

Notes of the Waioeka-Otara Rivers Scheme Advisory Group meeting held at Ōpōtiki District Council Chambers, Ōpōtiki, on Thursday, 22 February 2018, commencing at 10am

Chair: Councillor Norm Bruning

Advisory Group: Dave Wilson, Jessica Wiseman, Robbie Petersen

BOPRC Councillors: Councillor Bill Clark

BOPRC Staff: Kirsty Brown (Asset Management Specialist), Jo Heath (Asset Management Coordinator), Bruce Crabbe (Rivers and Drainage Operations Manager), Tony Dunlop (Flood Restoration Project Engineer), Paula Chapman (Project Manager Flood Recovery Project), Andy Dixon (Management Accountant Team Leader), Debbie Hyland (Finance and Corporate Planning Manager), Mark Townsend (Engineering Manager), Chris Ingle (General Manager, Integrated Catchments) – arrived late.

Apologies: Chairman Leeder, Chris Ingle (for lateness), Roger Waugh, Ken Young, Tania Te Whenua (via email during the meeting).

1 Welcome

Councillor Bruning welcomed everyone to the meeting and introduced Debbie Hyland the Finance and Corporate Planning Manager.

The advisory group has vacancies for one urban representative and one Otara catchment representative. Members provided names of a number of interested people – Barry Hennessey (possibly urban), Dean Petersen (Otara) and Graeme Hill (Otara).

ACTION:

Staff to follow-up with suggested people to get full membership in place for the advisory group.

2 Apologies

Apologies received from Chairman Leeder, Chris Ingle (for lateness), Roger Waugh and Councillor Ken Young.

3 Notes of previous meeting held 17 November 2017

Correction to notes from previous meeting, page 1, Item 1, Robbie Maxwell should read Willy Maxwell.

Resolved

That the Waioeka-Otara Advisory Group:

- 1 **Confirm the notes of the meeting held 17 November 2017, subject to the change noted above, as a true and correct record.**

**Bruning/Wilson
CARRIED**

4 **Matters arising from previous meeting**

There were no matters arising.

5 **Asset Management Plan and Infrastructure Strategy update**

Kirsty Brown delivered a PowerPoint presentation providing an update on the three yearly review of the Rivers and Drainage Asset Management Plan and the Infrastructure Strategy (presentation attached).

Asset Management Plan (AMP)

- Rivers and Drainage AMP is the most extensive AMP held by Bay of Plenty Regional Council. The asset portfolio has a replacement value of \$246 million and planned asset maintenance and renewals covering a 50-year timeframe. The AMP is reviewed by Council every three years, in parallel with the Long Term Plan.
- Updated forecasted operating expenditure (opex) in Year 1 of the Long Term Plan shows an increase from \$830,000 to \$958,000, mainly due to increased costs associated with additional overheads. Also a \$200,000 reduction in flood damage repairs. Under Capital Expenditure there has been a \$54,000 reduction in Flood Damage Repairs.
- Capital expenditure (capex) is \$9.7 million over 10 years. This includes flood damage repairs as a result of the April 2017 flood event of \$4.9 million (split evenly between Years 1 and 2). Other key works include the Duke Street pump station upgrade, and stopbank reconstruction works in Year 5.
- The AMP factors in a moderate flood event every five years to include a flood damages model in forecast expenditure.

Infrastructure Strategy

- Infrastructure strategy is under review as part of the Long Term Plan planning process. The strategy has a 30 year timeframe and identifies issues and implications for Council's flood protection and control works assets.
- Land use change has been added to the strategies significant issues list.
- Estimated capital and operating expenditure across all the rivers schemes is shown as a bar graph that includes an upper confidence level. This takes into account that confidence in the estimates decreases over the 30 year period. The difference between estimates and confidence level in the first two years reflects uncertainties around final insurance payments.
- High capital expenditure in 2019 and 2020 due to significant capital projects associated with April 2017 flood repairs.

The Asset Management Plan and the Infrastructure Strategy are available on the Council website (on the Long Term Plan page at www.boprc.govt.nz/ltp). Copies of the Asset Management Plan Executive Summary were available at the meeting.

6 **Flood Recovery Project report**

Paula Chapman spoke to the report provided in the agenda package advising that:

- Main focus since the last Advisory Group meeting has been on setting up processes, communication and stakeholder engagement, and assigning priorities to repair jobs.
- Reduced water levels over recent months have allowed further inspections to be completed and additional repair sites identified. There are over 520 damaged sites across the four main schemes with an estimated repair cost of \$45 million.
- 60 repair sites in the Waioeka-Otara catchments. Thirteen sites have either been completed or are in progress.

- Estimated total programme cost for Waioeka-Otara is \$5.5 million and Council share of costs is estimated at \$3.8 million.
- Half of the work (\$2.75 million) is classified as betterment – either a new asset, an extension to an asset or providing a higher level of service. Betterment is not covered by insurance and is not funded by central government through Ministry of Civil Defence and Emergency Management (MCDEM).
- First claim to MCDEM has been accepted and has met the funding criteria threshold. Future claimable repair works will be eligible for the full 60% contribution from central government.

Tony Dunlop delivered a PowerPoint presentation providing a summary of flood repair works completed to date, work in progress and work planned to commence in the next 2-3 months (presentation attached).

- There is a big demand for rock. Currently transporting rock from Rakauaroa Quarry at Matawai to stockpiles at several sites.
- Possible budgetary impacts of damage caused by the February 2018 flood were discussed. If the damaged site had already been identified it will be covered under the April 2017 flood recovery project, if a new site it will not be. Paula Chapman stated it is too early to comment on the financial impact. Any new sites as a result of the February 2018 rain events will need to be funded separately from the April 2017 event.
- Group members encouraged to contact Tony if concerned about any damaged sites.

7 Long Term Plan 2018-2028

Kirsty Brown delivered a PowerPoint presentation providing an update on the Long Term Plan 2018-2028 (presentation attached):

- The Long Term Plan sets out what Council plans to do over the next ten years, how much it will cost, and the outcomes to be delivered to communities.
- Consultation period opens 19 February and ends 19 March, providing an opportunity for the public to 'have their say'.
- Consultation document available on website (www.boprc.govt.nz/ltpl) from Monday 19 February. Submissions can be made online, by email, in person or by post.
- Consultation question for the rivers and drainage schemes is should April 2017 flood repair costs be passed on to the ratepayers as they arise through large increases over the first two years of the Long Term Plan (Option 1) or should money be borrowed to spread the rate rises out over a longer period of time (Option 2).
- Information provided on effects of the two options on forecast loans, funding and estimated targeted rates for the scheme.
- Waioeka-Otara scheme has works reserve of \$429,000 that can be used to smooth out rate increases.
- Whichever option is decided on will be the same option for all of the river schemes.

Feedback and direction sought from the group around the preferred option for the rivers and drainage flood recovery project consultation topic and any other items for a submission. Group members encouraged to make individual submissions.

Discussion

Members discussed the two options and generally felt Option 2 was the best option for ratepayers in the Waioeka-Otara scheme for the following reasons:

- Large rate increases are hard for the community to accept and afford. Spreading the cost out over a number of years and smoothing out the increases makes it easier on ratepayers.
- Interest rates are at a record low and makes sense to borrow to smooth out the large percentage increases.

- As well as rate increases farmers have the extra costs of loss of income and damages to their properties from recent floods, so spreading out the costs of the 2017 flood repairs would be preferable.

ACTION:

Staff to make a submission on behalf of the Waioeka-Otara Advisory Group recommending Option 2 for the rivers and drainage flood recovery project consultation topic.

Attendance

Chris Ingle entered at 11am

8 Works report

Bruce spoke to the maintenance works report provided in the agenda pack highlighting the following:

- Maintenance works are being carried out in conjunction with flood repairs to avoid getting behind on maintenance tasks and then having to defer maintenance works.
- Fly tipping is on the increase and becoming an issue for the scheme. \$8,000 per annum has been added to the scheme budget in the AMP review to contribute toward the cost of removing dumped rubbish from scheme waterways. Blocking access ways is not a solution as offenders either find another access or dump at the gate. Standard practice is to attempt to identify perpetrators where possible, however not often successful.
- Shaun Menzies (Works Coordinator) who was the contact for Waioeka-Otara has left Council and Bruce is currently recruiting to fill that position.

Discussion

Members asked for an update on surveying of the Otara stopbanks. Mark Townsend explained there is a capacity review currently underway for the Otara River. These happen on a 10-15 year cycle to ensure stopbanks continue to meet design standards as specified in the Rivers and Drainage Asset Management Plan. It has been identified that some of the Otara stopbanks are not meeting the design standards and this will be addressed through the capacity review process.

9 Finance report

Andy Dixon spoke to the finance report provided in the agenda pack and gave an overview of the scheme's revenue and expenditure for the year ending 31 December 2107. The following points were noted:

- Operational revenue anticipated to be on target for year end.
- Operating expenditure is currently underspent. Finance costs underspent because of low interest rates. Contract Work underspent because of need to reclassify works affected by flooding from maintenance to capital works. This has resulted in a corresponding overspend in capital expenditure.
- Reserve balances as at 31 December 2017 were \$1,885,820 made up as follows:
 - Flood Damage Reserve \$1,456,134 (this is a contingency fund held for flood damage works and is currently on term deposit earning interest for the Scheme)
 - Works Reserve \$429,686 (available to fund operating expenditure) – has been used over the past three years to achieve a 0% increase in rates and can be used in the next few years to smooth out the forecasted rate increases.
- Outstanding Loans \$3,624,797
- Waioeka-Otara Asset Valuation 1 July 2017 (draft) \$37,234,902

10 General business

10.1 Gravel management

Tabled reports – *Information Report: Otara Gravel Extraction and Waioeka and Otara Rivers Gravel Extraction Quantities 2014 to 2017*

Bruce Crabbe spoke to the tabled reports highlighting the following key points:

- Varying views within the community about gravel extraction - from take and make use of the gravel, to gravel build up is a natural process and we should leave it were it is.
- Rivers and Drainage section holds resource consent to extract 50,000 cubic metres per annum of gravel from both the Waioeka and Otara Rivers. Current consent expires June 2019 and will be applying for new consents.
- Average take per annum over last four years has been well below the consented amount - approximately 16,000 cubic metres from the Otara and approximately 22,000 cubic metres from the Waioeka.
- Allocations for gravel extraction are based on what is best for the river (gravel extraction is a key river management tool in aggrading alluvial river systems) and are granted to contractors for commercial purposes. The community relies on gravel extraction for construction and roading products.
- A lot of local interest in gravel management and currently consulting with interested parties. Staff are working through our extraction requirements with Ngāi Tamahaua hapū who hold the river as a taonga and feel it should be left as natural as possible.
- There are challenges with clarity of rohe boundaries and often unclear who we should be speaking with.
- Intention is to work through the issues and set up a workable consultation system, not just for gravel extraction but also for flood damage repairs and maintenance works.

10.2 Other business

- Concern expressed regarding forestry in steep upper catchments and the pine slash that is coming down the rivers during heavy rain. Bruce Crabbe explained that the environmental effects of forestry activities are managed through regional and district plans and Council staff monitor forestry operations. Chris Ingle added that the new National Environmental Standards for Plantation Forestry come in to effect on 1 May 2018. These are regulations under the Resource Management Act and provide nationally consistent regulations to manage the environmental effects of forestry. Bruce encouraged members to report any work practices that they are concerned about to the Pollution Hotline 0800 884 883.
- The Bend Cut proposed back in 2008 was discussed as a solution to silt build up at the confluence of the Waioeka and Otara Rivers. Mark Townsend advised the Bend Cut could have a significant affect and increase the level of service provided to Ōpōtiki township. During the capacity review process this option will be revisited and computer modelled.
- Feedback provided that the automated Otara River warning on 12 February was issued when there was already water coming over the stopbanks. Mark Townsend explained there was a delay with sending the Otara Second Warning due to an alert notification not coming through to the Flood Manager's mobile. The cause of the error is currently being investigated.
- Feedback also provided that the live monitoring webpage was really useful for the general public to keep track of what the rivers are doing.
- Sediment build up under the SH2 Waioeka bridge was discussed. Roger Waugh is working with NZTA to agree on funding for the solution.

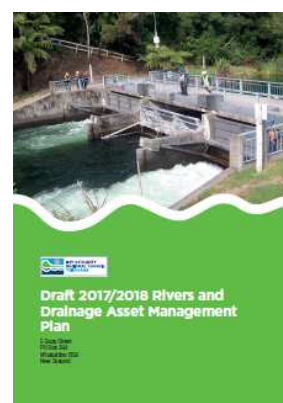
Meeting ended: 11:45am

Rivers & Drainage Asset Management Plan and the Infrastructure Strategy

Waioeka-Otara Rivers Scheme

Rivers & Drainage Asset Management Plan (AMP)

- Asset portfolio of \$246 million
- Long term strategy for management of rivers and drainage assets and services.
- 50 year timeframe
- Review every three years along side the LTP



Costs associated with management of the assets: Year 1 LTP 2018/2019 (version 6)

- **Operating expenditure - \$958,000 (increase from \$830,508)**
 - Maintenance, overheads and management activities - \$838,000
 - Depreciation - \$98,000
 - Disaster insurance - \$22,000
- **Capital expenditure - \$2,683,000 (decrease from \$2,737,400)**
 - Waioeka-Otara Capital New - \$100,000
 - Waioeka-Otara Capital Renewal - \$100,000
 - Flood Damage Repairs - \$2,483,000
- **Flood Reserve Contributions - \$169,000**
- **Loan Repayments - \$205,000**
- **Internal Interest - \$160,000**

Projected Operating Expenditure

Annual Plan 2017/18		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
(\$'000)		(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
765	Maintenance and operating costs	468	568	968	469	469	469	469	469	469	469
0	Flood event	0	564	0	0	0	0	1,129	0	0	0
19	Disaster Insurance	22	24	26	28	31	32	36	39	42	45
132	Internal interest	160	259	334	366	406	468	495	477	450	421
85	Depreciation	98	99	99	99	100	104	104	105	105	105
297	Overheads	209	209	219	212	216	221	218	217	219	214
1,299	Total Operating Expenditure	958	1,724	1,647	1,174	1,220	1,295	2,451	1,306	1,285	1,254

Capital Expenditure \$9.7 million over 10 years

Waioeka-Otara Rivers Scheme			
Year	Capital works	Type	How much
Year 1 (2018/2019)	Duke Street pump station (upgrade modelling).	Improvement	\$100,000
	Capacity review (modelling).	Improvement	\$100,000
	April 2017 flood damage repairs.	New	\$2,483,000
Year 2 (2019/2020)	Duke Street pump station upgrade.	Improvement	\$1,500,000
	Consent renewal (61321 and 61322).	Replacement	\$90,000
	Capacity review (modelling).	Improvement	\$100,000
	April 2017 flood damage repairs.	New	\$2,483,000
Year 3 (2020/2021)	Capacity review (modelling).	Improvement	\$200,000
Year 4 (2021/2022)	Capacity review (engineering design).	Improvement	\$200,000
Year 5 (2022/2023)	Stopbank reconstruction.	Improvement	\$765,000
	Duke Street pump station.	Replacement	\$765,000
	Capital climate change.	Replacement	\$850,000
Year 7 (2024/2025)	Capacity review.	Improvement	\$100,000
Total			\$9,736,000

Infrastructure Strategy (IS)

Flood Protection and Control Works

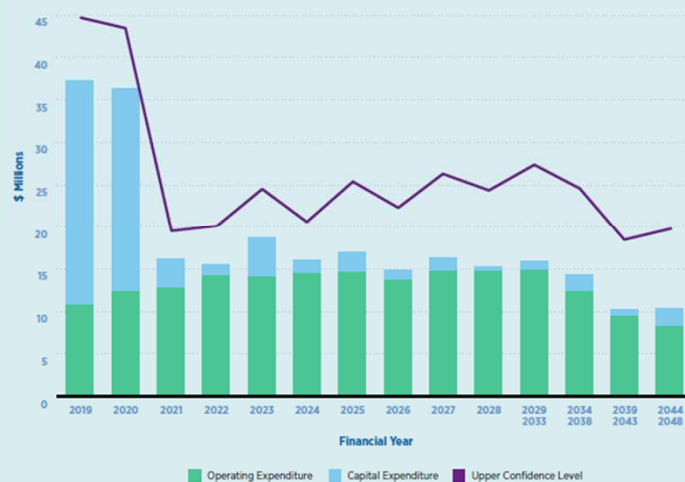
- Identify infrastructure issues and remedial options
- 30 year timeframe
- Review every three years along side the LTP and Rivers & Drainage AMP

Significant issues

1. Climate change
2. Residual risk to community
3. Affordability
4. Events greater than design
5. Levels of service
6. Population growth/decline
7. Geotechnical (condition assessment)
8. Land use change

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TIMELINE OF EXPENDITURE PROJECTS ACROSS THE RIVER SCHEMES FOR THE NEXT 30 YEARS



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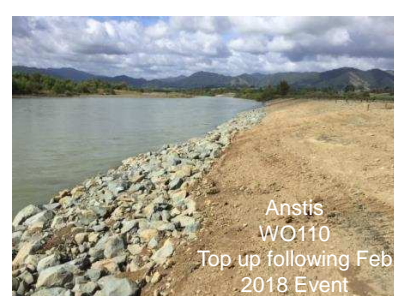
Flood Recovery Update

Waioeka Otara Rivers Scheme

February 2018

Sites completed

- Vanstone Drain – WO136
- Forsyth Street – WO104
- Moody Trust – WO141
- Anstis – WO110
- R Browns – WO154



Site completed

R Brown WO154



Before



During

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Sites in progress

- P Edwardson – WO163
- Thornton Orchard – WO135
- Moody Gow's Road/Wingate – WO144
- Rutledge – WO143
- Anstis – WO115
- Whakatōhea – WO116
- Aerodrome Corner – WO133
- Ruby Trust – WO139



P Edwardson – WO163

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Sites planned next 2-3 months

- Edwardson – WO156
- Rewahill (Kellers) – WO157
- R Brown – WO153
- I Brown – WO162
- East Bay Concrete – WO145
- Riverloch Farms – WO150
- Connor – WO103
- Nicol – WO101 & WO117
- Whakatōhea – WO116
- Duke Street – WO109



East Bay Concrete– WO145
(during Feb 2018 event)

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February 2018 storm event

Toi/Edwardson
WO156



P Edwardson –
WO163



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February 2018 storm event

Gaults ring bank



Moody WO147



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February 2018 storm event

I Brown flood overtopping



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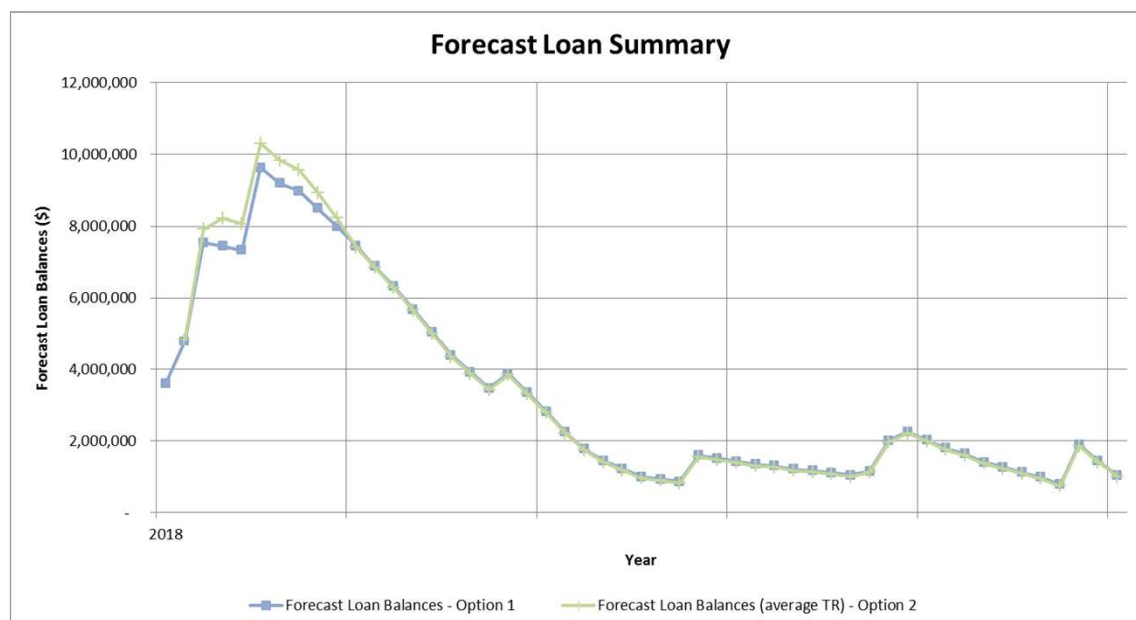


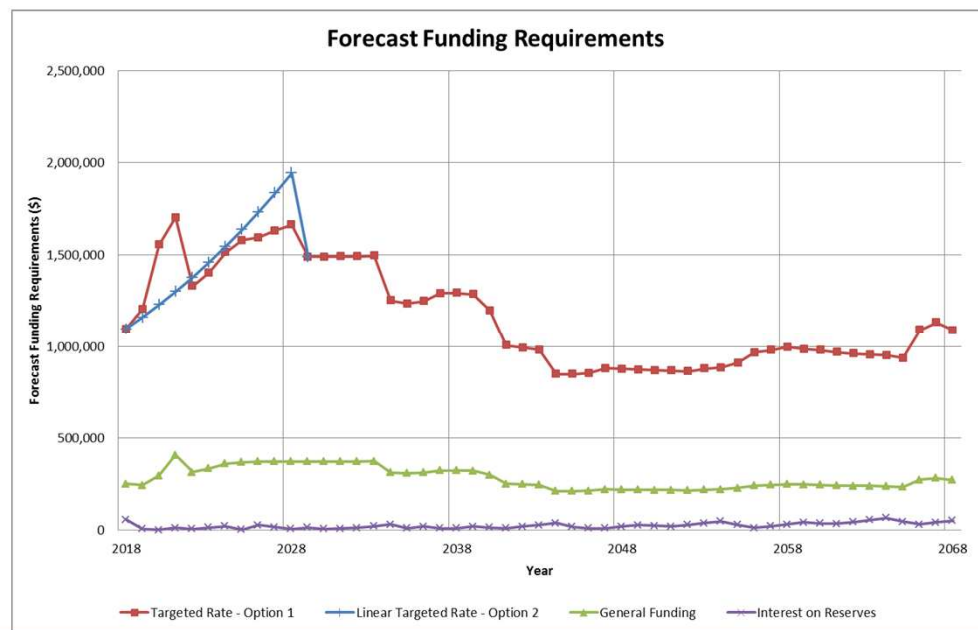
Rivers and drainage flood recovery project

Carry out all identified repairs as soon as possible but:

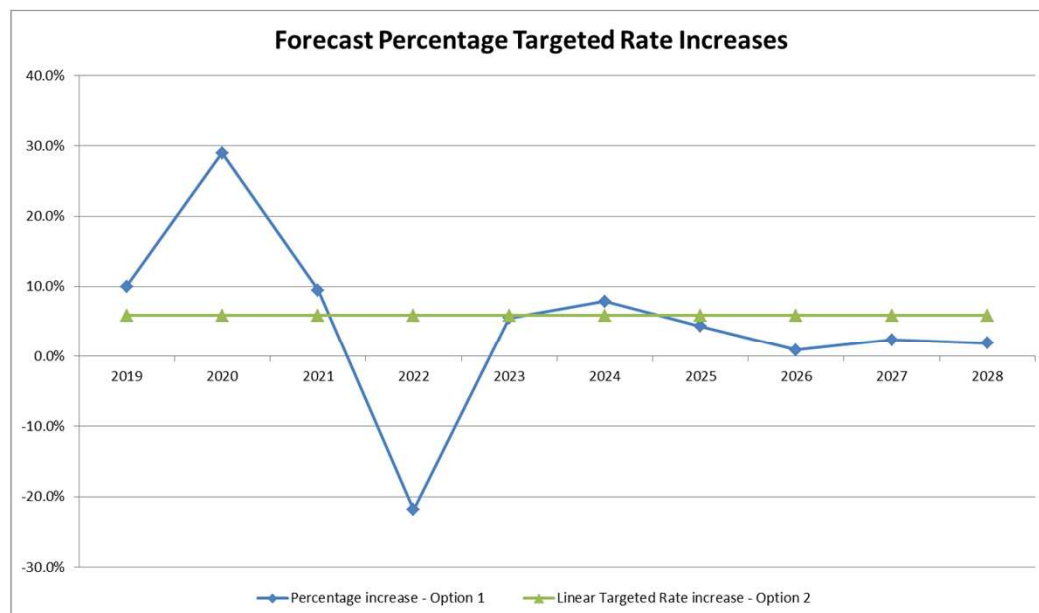
Option 1: Higher rate increases in Years 1 and 2 then smaller increases from Year 3.

Option 2: Rate increases spread out over a longer period (e.g. 10 years).





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Examples ...

	Option 1				Option 2			
	2017/18	Draft LTP 2018/19	Draft LTP 2019/20	Draft LTP 2020/21	2017/18	Draft LTP 2018/19	Draft LTP 2019/20	Draft LTP 2020/21
Brabant Street, Ōpōtiki								
0.0830ha								
Waioeka/Otara U1 A	29.23	32.16	41.49	45.42	29.23	30.96	32.78	34.72
Waioeka/Otara U1 S	413.67	455.04	587.06	642.75	413.67	438.07	463.92	491.29
General Rate	10.64	10.70	10.30	10.98	10.64	10.70	10.30	10.98
UAGC	99.05	133.10	142.49	146.41	99.05	133.10	142.49	146.41
	<u>552.59</u>	<u>631.01</u>	<u>781.33</u>	<u>845.55</u>	<u>552.59</u>	<u>612.84</u>	<u>649.49</u>	<u>683.40</u>
Percentage rate increase		14%	24%	8%		11%	6%	5%

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Examples continued ...

	Option 1				Option 2			
	2017/18	Draft LTP 2018/19	Draft LTP 2019/20	Draft LTP 2020/21	2017/18	Draft LTP 2018/19	Draft LTP 2019/20	Draft LTP 2020/21
Baird Road								
3.3484ha								
Waioeka/Otara A5	333.32	366.63	473.00	517.33	333.32	352.95	373.79	395.85
Waioeka/Otara A8	5.49	6.04	7.79	8.53	5.49	5.81	6.15	6.52
Waioeka/Otara A8 St	48.27	53.09	68.49	74.99	48.27	51.11	54.12	57.32
General Rate	96.66	97.31	93.63	99.83	96.66	97.31	93.63	99.83
UAGC	99.05	133.10	142.49	146.41	99.05	133.10	142.49	146.41
	<u>582.77</u>	<u>656.17</u>	<u>785.40</u>	<u>847.08</u>	<u>582.77</u>	<u>640.29</u>	<u>670.19</u>	<u>705.91</u>
Percentage rate increase		13%	20%	8%		10%	5%	5%

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Examples continued...

McGinleys Road 174.1809ha	Option 1				Option 2			
	2017/18	Draft LTP 2018/19	Draft LTP 2019/20	Draft LTP 2020/21	2017/18	Draft LTP 2018/19	Draft LTP 2019/20	Draft LTP 2020/21
Waioeka/Otara A3	4,276.53	4,704.40	6,069.29	6,645.03	4,276.53	4,528.99	4,796.20	5,079.18
Waioeka/Otara A4	9,812.59	10,793.99	13,925.66	15,246.65	9,812.59	10,391.52	11,004.62	11,653.89
Waioeka/Otara A5	1,784.50	1,962.89	2,532.40	2,769.72	1,784.50	1,889.67	2,001.24	2,119.31
Waioeka/Otara A7	2,035.80	2,239.48	2,889.22	3,163.29	2,035.80	2,155.98	2,283.18	2,417.89
Waioeka/Otara A7 St	160.87	176.96	228.30	249.96	160.87	170.36	180.41	191.06
Waioeka/Otara B1	388.17	426.98	550.85	603.11	388.17	411.06	435.31	460.99
Waioeka/Otara B2	11.47	12.60	16.26	17.80	11.47	12.13	12.85	13.60
Waioeka/Otara R	1.79	1.97	2.55	2.79	1.79	1.90	2.01	2.13
General Rate	1,562.70	1,573.25	1,513.73	1,613.85	1,562.70	1,573.25	1,513.73	1,613.85
UAGC	99.05	133.10	142.49	146.41	99.05	133.10	142.49	146.41
	20,133.48	22,025.62	27,870.75	30,458.61	20,133.48	21,267.96	22,372.04	23,698.31
Percentage rate increase		9%	27%	9%		6%	5%	6%

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Community LTP Consultation Events

Event	Date	Time	Location
Ōpōtiki Stakeholder Forum	5 March 2018	1.30 pm to 3.30 pm	Memorial Park Pavillion Albert Street, Opotiki
Ōpōtiki Pop-up	8 March 2018	10.30 am to 12.30 pm	ODC's Pop-up Space

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Making a submission...

- Online at www.boprc.govt.nz/ltp
- By email to ltp@boprc.govt.nz
- In person at any BOPRC office
- Or freepost to:

Bay of Plenty Regional Council
Freepost Number 122076
PO Box 364
Whakatāne 3158

Discussion

1. Staff submission
2. Individual submissions