

**EXTRAORDINARY MEETING OF THE KAIKOURA DISTRICT COUNCIL
HELD AT 9.00AM ON FRIDAY 4 MAY 2018 AT COUNCIL CHAMBERS,
KAIKOURA CIVIC BUILDING, 96 WEST END, KAIKOURA.**

AGENDA

- 1. Apologies***
- 2. Declarations of Interest***
- 3. Draft Three Year Plan Rebuild Projects*** *page 1*
- 4. Kaikoura Community Swimming Pool Facilities*** *page 5*
- 5. Adoption of Draft Three Year Plan (2018-2021)*** *page 9*

To: Council

Date: 30 April 2018

Subject: Draft three year plan - Rebuild project decisions

Prepared by: Will Doughty
Rebuild Programme Director

Authorised by: Angela Oosthuizen
Chief Executive

PURPOSE AND ORIGIN:

The purpose of this report is to reconfirm decisions made by the Mayor and Councillors during the preparation of the draft three year plan for several key rebuild projects.

RECOMMENDATION:

It is recommended that Council:

- (1) Receives this report*
- (2) Reconfirms the decision that the preferred option for the Lyell Creek Sewer project is Option 2- Full length replacement at a current estimated cost of \$5.5million excluding pump station repairs.*
- (3) Reconfirms the decision that the preferred option for the five bridge project is Option 1- rebuild and improve on pre-earthquake layout, provide two-lane bridges at Hawthorne, Rorrison and Evans, plus allowing for a footpath at Hawthorne Bridge. The current estimated cost for this project is \$4.56m.*

BACKGROUND

As part of the three year plan process, Council was required to confirm a preferred option for two of the key rebuild projects. Each included a betterment or improvement component of funding. The projects are progressing based on agreed preferred options. The background to the decision made is outlined below.

LYELL CREEK SEWER

Lyell Creek Project background

Lyell Creek Sewer is one of the largest projects within the rebuild scope. The current project estimate is \$5.5million excluding pump station repairs. The project runs from Lyell Creek pump station all the way up to Mill Road pump station (a length of about 2.9km). The sewer is the main sewer line for the township of Kaikōura and is therefore one of our most critical assets in the wastewater network. The most damaged sections of the pipe are from the Hawthorne Road Bridge up to Mill Road pump station. Less damage was seen between Lyell Creek pump station and Hawthorne Road, but there is still work to be done in that area.

Lyell Creek Sewer Project options

Once the extent of the damage was understood, a number of options for how best to fix the pipe were considered. These fell into three main categories:

- Repair the existing sewer pipes
- Replace the existing sewer pipes in the same location
- Move the sewer pipe to a new location

A total of nine different options were considered and evaluated against a wide range of criteria including resilience, environmental, social, cultural, constructability and cost (capital cost to build and operating cost to maintain). The cost estimates for the nine options range from \$4.2million to \$19.6million. From these nine options, two options were shortlisted which are highlighted in red in Figure 1 below.

Cost Estimates	
Option	Most Likely
Hybrid - Use Existing Lyell Creek Rising Main to New Beach Rd Sewer with Pressure Sewer Retic.	\$4,200,000
Beach Rd Rising Main with PE Threaded through Existing AC	\$5,100,000
Beach Rd Rising Main with Pressure Sewer	\$5,500,000
Repair, no Resilience	\$6,100,000
Hybrid - Use Existing Lyell Creek Rising Main to New Beach Rd Sewer with PVC Retic.	\$7,800,000
Beach Rd Rising Main with Vacuum Collection	\$10,900,000
Beach Rd Rising Main with new PVC Gravity Collection	\$13,200,000
PVC Replacement, no Resilience	\$13,200,000
PVC Replacement, Resilience through Timber Piles	\$19,600,000

Figure 1 Lyell Creek Sewer options Considered

Figure 2 below shows the two options that were selected as most viable and shows the costing and risks/benefits for both options.

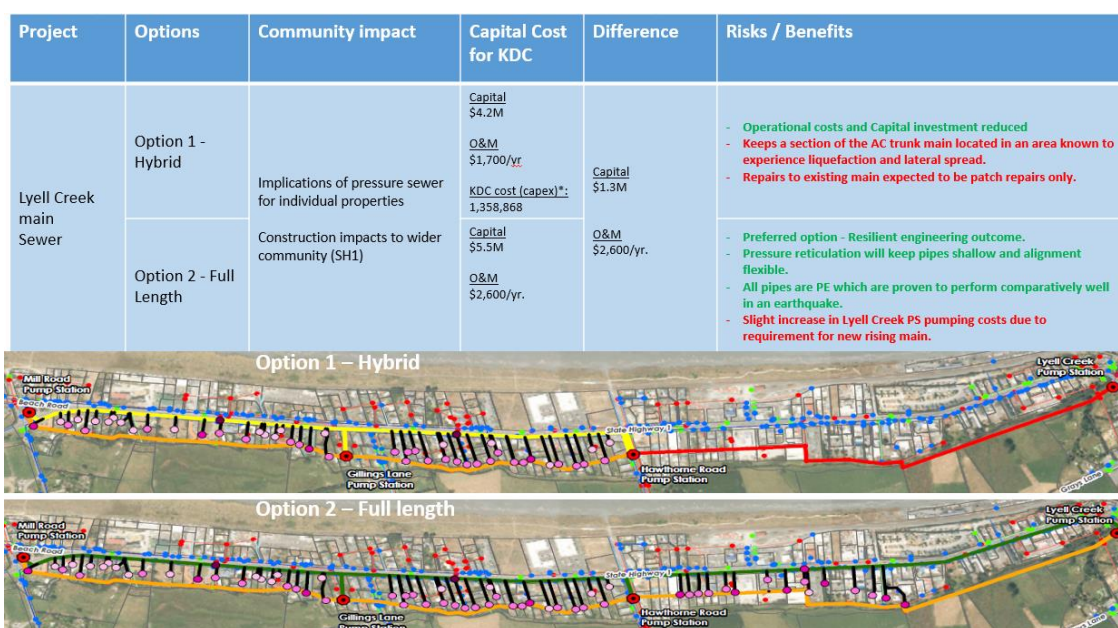


Figure 2 Lyell Creek Sewer - two shortlisted options

Preferred option

The Mayor and Councillors have confirmed the preferred option for the project is Option 2- Full length replacement at a current estimated cost of \$5.5million excluding pump station repairs.

The preferred option of replacing the whole line is more expensive than replacing part of it, but the benefits of the preferred option include ease of construction, minimal disruption to home owners, low visual impact, new technology, cost effective for initial installation and long term maintenance, and the most resilient option for future environmental events (more flexible for future earthquakes). It means that a critical asset is fully replaced and are not left with an old section of pipe that would need replacing in time anyway, and may have higher ongoing maintenance costs.

FIVE BRIDGES

Five bridges project background

Five of our local bridges require a full replacement after the earthquakes (Hawthorne Road, Evans, Rorrison's Road, Gillings Lane and Scotts Road). These bridges have been packaged together to achieve economies of scale as they are similar in nature and four of them are in a similar geographical location.

Five bridges project options considered

Options for their replacement were considered and fall into two categories shown in Figure 3 below:

- Option 2: Like for like replacement to restore pre earthquake levels of service
- Option 1: Improved levels of service on several bridges where it is considered necessary.

Option	Total cost 2018-2021
Option 1: rebuild and improve on pre-earthquake layout, provide two-lane bridges at Hawthorne, Rorrison's and Evans, plus allowing for a footpath at Hawthorne Bridge	\$4.56 million (\$678,000 to be paid by Council)
Option 2: rebuild to pre-earthquake layout only (all bridges one lane and no footpath)	\$4.07 million (\$201,000 to be paid by Council)

Figure 3 Five bridges – two shortlisted options

Five bridges project preferred option

Based on safety audit findings and future growth planning, *the Mayor and Councillors have confirmed the preferred option for the five bridge project is Option 1- rebuild and improve on pre-earthquake layout, provide two-lane bridges at Hawthorne, Rorrison's and Evans, plus allowing for a footpath at Hawthorne Bridge. The current estimated cost for this project is \$4.56m.*

The benefits of this option are outlined below.

Bridge name	Level of Service Improvement	Benefits on Levels of Service
Evans Bridge (Mt Fyffe Rd)	Two lane	Improve safety, better cater for future developments increased traffic volumes and be consistent with the adjacent road.
Rorrisons Road	Two lane plus footpath	Improve safety, better cater for future developments increased traffic volumes and be consistent with the adjacent road.
Hawthorne Road	Two lane plus footpath	Improve safety, better cater for future developments increased traffic volumes and be consistent with the adjacent road. Footpath on school road.
Gillings Lane	No improvement	Like for like replacement with single lane bridge
Scotts Road	No improvement	Like for like replacement with single lane bridge

Figure 4 Five bridges – preferred option benefits

FINANCIAL

Lyell Creek

Insurance will cover part of the cost of total replacement, as does Crown funding under the 60/40 funding guidelines. Council are also keen to make use of a betterment fund from the Crown to fund the cost differential between the two options. As a result, the expected Council contribution to the project is currently estimated at around \$1.4million.

Five Bridges

Our funding partners, NZTA, have confirmed that Option 2 would be funded under the earthquake emergency financial assistance rate (FAR) of (5% from NZTA and 5% from KDC). The difference between option 2 and option one will be funded at the normal NZTA subsidy rate of 51% and 49% from KDC). AS a result, the expected Council contribution to the project is currently estimated at around \$680,000.

CONTEXT:

Policy:

Legislation: As required by Section 77 of the LGA the recommendation is the most appropriate.

Community Outcomes: Ensuring appropriate rebuild of the Council owned facilities and infrastructure to ensure ongoing Levels of Service are achieved.

To:	Council
Date:	4 May 2018
Subject:	Kaikoura Community Swimming Pool Facilities 3 Year Plan Consultation
Prepared by:	Bruce Apperley Senior Engineer - Community Facilities Chris Gregory Asset Manager
Authorised by:	Angela Oosthuizen Chief Executive

1. Purpose

This report is to provide the Mayor and Councillors with an update on Kaikoura community swimming pool facilities and ask Council to confirm their recommendation for inclusion in the draft Three Year Plan for consultation.

2. Recommendations

- 1) Council agrees to defer decisions on the pool facilities to allow the Kaikoura Sports and Recreational Recovery Leadership Team to confirm a new pool site and provide updated financial information***
- 2) Council's project manager works with the Kaikoura Sports and Recreational Recovery Leadership Team to finalise a decision by no later than December 2018***

3. Background

Initial damage

The Lions swimming pool on the Esplanade was closed in 2016 after it was damaged by the earthquake.

The Lions pool site, paving, pipework and buildings were damaged in the 2016 earthquake. The pool structure itself had pre-earthquake cracking that was not significantly worsened by the earthquake. The structure did however move with the site, affecting the levels that governed the pool hydraulics.

Although there was approximately 1m land rise at this site during the 2016 earthquake, the site is still low enough that it could be affected by a future tsunami. There would be sufficient time to allow any pool users to get safely to higher ground, but the site and any structures on it could be damaged.

Current status

After the earthquake Sport Tasman provided a small heated "pop-up" pool covered by a marquee for swimming tuition. This is still in use. Council has contributed \$45,000 a year to operating costs.

There is no pool currently in Kaikoura that can provide training for competitive swimming and a number of families travel regularly to and from Blenheim.

Initial consultation

Community Recovery Plan consultation in early 2017 showed a strong desire for a new pool and community hub, although no cost estimates were available at the time.

New pool project status

A pool feasibility study was presented to Council in October 2017 by the Kaikoura Sports and Recreational Recovery Leadership Team (SRRLT). In December 2017 Council, meeting as the Earthquake Recovery Committee, approved inclusion of the first stages of a new pool project in the draft 3 Year Plan for public consultation. At that December date a decision on a new pool site was tentatively scheduled for completion in June 2018, subject to concluding discussions with the Runanga executive on possible sites. While no consensus has yet been reached on the preferred site option, the SRRLT has continued to work with the Runanga executive on finding a mutually acceptable site. The SRRLT currently expects a new pool site to be confirmed by December 2018.

Design and construction timelines

The design, consultation, funding and construction steps leading to pool opening would take at least three years from site confirmation. The design and funding steps would have consultation go/no go hold points where community feedback will be sought before going to the next step. The new pool project could be stopped at those points.

If the December 2018 site confirmation date is not met, the SRRLT has indicated that they would accept a temporary repair of the Lions pool as an interim measure to allow swimming to recommence for the community.

Financial implications

Repair of Lions pool

The ballpark capital cost estimate for temporary repair of the Lions pool to allow use for up to 5 years is \$700,000.

Council received an amount of just over \$300,000 related to the Lions pool as part of the material damage insurance settlement.

The Department of Internal Affairs (DIA) has indicated that if Council put \$300,000 towards a temporary repair of the Lions pool, DIA would provide the balance of capital funding from their \$7.5M earthquake fund, so if the repair cost went over \$700,000, Council would not have to pay more than \$300,000. DIA has also indicated that any temporary repair funding would not prejudice a later application for a permanent pool. This DIA \$7.5M fund finance is however only available until February 2019.

If the Lions pool is temporarily repaired, the operating cost would be slightly more than the pre-earthquake operating cost. Provided a decision is made by December 2018 it could be repaired in time for the 2019/20 swimming season.

New pool

The costs and timing for a new pool would depend on the site and on the scope of construction. A capital cost range from \$6M for a basic uncovered pool facility to \$14M for a more comprehensive covered facility was predicted in the SRRLRT study. That range did not include land or other site costs. The rates-funded part of the operational costs of running a new pool was estimated at \$260,000 a year, an incremental cost of \$200,000 over the previous Lions pool annual rates funding.

Depending on the final design and location, a new pool may cost between \$6 million and \$14 million. Further feasibility, planning and consultation work is expected to take between 3 and 5 years. Significant fundraising and external funding would be needed before any construction could start.

Once built, the cost of running and maintaining a new pool would be passed on to ratepayers and users through both ticket sales and future rates rises.

Council can commit a total of \$700,000 towards pool related work over the next three years. This will be split into up to \$150,000 for concept design and community consultation, followed by \$150,000 towards detailed design and with the remainder contributed towards construction.

Options

The following options are recommended for consultation:

Option	What you'd get	How long it would take to build and how much it would cost	Annual operating cost estimate (once open)	Total estimated cost over 3 years
<p>Decide to continue to operate the temporary pop up pool for three years while work continues towards a new pool.</p> <p>Demolish the damaged Lions pool</p>	<p>Heated above ground 'pop up' pool in a marquee.</p> <p>Open November through March</p>	<p>No build costs between 2018 and 2021.</p> <p>Already open to the public</p>	<p>Approximately \$45,000</p>	<p>\$335k</p> <p>\$135k in operating costs</p> <p>Estimated \$200k to demolish the Lions Pool</p>
<p>Decide to temporarily repair the existing Lions pool (would last up to 5 years) while work continues towards a new pool.</p>	<p>Pool is heated, but not enclosed. Toddler pool, toilets and changing rooms restored.</p> <p>Open November through March. Pre-quake level of service is restored.</p> <p>Note: the pool site would remain at risk of tsunami and a long term solution would need to be found.</p>	<p>Approximately \$700,000 to repair (\$300,000 from Council insurance payout, remainder from Lotteries funding)</p> <p>The repair would take around a year. The use of Lotteries funding will not affect further funding applications for the new pool.</p>	<p>Approximately \$75,000</p>	<p>\$525,000</p> <p>\$225k in operating costs</p> <p>\$300k contribution to repairs</p>

<p>Defer any decisions until December 2018 to allow the Sport Leadership Team and Council to confirm a site for the new pool and confirm more detailed information about costs.</p>	<p>Continue the pop up pool until December 2018</p> <p>A Council project manager will work with the Sport Leadership Team to finalise a decision by December 2018. If a site cannot be found, the Lions pool temporary repair would be the next option.</p>	<p>Operating the pop up pool for 2018/19 will cost approximately \$45,000.</p> <p>Beyond that, costs and build times would depend on the decision made in December 2018.</p> <p>Lottery funding to repair the Lions pool is only available until February 2019 – deferring the decision may mean that Council’s application to use this funding is not successful.</p>
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4. Recommended Next steps

It is recommended that a decision be deferred until December 2018 and that the **Kaikoura Sports and Recreational Recovery Leadership Team** be requested to provide the following information to Council:

- Preferred site for the new pool
- Capital cost of the new pool including any land-related costs
- Operating cost for the new pool including expected rates-funded portion
- Anticipated funding model for the new pool
- Scope of the facilities provided and level of service provided.

5. Community Outcomes

The above is in support of the following community outcomes:

- Residents and visitors enjoy an improved quality of life in our District
- Our community participates in decisions and planning in a way that benefits our future

To:	Council
Date:	4 May 2018
Subject:	Adoption of Three Year Plan (2018-2021)
Prepared by:	Sheryl Poulsen Finance Manager
Authorised by:	Angela Oosthuizen Chief Executive Officer

Purpose and Origin:

To adopt the Draft Three Year Plan and Draft Three Year Plan Consultation Document for public consultation.

Background:

Kaikōura requested to not deliver a ten year long-term plan due to the following as it believed:

- 1) The council did not have the capacity to deliver to the extensive statutory long term planning process in parallel to resourcing the earthquake recovery effort
- 2) There is a lack of accurate and reliable asset management planning information and systems. There is no reliable information on impairments and reticulation damage at the time of preparation of the Long term Plan.
- 3) Although urgent infrastructure repairs are underway, the complete programme has yet to be agreed with the funders (Crown/NZTA);
- 4) This makes the development of a reliable 30 year Infrastructure strategy impossible as we would need to consider renewals and major upgrades.
- 5) Likewise a reliable 10 year long term financial strategy is difficult to develop without an accurate assessment of Infrastructure costs, debt projections and certainty of insurance proceeds.
- 6) Any long-term plan would be heavily caveated and would receive a qualified external audit opinion.

The Kaikōura District Council therefore resolved, at its meeting on 22 November 2017, requested the Governor General an Order In Council (pursuant to the Hurunui/Kaikōura Earthquakes Recovery Act 2016) to vary the Local Government Act 2002 (section 93 (7) (a)) requirement to deliver a long-term plan to cover a period of not less than 10 consecutive financial years.

The request came from our desire for our next long-term plan to cover a period of only three consecutive years (not the prescribed ten year period). The Council saw this as an interim measure enabling the long-term plan to be refreshed in three years' time, when there is greater certainty and better information available. There are the additional benefits of such an approach maintaining important community consultation requirements for future council planning and enables Kaikōura to remain consistent with the planning cycle of all other territorial authorities. This was aligned with what had been granted to Christchurch City Council following the Canterbury Earthquake (Local Government Act 2002—Christchurch City 3-Year Plan) Order 2013.

In March 2019, Council received confirmation the Order in Council was published in the New Zealand Gazette and would come into effect on 30 March 2018. This change allowed Council to prepare a three year plan and set out the legislative requirements to be compiled (refer Appendix A). The legislation does not require to contain any statement from the auditor –general (section 8(4) of Hurunui/ Kaikōura Earthquakes Recovery Act – Kaikoura Three Year Plan) Order 2018.

Under section 95 of the Local Government Act 2002 (amended 2014), Council is required to adopt a Draft Consultation Document using the special consultative procedure.

The purpose of the Three Year Plan to per section 5 of the 2018 Order:

- a) Describe the activities of the Council
- b) Set out the Council’s plans and progress in relation to recovery
- c) Describe the community outcomes
- d) Provide integrated decision making and co-ordination of the Council’s resources
- e) Provide a basis of accountability of the Council to the community

The contents of the Three year plan is prescribed in section 8 and the Council is required to follow a special consultative procedure as per section 83 of the Local Government Act.

Under Section 95A of the Local Government Act, Council is also required to adopt a Three Year Plan Consultation Document. The purpose of the Consultation Document is to provide a basis for effective public participation in decision-making processes relating to the activities to be undertaken by the Local Authority in the coming year, and the effects of those activities on costs and funding, as proposed for inclusion in the annual plan, by

- a) identifying significant or material items and
- b) explaining the matters in paragraph (a) in a way that can be readily understood by interested or affected people; and
- c) informing discussions between the Local Authority and its communities about the matters in paragraph (a).

The Council will follow the special consultation procedure as outlined the Section 82(a) of the Local Government Act.

Consultation and Engagement

Key dates

4 May: Draft consultation document adopted at Council Meeting - your chance to read it and tell us what changes you want made

8 May – 18 May: Community roadshows - your chance to find out more about the 3YP and ask Council staff questions. Also your chance to make a submission

Community /Venue	Date & Time
Inland Road – Lynton Downs School	Tuesday 8 May – 7pm
Oaro/Goose Bay – Goose Bay Rural Fire Shed	Saturday 12 May – 10.00am
Clarence/Kekerengu – Kekerengu Community Hall	Sunday 13 May – 2pm

Community /Venue	Date & Time
Town/Flats – Memorial Hall	Tuesday 15 May – 5.30pm
Clarence/Kekerengu – Kekerengu The Store	Friday 18 May – 6.30 pm

- 5 June: Consultation ends - all submissions need to be with Council by no later than 4pm Tuesday 5 June 2018
- 14-15 June: Hearing and deliberation of submissions
- 27 June: 3 Year Plan adopted.
- 2018-2021: Do the work

Where residents and ratepayers can find more information

The Consultation Document will be made available for public inspection on 4 May 2018 at the following locations:

- Council Offices, 96 West End
- Kaikoura Library
- Council website
- Other local organisations

Recommendation:

That Council adopt each recommendation in sequence

- 1. That Council adopt the Financial Strategy.***
- 2. That Council approves the following policies;***
 - ***Revenue and Financing Policy***
 - ***Rates Funding Impact Statement.***
- 3. That the Council agrees not to set a balanced budget as set out in section 100 of the Local Government Act for the reasons outlined in the Financial Strategy.***
- 4. That Council adopt the Draft Three Plan for 2018-2021.***
- 5. That Council adopt the Three Year Plan Consultation Document for 2018-2021 which will be used for public engagement (Separately Circulated)***
- 6. That Council approve the proposed consultation and engagement process.***

Context:

The Draft Three Year Plan and Consultation document are an integral part of the planning and delivery of Council's strategic vision and obligations.

Policy:

The significance and engagement policy sets out the criteria and framework for a matter or transaction to be deemed significant. The content included in this report is not considered significant by nature.

Legislation:

The Local Government Act 2002 governs the activities of Council and sets out the requirement for consulting and adoption on the Annual Plan. This has been amended by the Hurunui/Kaikōura Earthquakes Recovery Act 2016 – Order 2018

This report assists with two key purposes of both legislation. Stating the purpose of the Act is to promote the accountability of local authorities to their communities, and provide for local authorities to play a broad role in meeting the current and future needs of their communities for good-quality local infrastructure, local public services, and performance of regulatory functions.

Community Views

Council's expenditure, issues and projects are consulted on with the community and Tangata Whenua during the Three Year Plan processes. The Council will be following a special consultative procedure with planned roadshows in key areas to ensure that there is active engagement with the community about key issues and changes that have resulted from the earthquake.