

PART 1: THE PROJECT

1.1 Description of the project/proposal

The context within which our three waters services (water supply, wastewater and stormwater) operate is changing. This is resulting in the cost of operating our three waters services increasing more rapidly than forecast in the Long Term Plan.

Communities across New Zealand continue to indicate that improved outcomes for freshwater (streams, rivers and lakes) are a high priority. At the Local Government level, this has implications for our management of wastewater and stormwater. The impact of these services on the environment, as determined by current resource consent conditions, is coming under much closer scrutiny. Many of these consents are due to expire over the coming decade and much higher standards are expected. While acknowledging different expectations and preferences for drinking water supplies across our District, there are also increasing expectations from central government to meet current standards and to further raise the levels of service in the future. This follows the Havelock North water supply contamination incident, which has reinforced the need to deliver safe, potable water.

Additionally, the recent commissioning of new facilities like the Otumahi Water Supply Treatment Plant, a modernised Tahuna Rd Treatment Plant, and upgraded Ōhope Wastewater treatment facility require appropriate operational budgets for electricity, chemicals, sampling, spare parts and consumables. Additionally Council has a better understanding of the state of its three waters assets as better asset data collection and analysis occurs. There is also a need to closer monitor environmental impacts of discharges for consenting and compliance reasons.

A number of additional projects need to be appropriately managed and budgeted for in the forthcoming year that are a result of this changing environment: The following are the major items and reasons behind the request for additional funding:

- Discovery of problems with the existing infrastructure not known earlier or with insufficient budgets allocated:
 - Tāneatua open drains, Edgecumbe open drains, Ōhope Reservoirs, Awakeri Reservoir,
- Discovery of new risks leading to necessary Health and Safety upgrades:
 - Whakatāne Stormwater Pump Stations H&S upgrades
 - Whakatāne Water Pump Stations
 - Whakatāne and Ōhope Wastewater Pump Stations
 - Edgecumbe Wastewater Pump Stations
- Need for extra operational activities due to recent Council decisions:
 - Additional testing of water supply required in Murupara
- Additional operational costs (electricity, chemicals, spare parts and consumables) associated with upgrades to facilities or new facilities which were previously omitted in LTP
 - Otumahi WTP, Tahuna Rd WTP, Tāneatua WTP, Te Mahoe WTP, chlorine installation annual replacements (H&S), UV lamps
- Additional operational costs associated with more stringent DWA compliance requirements:
 - Extra testing in Rūātoki, new Datran and Water Outlook software licences
- Additional operational costs associated with backflow preventers testing:
 - Backflow preventers testing is one of the best methods of preventing serious contamination in water distribution network. For a number of years it has not been followed up and Water Safety Plans for all schemes require an appropriate backflow prevention programmes.
- Additional costs for BOPRC Consent monitoring fees (which are now explicitly written into new resource consents):
 - Ōhope oxidation ponds monitoring
- Bringing maintenance and repairs costs to realistic levels as shown from recent experience:
 - Murupara, Ōhope, Whakatāne, Rūātoki, Waimana, Plains Water Supply

1.2 Implications of not doing the project

The implications of not adjusting budgets to undertake this work are:

- Non-compliance with DWSNZ might result in increases in public health risks, enforcement or a contamination event
- Non-compliance with resource consent conditions might result in environmental contamination, enforcement by BOPRC
- Lack of H&S improvements endangers staff and might lead to prosecution
- Limiting maintenance to emergency maintenance only will inevitably lead to further deterioration of assets condition

PART 2: ALIGNMENT WITH THE COUNCIL'S STRATEGIC DIRECTION

2.1 Alignment with Council's Community Outcomes

What Community Outcomes does this project contribute to (tick)?

Effective Leadership	Sustainable economic development	Community Needs	Quality Services <input checked="" type="checkbox"/>	Valuing our environment <input checked="" type="checkbox"/>	Reliable & affordable infrastructure <input checked="" type="checkbox"/>
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PART 3: PROJECT COSTS

3.1 Financial cost analysis

Describe the cost of the proposal (include preliminary costs e.g. feasibility study).

- What is included and excluded in the cost?
- What is your level of confidence in cost estimates? (If unsure, provide a range of cost estimates e.g. low, medium, high)
- Does this proposal provide value for money?

Proposed Budget Requirement & Rating Impact	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Proposed Capital Expenditure	-	-	-	-	-	-	-	-	-
Proposed Operational Expenditure	\$438,000	\$438,000	\$438,000	\$438,000	\$438,000	\$438,000	\$438,000	\$438,000	\$438,000
Cumulative rating impact % by year	0.96%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Proposed funding sources	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Proposed internal funding sources 100% targeted rates (split over Three Waters)	\$438,000	\$438,000	\$438,000	\$438,000	\$438,000	\$438,000	\$438,000	\$438,000	\$438,000
Proposed external funding sources									

Debt Impact	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Increase in closing debt	-	-	-	-	-	-	-	-	-

3.2 Resource Requirements

No additional FTE required

PART 4: STAKEHOLDERS

4.1 Stakeholders

Outline the key stakeholders and their interest / likely engagement with the proposal (it is not expected that stakeholders have been consulted at this stage).

Stakeholders	Interest in proposal
General Public	Impact on rates/cost of service

PART 5: RISK IDENTIFICATION

5.1 Risk identification

List the key risks that need to be considered if the proposal is progressed. Confirm if a resource consent is required. List the key risks involved in not doing this project/proposal.

Risks apply predominantly to not proceeding with the proposal. Without the increased funding requirement the risks are that the associated budgets will be overspent, or that service delivery will not be adequately resourced. The proposal has implications for public health and safety and sustainable asset management.