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Tasman District Council
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Attn Janine Dowding

Letter of engagement - Waimea Community Dam Investigation

Background

The purpose of this engagement letter is to confirm the approach to the investigation in response to the Terms of Reference /Purpose of Review¹ that was approved by the Tasman District Council (the Council) on 4 June 2021².

This letter outlines:

- Confirmation of purpose
- Summary of approach
- Information needs and reporting
- Timeframes
- Estimated costs and billing

Objective/purpose of review

As noted in the Terms of reference the purpose of the investigation is to review and comment on the quality of the advice and background information received by the Council in making its decision to proceed with the project. While not excluding relevant previous work,

¹ The Terms of reference as received by Council are set out in Appendix 1

² Moved Cr Hill/Cr Butler
CN21-06-11

That the Full Council:

1. receives the Waimea Community Dam - Investigation Options RCN21-06-7; and
2. approves unbudgeted expenditure in the Governance Activity of up to \$170,000 to undertake an independent investigation based on the Terms of Reference, set out in Attachment 4; and
3. assigns the oversight of the investigation to the Audit and Risk Committee, in particular, the independent member, Graham Naylor, with the final report back being to Full Council by the independent investigator; and
4. notes that engaging with the entity, undertaking the investigation will involve staff time typically on an hour for hour basis with the persons undertaking the investigation; and
5. notes that this engagement may impact the timely delivery of other Council work or require some additional short term resources to be engaged.

the review will cover the lead up to the development on the Proposal on Governance and Funding Arrangements in 2017 and continue to the decision by Council in November 2018 to proceed with the project.

This includes an assessment of:

- The role of the Council officers in providing advice and supporting information
- The quality of the advice received
- Whether decisions were robust in the light of the advice received
- How the project risks were identified, appropriately allocated, communicated and reported
- How the peer reviewer(s) were engaged relevant to the decision-making rather than the quality of the peer reviewers' work
- How conflicts of interest were registered and managed.
- The need for the project – did the project meet key objectives
- The consideration of options that were identified as part of the project
- The likelihood of meeting the objective(s) within the estimated cost
- The procurement processes including interaction with the CCO Board. This will not be a detailed assessment into the procurement process, but more of a review as to what procurement decisions were made and the relevance to the decision-making of Council in November 2018

The information in the Council reports is likely to be highly technical. Whilst it is important to note the level of technical input, the focus of the review will be based on how that information was presented in a way that could be understood by decision-makers.

Summary of approach

The first step in the review will be to establish a detailed timetable of the various decisions made by the Project Governance Board and the Council up to and including the full Council meeting held 30 November 2018. This may include an initial on-site visit to establish/confirm the various reports and supporting information that will be the basis of the detail review.

The next step would be to fully review all the technical and other information commissioned by Council and presented to both the Project Governance Board and the Council over the period until November 2018. This will be undertaken offsite.

After the review of technical and other information has been reviewed, conduct selected interviews with report authors and contributors and also decision makers to better understand the reports and how the information contained within the reports was developed and received.

Information needs

As there are many records relating to the project, it is important that all relevant information is provided. As noted above there will be a number of interviews onsite, however the makeup and number of these will depend on the reports and information provided to the review team.

Reporting

As noted in the terms of reference the review would take place in three key parts:

Stage one Offsite review of all reports until 30 November 2018.

Stage two Onsite interviews with key staff and decision makers to better understand the information contained within the reports and to examine further information.

Stage three. Development of a draft report for consideration by the Audit and risk committee.

It proposed that a summary report will be prepared for the Audit & Risk committee be prepared at the end of each of the first two stages which will highlight progress to date and key issues identified

The final report would be presented to full Council.

Estimated timings

July	Offsite review of all reports
August	Onsite interviews with key staff and decision makers
September	Development of a draft report and liaison with Audit & risk committee
October/November	Final report would be presented to full Council

Note: The timings are subject to the availability of both information and key personnel. The final report timing will depend on the Council meeting schedule.

Estimated costs and billing

Time will be billed on an actual time spent basis, and as noted in the terms of reference the direct costs are likely \$ and \$. I estimate that the timing of the billing would be as follow:

	Low	Range	High
June			

July

August

September

October/November

Note: These do not include disbursements & GST

If you are in agreement in the terms of the engagement, can you sign and return for our records.

A handwritten signature in black ink, appearing to read "P Jones", written over a light grey rectangular background.

Philip Jones
Principal
PJ and Associates

A handwritten signature in blue ink, appearing to read "Janine Dowding", written in a cursive style.

On behalf of Tasman District Council
Janine Dowding

Terms of Reference /Purpose of Review

To review and comment on the quality of the advice and background information received by the Council in making its decision to proceed with the project. This includes an assessment of the role of the Council officers in providing advice and supporting information.

The review would comprise reviewing the technical and other information commissioned by and presented to both the Project Governance Board and the Council over the period until November 2018. This should also include the associated decision-making process up to and including the Full Council meeting held 30 November 2018. The information that would be considered includes the following:

- The technical reports commissioned by and presented to WWAC and the Council covering all the key design aspects and risks associated with the project;
- Any peer reviews are undertaken on the technical reports commissioned and presented;
- All the Project Governance Board and the Council reports up until 30 November 2018 including:
 - Assessment of all practical options that WWAC considered for water storage prior to identifying the current dam site;
 - Assessment of all the decisions made by the Council whilst WWAC was overseeing as the project progressed;
 - Assessment of how the various estimates evolved during the course of the project;
 - The various estimates developed over time for the project;
 - Assessment of the “P95” confidence levels derivation;
 - Assessment of the alternative storage (all practical) options including the pricing and risk. This assessment will also consider the confidence or likelihood of those options meeting the objectives in the long term.

The review will assess the overall quality of the advice received and whether the decision was robust. The information in the Council reports is likely to be highly technical. Whilst it is important to note the level of technical input, the focus of the review will be based on how that information was presented in a way that could be understood by decision-makers.

In addition to the above, the following will be considered as part of the review and final report.

Risk Management

How the project risks were identified, appropriately allocated, communicated and considered during the development of the proposal including reporting of outstanding risks

as at 30 November 2018. This should include an assessment of key events and risks that have or could have adversely impacted project costs and programme.

One of the risks that faced the project was the time constraints on the availability of Crown funding to the project, and an assessment of this should be considered as to the effect on the timing and the information available to inform decisions.

Procurement processes

The investigation would cover the Early Contractor Involvement (ECI) process, including the interaction with the Project Governance Board and the Council.

This should not be a detailed assessment of the procurement process, but more of a review as to what procurement decisions were made and the relevance to the decision-making.

Peer reviews

This should consider how the peer reviewer(s) were engaged relevant to the decision-making rather than the quality of the peer reviewers' work. This will include the peer reviews and due diligence work carried out by CIIL as project funders.

Conflicts of interest

How any conflicts of interest were registered.

Items excluded from the scope

1. Project Implementation

Identify key events and risks that have adversely impacted project costs and the programme since 30 November 2018.

Contractual relationships relating to financing.

2. Value for money

Whether the selected Public Private Partnership procurement model has achieved value for money to date, taking into account project outcomes and key risks that have emerged.

Approach

The review would take place in three key parts:

1. The first stage would be an offsite review of all reports until 30 November 2018.
2. The next stage would be onsite interviews with key staff, contract staff and decision-makers to better understand the information contained within the reports and to examine further information.

3. Development of a draft report for consideration by the Audit and Risk Committee.

The final report would be presented to the Full Council.

Estimated timeframe and fees

Week 0-3	Document review
Week 3-6	Interviews, gather and review additional information;
Week 6-9	Prepare draft report for consultation;
Week 9-10	Consultation and comments liaison with the project group
Week 10-12	Review comments and finalise the report.
TBC	Presentation of the report to the Council.

Because of the uncertainty of the volume of information to be reviewed and subsequent interviews, the estimate of the review is between \$ and \$, plus disbursements (typically travel, accommodation, meals). These costs also exclude any charges from third-party contractors to the Project Office (2017/18). For example, Andy Nelson's (Stantec) time to engage with any investigation. That would be charged out to the Council by Stantec at their current contract rates.

Proposed team

The team will be led by Philip Jones. Philip is an experienced local government practitioner with 14 years of experience as a consultant including chairing and a member of several Audit and Risks Committees. Before that, he spent 14 years as Western Bay of Plenty District Council's (WBOPDC) Chief Financial Officer. Prior to joining WBOPDC, he was a Business Services & Audit Manager with Coopers & Lybrand (now PricewaterhouseCoopers) in Tauranga, London and Hamilton.

From 1997 to 2007 Philip was a lead member of the Society of Local Government Managers (SOLGM) Financial Working Party. He was also SOLGM's financial representative on NAMS (Now New Zealand Asset Management Support, previously National Asset Management Steering Group).

He will be joined by Dave Adamson who was Christchurch City Council's General Manager, City Services, and Director of Infrastructure and Facilities Rebuild. Prior to that, he was the Chief Executive, at Southland District Council from Jan 2004 – Jun 2014.

In addition, Philip has a number of individuals who provide support to the consultancy roles, who will be available to assist with this project.

Conflicts of interest

While there is no conflict of interest of the proposed team, for completeness and full disclosure, none of the proposed team has any previous involvement in the project nor

undertaken any recent work for the Council. Philip last undertook work for the Council in 2012 and he was previously the CFO at Western Bay of Plenty District Council and was SOLGM's representative on NAMS when Richard Kirby Engineering Services Manager was a representative and Chair.

Dave Adamson took over Chair of NAMS from Richard Kirby in June 2005.