

**WORKS AND SERVICES COMMITTEE MEETING HELD ON
WEDNESDAY 18 MAY 2016 AT MEMORIAL HALL SUPPER ROOM,
ESPLANADE, KAIKOURA.**

AGENDA

1. Apologies

2. Matters of Importance to be raised as Urgent Business.

3. Reports:

- Operations and Maintenance Manager's Report *page 1*
- Budget Report *page 6*

4. Draft Airport Asset Management Plan Report *page 7*

5. Sewerage Policy Report *page 13*

6. Minutes Action and Issues List Update

MEETING	ACTION REQUIRED	BY	ACTION
27 April 2016	Circulate the previous Airport Development Plan	Executive Officer	Circulated at workshop.
27 April 2016	Organise an Airport Committee meeting and Council workshop	Operations Manager, Chief Executive Officer.	Meeting and workshop held on 11 May 2016

7. Urgent Business

OPERATIONS AND MAINTENANCE MANAGER'S REPORT

1.0 WATER SUPPLY

1.1 Urban Water

Operations – Kaikoura Urban Supply

This facility operated satisfactorily during the reporting month.

The final stage of the water main renewal, streetlighting and reinstatement is now occurring in South Bay. Works on private property will commence in June and will be under the direction of Mainpower.

It is noted that the contractors have worked well with the cultural monitoring and archaeological investigations. All parties believe the process has worked out well for the project and that disruption has been well managed and given a satisfactory result.

Expenditure to date is \$207,000 out of a budget of \$300,000.

Significant Work planned for 2016 includes:

- The further GNS test on Mackles Bore has been taken. Results will be back in the middle of 2016.
- Install flowmeters on Mackles irrigation to comply with new consent conditions.

Water Demand

Table 1 below shows the water demand for the reporting month measured from the Mackle's bore while Figure 1 shows the yearly cumulative water demand since 2009.

Water Demand (m³/day)				
	Min	Avg	Max	Total Demand
July 2014	1629	2166	2681	67,158
August 2014	1791	2271	2989	70,415
September 2014	1686	2546	3374	76,395
October 2014	1686	2252	3582	88,708
November 2014	2246	3259	4670	97,780
December 2014	2403	3444	4556	106,765
January 2015	3169	4327	5296	134,124
February 2015	3325	4353	5185	121,886
March 2015	2808	3500	4493	108,502
April 2015	2398	3119	4321	93,557
May 2015	1691	2519	3088	78,095
June 2015	1997	2470	3217	74,096
July 2015	1917	2450	3033	73,507
August 2015	1779	2412	3783	74,766
September 2015	1565	2335	3040	70,064
October 2015	2291	2880	3783	89,275
November 2015	2383	3297	4454	98,921

December 2015	2797	3898	5050	120,827
January 2016	2561	3596	4978	107,894
February 2016	3133	4073	4806	118,121
March 2016	2781	3417	4463	105,930
April 2016	2164	2737	3091	82,101

Table 1: Water Demand for reporting period

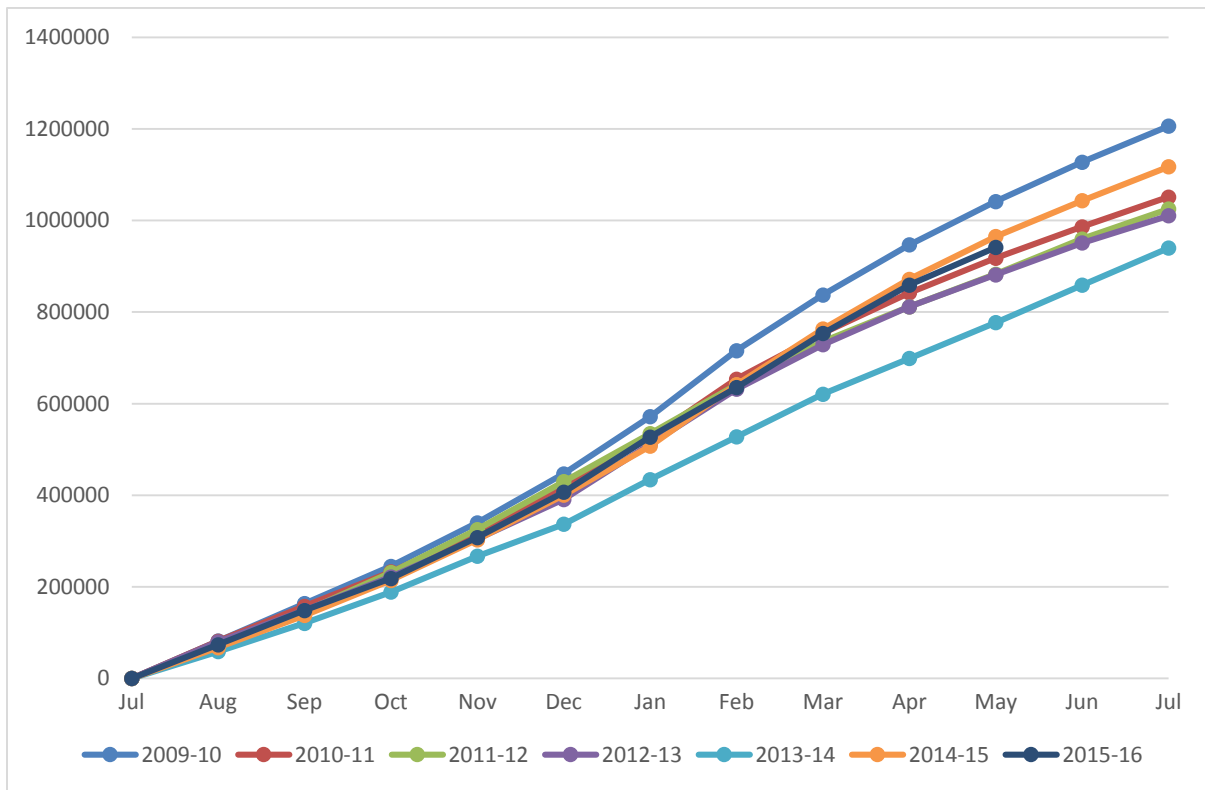


Figure 1: Cumulative Water Demand in cubic metres

The water usage for the month is down 12% down on the previous year.

1.2 Suburban Water Supply

There were no issues with this system during the reporting month.

1.3 Kincaid Water Supply

There were no issues with this system during the reporting month.

1.4 Oaro Water Supply

There were no issues with this system during the reporting month.

1.5 Fernleigh Water Supply

There were no issues with this system during the reporting month.

1.6 Ocean Ridge Water Supply

There were no issues with this system during the reporting month.

1.7 Peketa Water Supply

There were no issues with this system during the reporting month.

1.8 East Coast Water Supply

There were no issues with this system during the reporting month.

2.0 SEWER SYSTEM

<i>Sewage flows (m3/day)</i>			
	<i>avg</i>	<i>Max*</i>	<i>Total Flow**</i>
<i>July 2014</i>	857	2500	26,571
<i>August 2014</i>	677	860	20,975
<i>September 2014</i>	668	1233	20,052
<i>October 2014</i>	775	1321	24,025
<i>November 2014</i>	888	1537	26,641
<i>December 2014</i>	986	1266	30,557
<i>January 2015</i>	1029	1318	31,901
<i>February 2015</i>	981	1183	27,478
<i>March 2015</i>	892	1025	27,662
<i>April 2015</i>	945	1284	28,361
<i>May 2015</i>	776	909	24,046
<i>June 2015</i>	764	986	22,934
<i>July 2015</i>	871	1442	26,120
<i>August 2015</i>	784	919	24,307
<i>September 2015</i>	954	2500	28,630
<i>October 2015</i>	738	1116	22,865
<i>November 2015</i>	821	992	24,621
<i>December 2015</i>	953	1240	29,558
<i>January 2016</i>	1114	2020	33,418
<i>February 2016</i>	992	1487	28,769
<i>March 2016</i>	972	1227	30,136
<i>April 2016</i>	892	1238	26,825

Table 2: Sewage generated for reporting period

*The asterisk figure represents daily flows during heavy rainfall events.

**The double asterisk figure has not been adjusted to reflect inflows from storm-water.

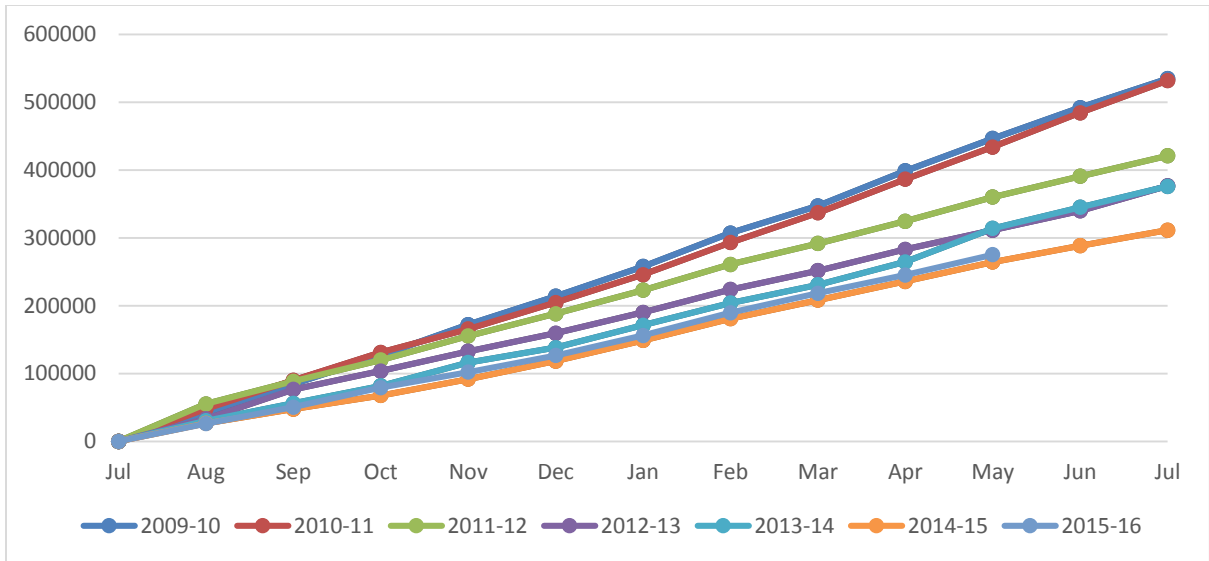


Figure 2: Cumulative Sewerage Discharge from Oxidation Ponds in cubic metres

The lids on the Hawthorne Road pump station are to be rebuilt to improve drainage and the seal to reduce odour.

The fan at the Mill Road pump station is to be replaced.

A new fan and biofilter may be required at Ocean Ridge however improvements to the pumping regime have resulted in no further complaints. The situation is being monitored.

3.0 STORMWATER

The consent for the Kaikoura Urban Area is still being processed by Environment Canterbury. The proposed conditions have yet to be commented on.

4.0 PARKS AND RESERVES

The parks and reserves were satisfactorily maintained during the reporting month. Expressions of Interest have short listed three prospective tenderers.

5.0 BUILDINGS

Significant Work planned for 2016 include:

- Replacement of existing main lights
- Replacement of emergency lighting

Sewer pipes to connect to the new Civic building are being placed with associated stormwater and other services.

6.0 AIRPORT

The levelled area has been mown and is still to be grassed.

7.0 SWIMMING POOL

Work on bringing the fencing in line with the swimming pools act has largely been completed.

8.0 PUBLIC TOILETS

There were no issues with the toilets during the reporting month.

9.0 ROADING

The kerb and channel on Ramsgate and Torquay Streets has minor works still to be completed. Margate Street is now to be poured in the middle of May. A section of new kerb and channel in front of the Civic Building to accommodate the steps has been designed and will be constructed this financial year.

The repairs to sealed roads are occurring. Work commenced on Ludstone Road and then the Inland Road. Grading of roads on the flats and off the Inland Road is programmed.

A meeting with HEBs was held to ensure that improvements to the unsealed roading maintenance programme were in place. This requires more certainty on the programme and the agreement with subcontractors who were to undertake the work.

Road marking, street sweeping, other maintenance activities and the long term capital programme were also discussed. HEBs indicated that they were committed to providing an improved level of service.

10.0 FOOTPATHS

There were no issues with the footpaths during the reporting month. The gravel footpath along Scarborough Street is nearly complete. Prices have been requested for the remaining renewal projects. The design of the footpath on Churchill Street to ensure that driveways are negotiable is occurring. Discussions with the property owners to agree layout are also occurring.

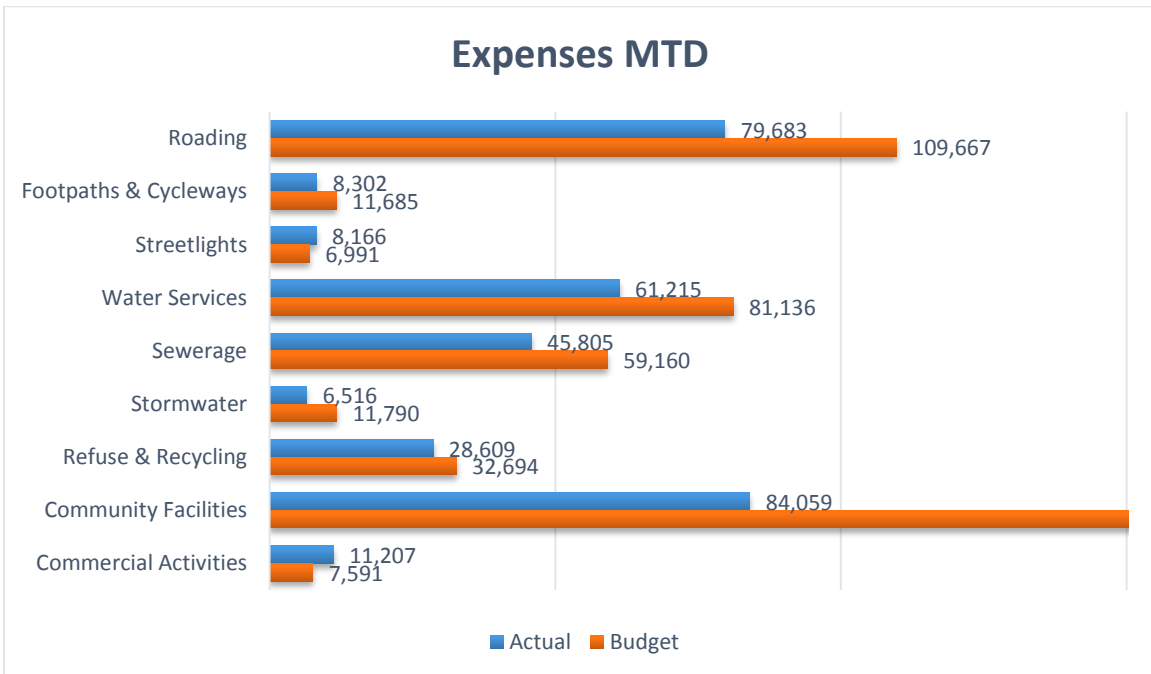
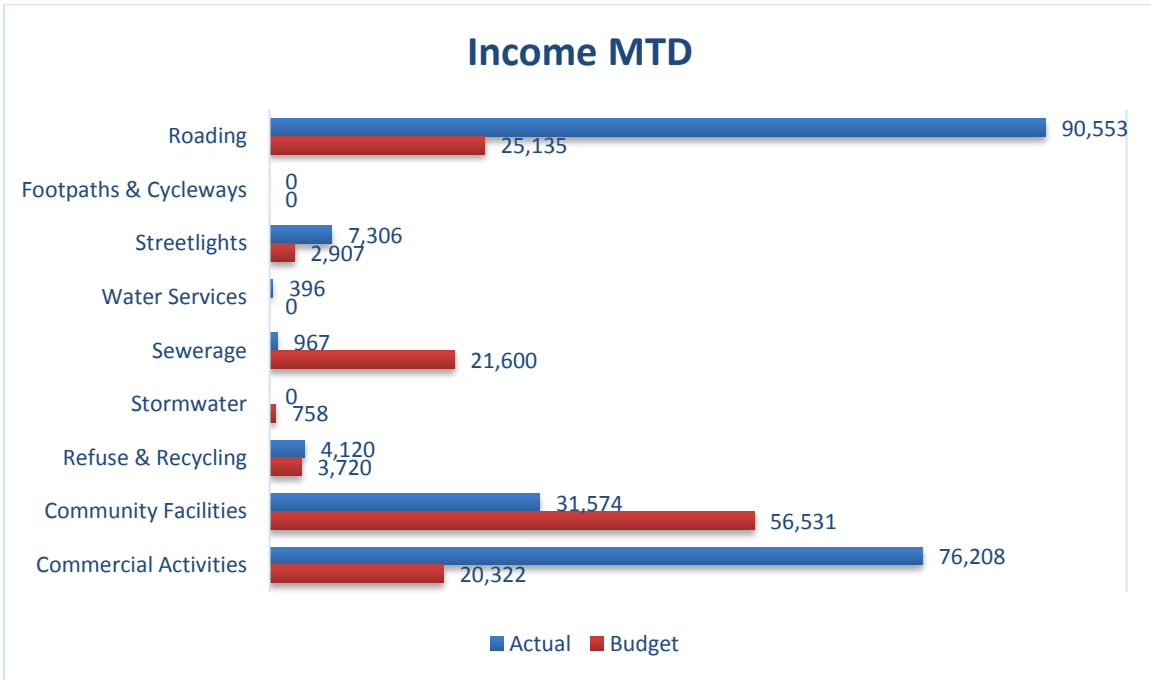
11.0 GENERAL

There will be no Works and Services report in June due to staff absence.

Recommendation: That this report be received.

Prepared by	Gerry Essenberg, Operations and Maintenance Manager
Authorised by	Angela Oosthuizen, Chief Executive Officer

Works & Services Budget Report



AIRPORT DRAFT ACTIVITY MANAGEMENT PLAN REPORT

1.0 BACKGROUND

Kaikoura District Council will prepare a detailed Activity Management Plan (AMP) for the Airport. Ultimately this will be part of a larger AMP covering all Council buildings.

It is intended to discuss a preliminary version of the Plan with the Airport Committee.

As Council is the main funder of the Airport, it is prudent to have initial approaches confirmed prior to meeting with the Airport Committee to ensure that any recommendations from the Committee are aligned with the Council's expectations. This report serves to highlight the various issues and agree the intended approach.

2.0 SCOPE

This report focuses on the constraints of the future use of the Airport and how this will affect the funding of the Airport.

3.0 FUNDING

The Council's funding for the Airport is provided for and approved through the Council's Long Term Plan and Annual Plan processes. The Airport has been established with its own cost centre in the Council budgets.

3.1 Annual Plan 2015/16

Currently the income from the Airport is budgeted at \$66,000 per annum and the total operating and capital costs for the Airport total \$140,000. If the Council were to generate a full commercial return on its investment, then the income would need to cover the operational and capital costs and generate a 5% yield.

Fees and Charges that are in place through the last Long Term Plan are as follows:

	All Prices Include GST (per landing)
Up to 800kg gross take-off weight	\$7.00
800-1500kg	\$10.00
1500-2000kg	\$14.00
2000-3000kg	\$20.00
3000-4000kg	\$30.00
4000-5000kg	\$40.00
Aerial spray contractors	\$5.00 per tonne

The council will receive a submission to the Annual Plan identifying that some operators would like to move to an annual fee rather than a per landing fee. The impacts of this type of change will need to be discussed.

The Levels of Service (LOS) that have been identified for the airport are as follows:

- All airport facilities (land, buildings, hangar sites) are fully leased
- Airport facilities are adequate for aircraft weighing up to 5,000 kg.
- The airport is available for use by commercial and recreational users 365 days per year

The 2014/15 Annual Report shows that the target of 100% was met for all the levels of Service.

EXTRACT FROM 2016/2017 BUDGET

Revenue	2016/2017 Amount (\$)	Cost Centre
Operating		
Licenses and Leases	50,000	Building
Landing Fees	16,000	Runway
Total Revenue	66,000	
Expenditure	Amount (\$)	Cost Centre
Operating		
Maintenance – Grounds	6,000	Runway
Maintenance – Building	24,000	Building
Depreciation	17,000	Building
Loan Interest	22,000	Building
Overheads & Insurance	17,000	Building
Total operating	86,000	
Capital		
Building and landscape renewals		\$4k on a cyclical basis
Sealing –runway	50,000	Runway
Infrastructure – water, sewerage		\$5k on a cyclical basis
Total capital	50,000	Runway
Loan funding	50,000	Runway
Loan principal to be repaid	35,000	Building
Funding from general rates	38,500	
Deficit Depreciation not funded	16,500	

There are presently no other income streams besides the lease from the fuel company, lease from Wings over Whales (the current lessee) and from the Aero Club.

There is however pressure to extend the number of operators (particularly helicopter charters) operating from the Airport.

The Council has funded the existing development but will need to reseal the runway and replace the existing infrastructure over time. As is evident from the financials above, Council is not in a position to be able to fully fund depreciation. To date depreciation has not been accumulated in a special account resulting in future capital expenditure needing to be loan funded.

Assets Value & Commercial Return on Investment:

The Council has invested significantly in the Airport which has a building value of \$530,000. The current return on investment is not covering costs. The current yield on the building (lease rentals) is -1.96% (Target 5%). The landing fees contribute to the runway costs and other infrastructural renewals.

In the longer term the Airport could be moved if larger planes were required to land in Kaikoura. This AMP has not considered this beyond identifying the issues and costs associated with this at a high level.

It is noted that the income from building leases is based on the building footprint and does not include any adjacent area currently occupied by the lessee. It is recommended that as leases are renewed (per their renewal cycle) that the valuation is based on the area actually utilised by the lessees (yellow and brown areas annotated on attached drawing).

4.0 FUTURE DEVELOPMENT

The Council has been approached by parties that wish to occupy parts of the Airport for commercial purposes. These include those who would like to provide hangars and accommodation for visiting aircraft, helicopter operators and additional commercial operators.

These operators fall into two categories:

- those that would work out of their own site
- those that would want to work out of the terminal building.

New Hangar Sites

New hangar sites have been identified (green). There may have to be minor movement in position along the boundary depending on the size of hangar required and proximity to the fuel bowser. It is anticipated that these will be sufficient for future operators. More sites could be located to the east of the existing bowser in the future. Site 2 is the existing hangar. New buildings would be required to be similar to the existing hangar and include an adjacent area for vehicles, lanes and other equipment.

New lessees can either provide their own buildings or have these provided by Council. There is less risk to Council if they are provided by the lessee. Leases would normally allow for renewals aligned with the expected life of the new building (usually 50 years).

Parking and Access

A common use area that would be maintained by the Council to enable the provision of services, access and parking is identified on the drawing (blue). This area may be extended towards the Aero Club should the Aero Club determine that they wish to alter their operation and that additional parking is required.

A submission on sealing the unsealed area towards the Aero Club is anticipated.

Terminal Building Extensions

Some commercial operators, particularly those drawing customers from the street, and those offering guided tours will wish to use a terminal facility. The existing operation does not lend itself to having competing operations.

There would be minimal space available for larger operations. There is some ability to provide extensions to the existing building.

However while the existing lease accommodates sub-lessees, it does not readily contemplate competing operations that would share the costs and services in the building.

In addition, the complex is currently too small to warrant a separate management structure.

New lessees can either provide their own infrastructure or have these provided by Council. There is less risk to Council if they are provided by the lessees. Lease renewals would normally be aligned with the expected life of the infrastructure (usually 50 years).

Services

The existing water and wastewater services are managed by the building owners.

The water supply is from individual bores and does not allow for firefighting. The supply to the terminal is tested to Drinking Water Standards. It would be preferred in the long term that the Peketa Water Supply be extended to cover Peketa and the Airport. The Peketa Water Supply is managed and funded jointly with the Kaikoura Water Supply.

The existing buildings are serviced by septic tanks. As more hangars are erected a combined sewerage system will become more cost effective. This could either be managed and funded as a new scheme or as part of the Kaikoura Sewerage Scheme.

A new access road is anticipated for any new sites for hangars.

An additional fuel site may be required for alternative fuels. This activity has previously been funded by the fuel company.

It is anticipated that future leases can recognise the costs of providing infrastructure.

5.0 GOVERNANCE

At present the Airport Committee is a working group and has its membership reviewed subsequent to Council elections.

At this point it is intended that the working group continue and be confirmed either as a working group or a subcommittee of Council and that the representation be confirmed after the next elections

The reporting of Airport matters is presently to the Works and Services Committee and there is no reason to change this.

Recommendation:

- 1. That this report be adopted.**
- 2. That leases recognise the actual cost of the infrastructure provided by Council including interest and depreciation.**
- 3. That additional "hangar" sites be developed by lessees at their cost as required and agreed with Council.**
- 4. That additional extensions to the terminal be developed by lessees at their cost as required and agreed with Council.**

5. That water and wastewaters services be provided as part of the Council's 3 Waters Infrastructure.

6. That additional services be provided and funded as part of the Council's Airport infrastructure.

Prepared by	Gerry Essenberg, Operations and Maintenance Manager
Authorised by	Angela Oosthuizen, Chief Executive Officer



SEWERAGE POLICY REPORT

1.0 BACKGROUND

Kaikoura District Council has a sewerage network that serves the urban area of the town of Kaikoura and extends some distance inland. It also serves Ocean Ridge. The sewerage network is different to the urban area and therefore a definition of the area served or able to be served by the network is required.

The drawing shows the properties connected, based on rating information, and paying a whole charge (green), a commercial charge (purple) and a half charge (yellow) which indicates that they are able to be connected. Properties that are not coloured are presently unable to be connected to the sewer. A list of properties has been compiled for review to determine if the current targeted sewerage rate is correct.

The Local Government Act 1974 (Section 459) allows Council to require properties within 30 metres or buildings within 60 metres of a sewer to connect to the sewer.

This Council can direct change through guidance, policy, bylaws and regulation. Guidance gives a general direction. Policy is a proposed form of action. It does not require total fulfilment and can be changed as required. Bylaws are more stringent and can be enforced whereas regulations dictate requirements.

The intent is to have an internal policy in place that can be used to encourage landowners when to connect to the sewerage system.

2.0 DISCUSSION

The Council has identified an area, within the green line, that is able to be served by the sewer network. Not all properties are able to be readily connected and some may require extensions of the pipe system to be able to connect. Much of the area, if not connected and discharging sewerage, would result in the discharge potentially entering the aquifer associated with Lyell Creek. In the longer term some development is expected to take place and it is sensible to ensure that there are no detrimental effects on the aquifer.

There are some areas within a kilometre of the boundary that should development take place it would be sensible to connect. Some development may require an additional pump station however some development is relatively easily connected by gravity network.

Where connection is possible via gravity this is the most sensible solution, although not always the cheapest to install, as it does not incur additional maintenance costs. This enables additional connections both along the new pipe and in the future beyond the extent of the new pipe whereas pumped connections have difficulty accepting an additional connection and can cause problems with pumping by one property resulting in discharge on another.

Small sections have a more intensive effect on the aquifer if allowed to install on-site systems. If they are within 500 metres of the area serviced by sewer they should be required to not have on-site systems and connect if sensible.

Commercial development and subdivisions giving rise to many lots also have a more intensive effect on the aquifer if allowed to install on-site systems. If they are within 1000 metres of the area serviced by sewer they should be required to not have on-site systems and connect if sensible.

Recommendation:

- 1. That this report be adopted.**
- 2. That the sewer network boundary as shown by the green line defines the extent of the zone within which new septic tanks or on-site disposal systems will be discouraged. (New Council Sewer Policy)**
- 3. All new connections shall be gravity unless physically impossible and shall allow for the maximum number of future connections. Where other connections are possible to a line a contribution may be provided by Council subject to approval by the Operations and Maintenance Manager and budget.**
- 4. That all sites less than 500 metres from the serviced area will be connected to the sewer if feasible as determined by the Operations and Maintenance Manager.**
- 5. That all commercial development and subdivisions with a likely end result of more than five lots less than 1000 metres from the serviced area will be connected to the sewer if feasible as determined by the Operations and Maintenance Manager.**

Prepared by	Gerry Essenberg, Operations and Maintenance Manager
Authorised by	Angela Oosthuizen, Chief Executive Officer

