
Agenda for an extraordinary meeting of the Waikato District Council to be held via Audio-Visual Conference on **MONDAY, 28 SEPTEMBER 2020** commencing at **1.30pm**.

Information and recommendations are included in the reports to assist the Council in the decision making process and may not constitute Council's decision or policy until considered.

1. APOLOGIES AND LEAVE OF ABSENCE

2. CONFIRMATION OF STATUS OF AGENDA

3. DISCLOSURES OF INTEREST

4. REPORTS

4.1 Three Waters Service Delivery Reform/Stimulus Programme

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GJ Ion
CHIEF EXECUTIVE

TERMS OF REFERENCE AND DELEGATION

Chairperson:	His Worship the Mayor
Deputy Chairperson:	Deputy Mayor
Membership:	The Mayor and all Councillors
Meeting frequency:	Six weekly – or as required
Quorum:	Half of the members (including vacancies)

Purpose

1. To provide leadership to, and advocacy on behalf of, the people of the Waikato District.
2. To define and represent the total communities' interests, ensuring ongoing community and economic development, the effective stewardship of existing assets, sustainable management of the environment, and the prudent management of the communities' financial resources.

Terms of Reference

The Council's terms of reference include the following powers which cannot be delegated to committees, subcommittees, officers or any other subordinate decision-making body:

1. The power to make a rate.
2. The power to make a bylaw.
3. The power to borrow money, or purchase or dispose of assets, other than in accordance with the Long-Term Plan.
4. The power to adopt a Long-Term Plan, Annual Plan, or Annual Report.
5. The power to appoint a Chief Executive.
6. The power to adopt policies required to be adopted and consulted on under the Local Government Act 2002 in association with the Long-term Plan or developed for the purpose of the local governance statement, including the Council's Infrastructure Strategy.
7. The power to adopt a remuneration and employment policy.
8. The power to approve or amend the Council's Standing Orders.
9. The power to approve or amend the Code of Conduct for elected members, and consider any recommendations made in relation to a complaint lodged under the Code.
10. The power to appoint and discharge:
 - a. members (including chairpersons) of Council committees and subordinate decision-making bodies, subject to the Mayor's powers under section 41A Local Government Act 2002; and
 - b. elected member representatives on external organisations.
11. The power to establish a joint committee with another local authority or other public body, and appoint elected members as representatives on such committees or bodies.
12. The power to make the final decision on a recommendation from the Ombudsman where it is proposed that Council not accept the Ombudsman's recommendation.
13. The power to approve or change the District Plan, or any part of that Plan, in accordance with the Resource Management Act 1991.
14. The power to amend or replace the delegations in Council's Delegations Register (except where expressly permitted in the Delegations Register).

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To exercise the following powers and responsibilities of Council, which the Council chooses to retain:

1. To approve a proposed policy statement or plan under the Resource Management Act 1991.
2. To approve changes to boundaries of the District under the Resource Management Act 1991 or any other legislation.
3. In respect of District Plan decisions:
 - a. To appoint independent commissioners to a panel for hearings of a Proposed District Plan;
 - b. To approve the recommendation of hearings commissioners on a proposed plan, plan change or variation (including private plan change); and
 - c. To approve a proposed plan or a change to a district plan under Clause 17, Schedule 1 of the Resource Management Act 1991.
4. To adopt governance level strategies, plans and policies which advance Council's vision and strategic goals (e.g. Hamilton to Auckland rail), other than where expressly delegated to a committee.
5. To approve Council's recommendation to the Remuneration Authority for the remuneration of elected members.
6. To approve the Triennial Agreement.
7. To approve resolutions required to be made by a local authority under the Local Electoral Act 2001, including the appointment of an electoral officer and reviewing representation arrangements.
8. To approve any changes to the nature and delegations of any Council committees or subordinate-decision making bodies.
9. To approve the Local Governance Statement.
10. To approve any additional funding decisions required for the Watercare Services contract.
11. To receive six-monthly reports from each Community Board on its activities and projects.

Open Meeting

To	Waikato District Council
From	Gavin Ion Chief Executive
Date	23 September 2020
Chief Executive Approved	Y
Reference #	GOV1301
Report Title	Three Waters Service Delivery Reform/Stimulus Programme

I. EXECUTIVE SUMMARY

In July 2020, the Government announced an initial funding package of \$761 million to provide post COVID-19 stimulus, support a three-year programme of reform of local government water service delivery arrangements, and support the establishment and operation of Taumata Arowai.

From this fund, Waikato District Council (Council) has applied for \$11.34 million in phase 1 made up of both a direct allocation of \$5.67 million plus a further \$5.67 million share of the \$33.3 million regional allocation.

This paper provides a status update on the process and the projects that make up the funding application.

For the avoidance of doubt (around whether the Waters Governance Board has delegated authority to approve the projects for inclusion in the Delivery Plan), Council approval is being sought regarding the list of projects for inclusion in the Delivery Plan.

2. RECOMMENDATION

THAT the report from the Chief Executive be received;

AND THAT Council approves the projects to be submitted in the Delivery Plan as detailed in section 4.3 of this report.

3. BACKGROUND

The reform programme is designed to support economic recovery, and address persistent systemic issues facing the three waters sector, through a combination of:

- stimulating investment, to assist economic recovery through job creation, and maintain investment in water infrastructure renewals and maintenance; and
- reforming current water service delivery, into larger scale providers, to realise significant economic, public health, environmental, and other benefits over the medium to long term.

4. DISCUSSION AND ANALYSIS OF OPTIONS

4.1 DISCUSSION - MEMORANDUM OF UNDERSTANDING

Council entered a Memorandum of Understanding (MoU) with the Crown on 27 August 2020. Signing the MoU commits councils to:

- engage in the first stage of the reform programme – including a willingness to accept the reform objectives and the core design features set out in the MoU;
- the principles of working together with central government and the Steering Committee;
- work with neighbouring councils to consider the creation of multi-regional entities;
- share information and analysis on their three waters assets and service delivery arrangements.

4.2 FUNDING AGREEMENT

The Waikato Mayoral Forum met in August to consider advice and how the funding for phase I of the reform programme could be allocation across the different Councils within our region. The Mayoral Forum unanimously resolved that the national formula used of the direct allocation to Councils should also be used for the regional allocation.

The territorial authority allocation and regional allocation of funding to each Council in the Waikato is as noted in the table below.

Waikato Allocation of Funding		Notional Allocations				
Territorial Authority	MOU Signed	TA Allocation (\$m)	Regional Allocation Total (\$m)	Waikato request for Regional Allocation split (\$m)	Total TA Allocation (including Regional Allocation)	Total (\$m)
		50%		50%	100%	
Thames-Coromandel District Council	Yes	2.40	33.30	2.40	4.80	66.61
Hauraki District Council	Yes	1.53		1.53	3.06	
Waikato District Council	Yes	5.67		5.67	11.34	
Matamata-Piako District Council	Yes	2.47		2.47	4.94	
Hamilton City Council	Yes	8.73		8.73	17.46	
Waipa District Council	Yes	3.41		3.41	6.82	
Otorohanga District Council	Yes	1.25		1.25	2.50	
South Waikato District Council	Yes	1.94		1.94	3.88	
Waitomo District Council	Yes	1.75		1.75	3.50	
Taupa District Council	Yes	4.16		4.16	8.32	

A Funding Agreement must be submitted to the Crown before 30 September 2020 applying for Waikato District Council's full funding allocation available of \$11.34 million.

4.3 DELIVERY PLAN

A Delivery Plan that sets out how the grant funding is to be applied by the Council must also be submitted to the Crown by 30 September 2020.

Projects included in the Delivery Plan can be operating and/or capital expenditure relating to three waters infrastructure and service delivery, and which:

- supports economic recovery through job creation; and
- maintains, increases, and/or accelerates investment in core water infrastructure renewal and maintenance.

Crown Infrastructure Partners will monitor progress against the Delivery Plan, to ensure spending has been undertaken with public sector financial management requirements.

Council included some contingency projects over and above the \$11.34 million allocation in the funding application if any of the priority works are stalled or come in under budget

The following projects have been included in the Delivery Plan submission:

Project	Opex/ Capex	Funding Sought \$K	Total Cost \$K	Area	Notes
Priority Projects					
Sub-Regional Three Waters Study & Hamilton-Waikato Metropolitan Wastewater Detailed Business Cases	Opex	\$1,175	\$4,400	Three Waters	Joint initiative with Waipa District Council and Hamilton City Council to meet the servicing needs of the wider District. \$1.175 million is WDC share.
Waters Contract Engineer – Two Year Fixed Term role	Opex	\$208	\$293	Three Waters	New role with waters engineering skillset, focus on clearing historical waters issues and assisting with day to day tasks.
Wastewater treatment plant desludging	Opex	\$4,316	\$4,737	Wastewater	Accelerated works for Ngaruawahia and Meremere Increase Huntly desludging above what has been allowed for in the Annual Plan budget.
SCADA server relocation	Capex	\$520	\$520	Water & Wastewater	Relocation of SCADA servers to a secure third party hosting facility.
Wastewater network renewables	Capex	\$3,342	\$3,342	Wastewater	Accelerate renewal of aging wastewater pipelines to improve levels of service to existing customers and allow for growth in Ngaruawahia.
Te Kauwhata wastewater treatment plant process improvements	Capex	\$1,040	\$1,040	Wastewater	Temporary upgrade to install a clarifier and a UV disinfection system to further treat the effluent to increase efficiency of the plant and to prevent contamination of the treated effluent by bird-life in the wetland system improving compliance and cultural outcomes with respect to the discharge to the lake.
Raglan water treatment plant upgrade	Capex	\$312	\$312	Water	Installation of a filtration barrier in the treatment process. This will allow the plant to be able to manage increased turbidity levels in the spring water and provide greater security of supply for the Raglan community.

Project	Opex/ Capex	Funding Sought \$K	Total Cost \$K	Area	Notes
Priority Projects					
Media replacement at township treatment water plants	Opex	\$316	\$316	Water	Replacement of media at Te Kauwhata, Huntly and Ngaruawahia water treatment plants to enable the sand filters to operate more efficiently and ensure continued compliance of the plants with the Drinking Water Standards.
Huntly wastewater treatment plant electricity upgrade	Capex	\$718	\$718	Wastewater	Design of an interim upgrade for the Huntly wastewater treatment plant including an upgrade of the power supply to allow this to occur (the current power supply is at capacity and cannot accommodate any mechanical upgrades on site).
Contingency Projects					
Rain gauges improvements in wastewater treatment plants district wide	Capex	\$83	\$83	Wastewater	Installation and/or upgrade of rain gauges across eight treatment plants, calibration and integration with SCADA. Being able to record data and use for reporting purposes is a consent requirement and are critical when there is a wet-weather event.
Te Kauwhata leak detection	Opex	\$316	\$316	Water	Comprehensive assessment of the entire network (rural and urban) to identify leaks and repairs as appropriate.
Tanker filling stations	Capex	\$468	\$468	Water	Creation of three dedicated tanker filling stations with automatic swipe readers and alarms integrated with the SCADA system for remote readings resulting in billing process efficiencies, a more robust site, reduction in level of service issues due to tanker filling and reduction in water losses.
Lake Waikare ecological enhancements	Opex	\$500	\$500	Wastewater	Extension of works currently underway at Te Onetea Stream that Waikato Regional Council and Waikato District Council are co funding.

Council approval is being sought to include the above project list in the Delivery Plan.

Any further tranches of funding will be at the discretion of the Government and may depend on progress against reform objectives.

4.4 TIMEFRAME FOR COMPLETION OF WORKS

Works must be started by March 2021 and completed by March 2022. There are some critical items in the projects above that are included in the draft 2021-31 Long Term Plan. Providing funding is approved, these can be removed prior to approval and adoption of the Long Term Plan or later through an Annual Plan Change.

Contractor availability is a concern with multiple Councils likely to be competing for the same contractors. For this reason, it is recommended to leave some items in the Long Term Plan and only remove where there is 100% certainty that the works will be completed by March 2022 acknowledging that alternative funding will be required.

4.5 OPTIONS

Council could choose to accept the project list, change or modify it. To uplift the funding, the list supported by council must be in the hands of central government by 30 September.

5. CONSIDERATION

5.1 FINANCIAL

The project list is a summary of how the \$11.34 million would be spent to improve our three waters operations.

5.2 LEGAL

For the avoidance of doubt, the list of projects is submitted for approval. It is unclear whether the waters Governance Board has the delegated authority to approve the project list.

5.3 STRATEGY, PLANS, POLICY AND PARTNERSHIP ALIGNMENT

Council has a clear direction regarding three waters. This followed extensive analysis and decision making.

Signing the MoU to take up the stimulus funding is not a binding commitment to continuing with the three waters reform process.

5.4 ASSESSMENT OF SIGNIFICANCE AND ENGAGEMENT POLICY AND OF EXTERNAL STAKEHOLDERS

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

Highest levels of engagement	Inform	Consult	Involve	Collaborate	Empower
	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Tick the appropriate box/boxes and specify what it involves by providing a brief explanation of the tools which will be used to engage (refer to the project engagement plan if applicable).</i>	The Waters Governance Board on behalf of council signed the MoU for council to be involved in the reform programme and stimulus funding.				

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

Planned	In Progress	Complete	
			Internal
			Community Boards/Community Committees
			Waikato-Tainui/Local iwi (provide evidence / description of engagement and response)
			Households
			Business
	✓		Waters Governance Board

Comment (if any): Support is being sought from the Waters Governance Board prior to the meeting.

6. CONCLUSION

Council is being asked to approve the list of projects for inclusion in the Delivery Plan for the Three Waters Reform Programme.

7. ATTACHMENTS

Nil