

PART 1: THE PROJECT

1.1 Description of the project/proposal

This project is about the management of very high natural hazard risk to 34 residential properties on the Awatarariki fanhead. The natural hazard risk is debris flow. Debris flows are hugely destructive when they impact upon a built environment. Through research, we now know that debris flows from the Awatarariki catchment are not new. We also know that their probability is uncertain but, as they are triggered by very high intensity rainfall events, are likely to be more frequent in the future as a consequence of climate change increasing the amount of precipitation in the earth’s atmosphere. We know that another debris flow from the Awatarariki catchment is inevitable, just not when it will occur.

The risk to life safety has been assessed as unacceptable by a number of experts including the Ministry of Business, Innovation and Employment who have confirmed that building consents should not be issued for new dwellings within the high risk area.

The proposal to reduce the level of debris flow risk to the exposed community is consistent with the Government’s international commitment to the Sendai Framework for Disaster Risk Reduction 2015-2030, Civil Defence and Emergency Management Act, Local Government Act, Resource Management Act, Local Government Official Information and Meetings Act, Building Act, and Bay of Plenty Regional Policy Statement.

The project has 2 active workstreams: managed retreat and RMA plan changes.

Managed retreat involves incentivising property owners to relocate away from the high risk area and be able to move on with their lives. The Council is working with central Government and BOPRC to fund and deliver a programme of managed retreat. Agreement has been reached on the \$15.06M financial cost, a cost-sharing arrangement, and an implementation methodology. Delivery of the managed retreat programme is subject to budget approval processes moving forward and buy-in from the property owners. The Whakatāne District Council contribution is \$5.02M.

Two RMA plan changes are proposed to address the life safety risk from future debris flows. The plan change proposal to the Whakatāne District Plan will: rezone the high-risk area on the Awatarariki Fanhead from Residential to Coastal Protection; prohibit new development in the high risk area; and apply controls on any development in the medium risk area. The plan change proposal to the Regional Natural Resources Plan is to prohibit residential activities within the high-risk area on the Awatarariki Fanhead after March 2021. This will extinguish existing use rights for the occupied properties.

1.2 Benefits to be delivered

Key benefits include the elimination of loss-of-life risk from future debris flows to residents in the high risk area, and the ability of residents and the Matatā community to move on with their lives. KPIs from the Indicative Business Case are:

KPI1: Residual risk is assessed as an annualised loss-of-life risk of less than 10⁻⁵.

KPI2: The number of people residing on the Awatarariki Stream fanhead exposed to a high loss-of-life risk from future debris flows is minimised.

KPI3: The level of risk is reduced from “high” to at least “medium” to meet statutory obligations under the Regional Policy Statement

KPI4: The proportion of property owners that take-up the retreat offer and voluntarily relocate from the high risk zone.

KPI5: The number of dwellings in Matatā township.

KPI6: An increase in the level of ‘liveability’ in the wider Matatā township.

The long-term benefits include the elimination of future risk to residents of the high risk properties, to visitors to those properties, and to emergency management responders who will no longer need to undertake hazardous emergency response to properties on the Awatarariki fanhead following future debris flow events. Financial and psycho-social benefits also accrue from the avoided costs associated with a repeat event.

1.3 Implications of not doing the project

The project is reliant on budget contributions from central Government and BOPRC. Residents will continue to remain exposed to unacceptable life risk from future debris flows from the Awatarariki catchment and WDC, BOPRC and central Government will also have continued liability exposure through knowing of the level of risk and not actively taking steps to reduce that risk.

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 <input checked="" type="checkbox"/>	Sustainable economic development <input checked="" type="checkbox"/>	Community Needs <input checked="" type="checkbox"/>	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

The cost of the project moving forward is outlined below:

3.1.1. Managed Retreat

Escape route development	\$ 29,000
Property acquisition of 16 dwellings as valued in 2016 and subsequent market movement applied (valuations by TelforYoung and peer reviewed)	\$ 8,074,537
Property acquisition of 18 vacant sections as valued in 2016 and subsequent market movement applied (valuations by TelforYoung and peer reviewed)	\$ 5,018,402
Demolition/relocation and disposal of 16 dwellings in high risk zone	\$ 422,400
Reserve creation - earthworks, grassing & landscaping (Boffa Miskell's costings)	\$ 1,254,000
Property valuations and appeal processes	\$ 60,000
Property acquisition process	\$ 200,000
Total	\$ 15,058,338

The managed retreat costs estimates have been updated and reviewed by DIA as part of a due diligence of the Indicative Business Case, so confidence in their accuracy is fairly high. The Council’s contribution is \$5.02M, to be loan funded over 25 years.

Proposed Budget Requirement and Rating Impact (Managed Retreat only)	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Proposed Capital Expenditure	-	-	-	-	-	-	-	-	-
Proposed Operational Expenditure (incl. funded depreciation and loan servicing)	7,552,750	7,728,953	309,962	314,180	315,212	316,554	317,861	321,044	322,282
Percentage increase based on total rates	0.12%	0.35%	0.23%	0.01%	0.00%	0.00%	0.00%	0.01%	0.00%

Debt Impact	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Increase in closing debt	2,500,000	4,978,743	4,895,314	4,809,745	4,720,591	4,627,793	4,531,141	4,431,218	4,326,951
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 <i>Loan funded (25 years)</i>	\$2,500,000	\$2,520,000	-	-	-	-	-	-	-
Proposed external funding sources <i>Central and regional government contributions</i>	Timing not yet known.								

3.1.2 Plan Changes: Estimate \$1.4 - \$1.7 M

Includes: administration, commissioner costs, legal and experts costs. Environment Court appeal (and higher Court appeals) costs are not included. To be loan funded over 10 years.

There is a likely reduction in the Plan Changes costs if the managed retreat proposal is delivered. Sequencing the managed retreat offer process ahead of a plan change hearing recognises the stressful situation for property owners whilst providing for greater process efficiency.

The Plan Changes costs are based on anticipated time and cost estimates. The further submission period closed on 11 December 2018. Analysis of all submissions will enable refinement of estimates.

Proposed Budget Requirement and Rating Impact (Plan Changes only)	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Proposed Capital Expenditure	-	-	-	-	-	-	-	-	-
Proposed Operational Expenditure (incl. funded depreciation and loan servicing)	\$1,735,870	\$1,952,332	\$430,665	\$432,885	\$433,386	\$433,981	\$434,501	\$435,611	\$435,977
Percentage increase based on total rates	0.08%	0.49%	0.40%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%

Debt Impact	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Increase in closing debt	\$1,700,000	\$3,261,398	\$2,979,127	\$2,685,367	\$2,378,193	\$2,056,938	\$1,720,758	\$1,369,120	\$1,000,504

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 <i>Loan funded (10 years)</i>	\$1,700,000	\$1,700,000	-	-	-	-	-	-	-
Proposed external funding sources	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

3.2 Resource Requirements

Managed Retreat

Project and contract management, stakeholder engagement 0.5 FTE
Property acquisition – property and legal consultants
Reserve design - consultant
Site works management 0.5 FTE for 3 months

Plan Changes

Project and contract management 0.1 FTE
Hearing preparation 0.2 FTE
Administration 0.1 FTE

PART 4: STAKEHOLDERS

4.1 Stakeholders

Outline the key stakeholders and their interest / likely engagement with the proposal.

Stakeholders	Interest in proposal
Property owners	Directly affected
Matatā residents	Directly and indirectly affected as the fanhead properties in the high risk area is equal to 10% of the town's sections
Iwi	Mana whenua, tangata whenua and Kaitiaki interests
Whakatāne District ratepayers	Directly affected through financing WDC contribution (and possibly BOPRC contribution)
Councillors	Political interest
Minister of Local Government	Political interest
Government	Funding partner
BOPRC	Funding partner
Govt agencies esp DIA and MfE	Political interest
LGNZ	Political interest

PART 5: RISK IDENTIFICATION

5.1 Risk identification

Potential loss-of-life risk from a future debris flow from the Awatarariki Stream catchment if properties are occupied and emergency response personnel respond.
Process risk if Government or BOPRC budget bids declined.
Reputation risk – programme not considered successful if property owners do not take up the managed retreat offer.
Relationship risk with funding partners if funding declined.
Reputation and litigation risks if another event happens whilst properties are occupied.
Reputation and litigation risks through the Plan Changes process and any subsequent appeals.
Financial risk if updated estimates exceeded.
No resource consent is required but Plan Changes to the Whakatāne District Plan and the Bay of Plenty Natural Resources Regional Plan are required.