feedback as agreed will be incorporated and a final draft prepared for discussion prior to completion as final.

5.0 Deliverables

- First draft report – tabulated findings, supported by graphs where relevant, and bullet-point observations
- Final draft report, building on the outputs listed in the bullet above
- Final report

6.0 Team members

Our team members are:

Core Team Member	Comment
7(2)(a)	

Core Team Member	Comment
------------------	---------

7(2)(a)



In addition to the core team, 7(2)(a) will be the Lead Verifier for this project to ensure our services are aligned with this proposal and all quality processes have been undertaken satisfactorily. Both 7(2)(a) are well known to Wellington Water, although we are happy to provide summary CVs for all team members should you require this.

7.0 Programme

We note WWL's request to deliver draft outputs within a month. We have managed to redistribute some of our team's existing commitments and will strive to meet this programme although this will be challenging. We believe a more realistic delivery date for the first draft report would be 6 December 2024, assuming a commencement date of 25 October, and ask that you consider the following proposed programme:

- First draft report - 6 December 2024
- Final draft report – 16 December 2024
- Final report – 20 December 2024

8.0 Fees and Commercial Conditions

Our Terms and Conditions for this work are the standard ACENZ/Engineering NZ Short Form Agreement for Consultant Engagement (February 2019) with any variations listed under the heading "Variations to the Short Form Model Conditions of Engagement" that appears on the cover page. In this attached agreement we have set out our understanding of the services you require and our fees

for these services. Please note that the fees and expenses shown are exclusive of GST. We would contact you during the work should additional work (and therefore additional expenditure) be required.

We propose a lump sum commission of **\$89,540** (excluding GST), as detailed in the table below.

Table 1 Fee Estimate

Role	Key Resource	Classification	Rate	Hours	Fee (excl GST)
Lead Reviewer/Author	7(2)(a)	Technical Director	7(2)(b)(ii)		
Market and Rates Analysis		Technical Director			
Derived Rate Analysis:					
NPR Analysis		Senior Consultant			
Capex Unit Rates		Senior Consultant			
Professional Services		Senior Consultant			
Valuation Unit Rate Analysis		Senior Consultant			
		Technical Director			
Analysis Review		Associate Director			
Verification	Technical Director				
Project Management					
TOTAL					\$89,540

9.0 Closing

Thank you for this opportunity to help Wellington Water. Please do not hesitate to contact me should you wish to discuss this proposal in any way.

Kind regards

7(2)(a)

Technical Director, Strategic Asset Management

7(2)(a)

end: Short Form Agreement - Blank

SHORT FORM AGREEMENT FOR CONSULTANT ENGAGEMENT

Between: Wellington Water Ltd

(CLIENT)

and: AECOM New Zealand Ltd

(CONSULTANT)

Collectively referred to herein as the "Parties" and individually as a "Party"

Project:

Review of Three Panels Delivery Costs and Valuation Unit Rates

Location:

Wellington

Scope & Nature of the Services:

Refer attached letter dated 23 October 2024. Review cost information associated with the three current collaborative panel contracts and review of latest valuation unit rates for Hutt City and Upper Hutt City and provide objective comparative commentary

Programme for the Services:

Refer attached letter. Draft report - 6 December 2024, Final Draft Report 13 December 2024, Final Report 20 December 2024

Fees & Timing of Payments:

Refer attached letter. Lump sum fee of \$89,540 (excluding GST).

All fees and expenses are exclusive of GST, which the Client will be responsible for paying upon production by the Consultant of a valid GST invoice.

Information or Services to be Provided by the Client:

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Variations to the Short Form Model Conditions of Engagement (Overleaf):

Client Authorised Signatory (ies):



Print Name: Click or tap here to enter text.
Director Regulatory Services

Date: Click or tap to enter a date.
23 October 2024

Consultants Authorised Signatory (ies):

7(2)(a) 

Print Name: 7(2)(a) Technical Director

Date: 23-Oct-24

SHORT FORM MODEL CONDITIONS OF ENGAGEMENT

1. The Consultant shall perform the Services as described in the attached documents.
2. The Client and the Consultant agree that where all or any of, the Services are acquired for the purposes of a business the provisions of the Consumer Guarantees Act 1993 are excluded in relation to those Services. However, nothing in this Agreement shall restrict, negate, modify or limit any of the Client's rights under the Consumer Guarantees Act 1993 where the Services acquired are of a kind ordinarily acquired for personal, domestic or household use or consumption and the Client is not acquiring the Services for the purpose of a business.
3. In providing the Services, the Consultant must use the degree of skill, care and diligence reasonably expected of a professional consultant providing services similar to the Services.
4. The Client shall provide to the Consultant, free of cost, as soon as practicable following any request for information, all information in the Client's power to obtain which may relate to the Services. The Consultant shall not, without the Client's prior consent, use information provided by the Client for purposes unrelated to the Services. In providing the information to the Consultant, the Client shall ensure compliance with the Copyright Act 1994 and shall identify any proprietary rights that any other person may have in any information provided.
5. As soon as either Party becomes aware of anything that will materially affect the scope or timing of the Services, the Party must notify the other Party in writing and where the Consultant considers a direction from the Client or any other circumstance is a variation the Consultant shall notify the Client accordingly.
6. The Client may order variations to the Services in writing or may request the Consultant to submit proposals for variations to the Services.
7. The Client shall pay the Consultant for the Services the fees and expenses at the times and in the manner set out in the attached documents. Where this Agreement has been entered by an agent (or a person purporting to act as agent) on behalf of the Client, the agent and Client shall be jointly and severally liable for payment of all fees and expenses due to the Consultant under this Agreement.
8. All amounts payable by the Client shall be due on the 20th of the month following the month of issue of each GST Invoice or at such other timing as stated elsewhere in this Agreement. If the Client fails to make the payment that is due and payable and that default continues for 14 days, the Consultant may provide written notice to the Client specifying the default and requiring payment within 7 days from the date of the notice. Unless payment has been made by the Client in full, the Consultant may suspend performance of the Services any time after expiration of the notice period. The Consultant must promptly lift the suspension after the Client has made the payment. Regardless of whether or not the Consultant suspends the performance of the Services in accordance with this clause, the Consultant may charge interest on overdue amounts from the date payment falls due to the date of payment at the rate of the Consultant's overdraft rate plus 2% and in addition the costs of any actions taken by the Consultant to recover the debt.
9. Where the nature of the Services is such that it is covered by the Construction Contracts Act 2002 (CCA) and the Consultant has issued a payment claim in accordance with the CCA, the provisions of the CCA shall apply. In all other cases, if the Client, acting reasonably, disputes an invoice, or part of an invoice, the Client must promptly give the reasons for withholding the disputed amount and pay any undisputed amount in accordance with clause 8.
10. Where Services are carried out on a time charge basis, the Consultant may purchase such incidental goods and/or Services as are reasonably required for the Consultant to perform the Services. The cost of obtaining such incidental goods and/or Services shall be payable by the Client. The Consultant shall maintain records which clearly identify time and expenses incurred.
11. Where the Consultant breaches this Agreement, the Consultant is liable to the Client for reasonably foreseeable claims, damages, liabilities), losses or expenses caused directly by the breach. The Consultant shall not be liable to the Client under this Agreement for the Client's indirect, consequential or special loss, or loss of profit, however arising, whether under contract, in tort or otherwise.
12. The maximum aggregate amount payable, whether in contract, tort or otherwise, in relation to claims, damages, liabilities, losses or expenses, shall be five times the fee (exclusive of GST and disbursements) with a minimum of \$100,000 and a maximum limit of \$NZ500,000.
13. Without limiting any defences a Party may have under the Limitation Act 2010, neither Party shall be considered liable for any loss or damage resulting from any occurrence unless a claim is formally made on a Party within 6 years from completion of the Services.
14. The Consultant shall take out and maintain for the duration of the Services a policy of Professional Indemnity insurance for the amount of liability under clause 12. The Consultant undertakes to use all reasonable endeavours to maintain a similar policy of insurance for six years after the completion of the Services.
15. If either Party is found liable to the other (whether in contract, tort or otherwise), and the claiming Party and/or a Third Party has contributed to the loss or damage, the liable Party shall only be liable to the proportional extent of its own contribution.
16. Intellectual property prepared or created by the Consultant in carrying out the Services, and provided to the Client as a deliverable, ("New Intellectual Property") shall be jointly owned by the Client and the Consultant. The Client and Consultant hereby grant to the other an unrestricted royalty-free license in perpetuity to copy or use New Intellectual Property. The Clients' rights in relation to this New Intellectual Property are conditional upon the Client having paid all amounts due and owing to the Consultant in accordance with clauses 7 and 8. Intellectual property owned by a Party prior to the commencement of this Agreement (Pre-existing Intellectual Property) and intellectual property created by a Party independently of this Agreement remains the property of that Party. The Consultant accepts no liability for the use of New Intellectual Property or Pre-existing Intellectual Property other than to the extent reasonably required for the intended purposes.
17. The Consultant has not and will not assume any duty imposed on the Client pursuant to the Health and Safety at Work Act 2015 ("the Act") in connection with the Agreement.
18. The Client may suspend all or part of the Services by notice to the Consultant who shall immediately make arrangements to stop the Services and minimise further expenditure. The Client and the Consultant may (in the event the other Party is in material default that has not been remedied within 14 days of receiving the other Party's notice of breach) either suspend or terminate the Agreement by notice to the other Party. If the suspension has not been lifted after 2 months the Consultant has the right to terminate the Agreement and claim reasonable costs as a result of the suspension. Suspension or termination shall not prejudice or affect the accrued rights or claims and liabilities of the Parties.
19. The Parties shall attempt in good faith to settle any dispute by mediation.
20. This Agreement is governed by the New Zealand law, the New Zealand courts have jurisdiction in respect of this Agreement, and all amounts are payable in New Zealand dollars.